

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**LIBERTY FLOUR MILLS EMPLOYEES,
ANTONIO EVARISTO and POLICARPIO
BIASCAN,**

Petitioners,

-versus-

**G.R. Nos. 58768-70
December 29, 1989**

**LIBERTY FLOUR MILLS, INC.
PHILIPPINE ALLIANCE COUNCIL
(PLAC) and NATIONAL LABOR
RELATIONS COMMISSION, (NLRC),
Respondents.**

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D E C I S I O N

CRUZ, J.:

In this Petition for *Certiorari*, the Resolution of the public respondent dated August 3, 1978, is faulted for: (a) affirming the decision of the labor arbiter dismissing the employees' claim for emergency allowance for lack of jurisdiction; and (b) modifying the said decision by disallowing the award of back wages to petitioners Policarpio Biascan and Antonio Evaristo.

The basic facts are as follows:

On February 6, 1974, respondent Philippine Labor Alliance Council (PLAC) and respondent Liberty Flour Mills, Inc. entered into a three-year collective bargaining agreement effective January 1, 1974, providing for a daily wage increase of P2.00 for 1974, P1.00 for 1975 and another P1.00 for 1976. The agreement contained a compliance clause, which will be explained later in this opinion. Additionally, the parties agreed to establish a union shop by imposing “membership in good standing for the duration of the CBA as a condition for continued employment” of workers.^[1]

On October 18, 1974, PLAC filed a complaint against the respondent company for non-payment of the emergency cost-of-living allowance under P.D. No. 525.^[2] A similar complaint was filed on March 4, 1975, this time by the petitioners, who apparently were already veering away from PLAC.^[3]

On March 20, 1975, petitioners Evaristo and Biascan, after organizing a union called the Federation of National Democratic Labor Unions, filed with the Bureau of Labor Relations a petition for certification election among the rank-and-file employees of the respondent company.^[4] PLAC then expelled the two for disloyalty and demanded their dismissal by the respondent company, which complied on May 20, 1975.^[5]

The objection of Evaristo and Biascan to their termination were certified for compulsory arbitration and assigned to Labor Arbiter Apolinario N. Lomabao, Jr. Meanwhile, the claims for emergency allowance were referred for voluntary arbitration to Edmundo Cabal, who eventually dismissed the same on the ground that the allowances were already absorbed by the wage increases. This latter case was ultimately also certified for compulsory arbitration and consolidated with the termination case being heard by Lomabao. His decision was, on appeal, dealt with by the NLRC as above stated,^[6] and the Motion for Reconsideration was denied on August 26, 1981.^[7]

At the outset, we note that the petitioners are taking an ambivalent position concerning the CBA concluded in 1974. While claiming that this was entered into in bad faith and to forestall the payment of the emergency allowances expected to be decreed, they nonetheless

invoke the same agreement to support their contention that their complaint for emergency allowances was invalidly referred to voluntary arbitrator Cabal rather than Froilan M. Bacuñgan.

We find there was no such violation as the choice of the voluntary arbitrator was not limited to Bacuñgan although he was probably the first preference. Moreover, the petitioners are estopped from raising this objection now because they did not seasonably interpose it and instead willingly submitted to Cabal's jurisdiction when he undertook to hear their complaint.

In sustaining Labor Arbiter Lomabao, the NLRC agreed that the decision of Voluntary Arbiter Cabal was final and unappealable under Article 262-A of the Labor Code and so could no longer be reviewed by it. True enough. However, it is equally true that the same decision is not binding on this Court, as we held in *Oceanic Bic Division (FFW) vs. Romero*^[8] and reiterated in *Mantrade/FMMC Division Employees and Workers Union vs. Bacuñgan*.^[9] The rule as announced in these cases is reflected in the following statements:

In spite of statutory provisions making "final" the decision of certain administrative agencies, we have taken cognizance of petitions questioning these decisions where want of jurisdiction, grave abuse of discretion, violation of due process, denial of substantial justice, or erroneous interpretation of the law were brought to our attention.

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A voluntary arbitrator by the nature of her functions acts in a quasi-judicial capacity. There is no reason why her decisions involving interpretation of law should be beyond this Court's review. Administrative officials are presumed to act in accordance with law and yet we do not hesitate to pass upon their work where a question of law is involved or where a showing of abuse of authority or discretion in their official acts is properly raised in petitions for certiorari.

Accordingly, the validity of the voluntary arbiter's finding that the emergency allowance sought by the petitioners are already

absorbed in the stipulated wage increases will now be examined by the Court itself.

The position of the company is that the emergency allowance required by P.D. No. 525 is already covered by the wage increases prescribed in the said CBA. Furthermore, pursuant to its Article VIII, such allowances also include all other statutory minimum wage increases that might be decreed during the lifetime of the said agreement.

That agreement provided in Section 2 thereof as follows:

Section 2. The wage increase in the amounts and during the period above set forth shall, in the event of any statutory increase of the minimum wage, either as allowance or as basic wage, during the life of this Agreement, be considered compliance and payment of such required statutory increase as far as it will go and under no circumstances will it be cumulative nor duplication to the differential amount involved consequent to such statutory wage increase.

The Court holds that such allowances are indeed absorbed by the wage increases required under the agreement. This is because Section 6 of the Interpretative Bulletin on LOI No. 174 specifically provides:

Sec. 6. Allowances under LOI. — All allowances, bonuses, wage adjustments and other benefits given by employers to their employees shall be treated by the Department of Labor as in substantial compliance with the minimum standards set forth in LOI No. 174 if:

- (a) they conform with at least the minimum allowances scales specified in the immediately preceding Section; and
- (b) they are given in response to the appeal of the President in his speech on 4 January 1974, or to countervail the quantum jump in the cost of living as a result of the energy crisis starting in November 1973, or pursuant to Presidential Decree No. 390;

Provided, That the payment is retroactive to 18 February 1974 or earlier.

The allowances and other benefits may be granted unilaterally by the employer or through collective bargaining, and may be paid at the same time as the regular wages of the employees.

Allowances and other benefits which are not given in substantial compliance with the LOI as interpreted herein shall not be treated by the Department of Labor as emergency allowances in the contemplation of the LOI unless otherwise shown by sufficient proof. Thus, without such proof, escalation clauses in collective bargaining agreements concluded before the appeal of the President providing for automatic or periodic wage increases shall not be considered allowances for purposes of the LOI. (Emphasis supplied.)

The “immediately preceding section” referred to above states:

SEC. 5. Determination of Amount of Allowances. — In determining the amount of allowances that should be given by employers to meet the recommended minimum standards, the LOI has classified employers into three general categories. As an implementation policy, the Department of Labor shall consider as sufficient compliance with the scales of allowances recommended by the LOI if the following monthly allowances are given by employers:

- (a) P50.00 or higher where the authorized capital stock of the corporation, or the total assets in the case of other undertakings, exceeds P1 million;
- (b) P30.00 or higher where the authorized capital stock of the corporation, or the total assets in the case of other undertakings, is not less than P100,000.00 but not more than P1 million; and
- (c) P15.00 or higher where the authorized capital stock or total assets, as the case may be, is less than P100,000.00.

It is not denied that the company falls under paragraph (a), as it has a capitalization of more than P1 million,^[10] and so must pay a minimum allowance of P50.00 a month. This amount is clearly covered by the increases prescribed in the CBA, which required a monthly increase (on the basis of 30 days) of P60.00 for 1974, to be increased by P30.00 in 1975 (to P90.00) and another P30.00 in 1976 (to P120.00). The first increase in 1974 was already above the minimum allowance of P50.00, which was exceeded even more with the increases of P1.00 for each of the next two years.

Even if the basis used were 26 days a month (excluding Sundays), the conclusion would remain unchanged as the raise in wage would be P52.00 for 1974, which amount was increased to P78.00 in 1975 and to P104.00 in 1976.

But the petitioners contend that the wage increases were the result of negotiation undertaken long before the promulgation of P.D. No. 525 and so should not be considered part of the emergency allowance decreed. In support of this contention, they cite Section 15 of the Rules implementing P.D. No. 525, providing as follows:

Nothing herein shall prevent the employer and his employees, from entering into any agreement with terms more favorable to the employees than those provided herein, or be construed to sanction the diminution of any benefits granted to the employees under existing laws, agreements, and voluntary practice.

Obviously, this section should not be read in isolation but must be related to the other sections above-quoted, to give effect to the intent and spirit of the decree. The meaning of the section simply is that any benefit over and above the prescribed allowances may still be agreed upon by the employees and the employer or, if already granted, may no longer be withdrawn or diminished.

The petitioners also maintain that the above-quoted Section 2 of CBA is invalid because it constitutes a waiver by the laborers of future benefits that may be granted them by law. They

contend this cannot be done because it is contrary to public policy.

While the principle is correct, the application is not, for there are no benefits being waived under the provision. The benefits are already included in the wage increases. It is the law itself that considers these increases, under the conditions prescribed in LOI No. 174, as equivalent to, or in lieu of, the emergency allowance granted by P.D. No. 525.

In fact, the company agreed to grant the emergency allowance even before the obligation was imposed by the government. What the petitioners claim they are being made to waive is the additional P50.00 allowance but the truth is that they are not entitled to this because they are already enjoying the stipulated increases. There is no waiver of these increases.

Moreover, Section 2 provides that the wage increase shall be considered payment of any statutory increase of the minimum wage “as far as it will go,” which means that any amount not covered by such wage increase will have to be made good by the company. In short, the difference between the stipulated wage increase and the statutory minimum wage will have to be paid by the company notwithstanding and, indeed, pursuant to the said article. There is no waiver as to this.

Curiously, Article 2 was produced verbatim in the collective bargaining agreement concluded by the petitioners with the company in 1977 after PLAC had been replaced by the new labor union formed by petitioners Evaristo and Biascan.^[11] It is difficult to understand the petitioners’ position when they blow hot and cold like this.

Coming now to the second issue, we find that it must also be resolved against the petitioners.

Evaristo and Biascan claim they were illegally dismissed for organizing another labor union opposed to PLAC, which they describe as a company union. Arguing that they were only exercising the right to self organization as guaranteed by the Constitution, they insist they

are entitled to the back wages which the NLRC disallowed while affirming their reinstatement.

In its challenged decision, the public respondent held that in demanding the dismissal of Evaristo and Biascan, PLAC had acted prematurely because the 1974 CBA providing for union shop and pursuant to which the two petitioners were dismissed had not yet been certified.^[12] The implication is that it was not yet in effect and so could not be the basis of the action taken against the two petitioners. This conclusion is erroneous, It disregards the ruling of this Court in *Tanduay Distillery Labor Union vs. NLRC*,^[13] where we held:

The fact, therefore, that the Bureau of Labor Relations (BLR) failed to certify or act on TDLU's request for certification of the CBA in question is of no moment to the resolution of the issues presented in this case. The BLR itself found in its order of July 8, 1982, that the "(un)certified CBA was duly filed and submitted on October 29, 1980, to last until June 30, 1982 is certifiable for having complied with all the requirements for certification." (Emphasis supplied.)

The CBA concluded in 1974 was certifiable and was in fact certified on April 11, 1975. It bears stressing that Evaristo and Biascan were dismissed only on May 20, 1975, more than a month after the said certification.

The correct view is that expressed by Commissioner Cecilio P. Seno in his concurring and dissenting opinion,^[14] viz.:

I cannot however subscribe to the majority view that the "dismissal of complainants Biascan and Evaristo, x x x was, to say the least, a premature action on the part of the respondents because at the time they were expelled by PLAC the contract containing the union security clause upon which the action was based was yet to be certified and the representation status of the contracting union was still in question.

Evidence on record show that after the cancellation of the registration certificate of the Federation of Democratic Labor Unions, no other

union contested the exclusive representation of the Philippine Labor Alliance Council (PLAC), consequently, there was no more legal impediment that stood on the way as to the validity and enforceability of the provisions of the collective bargaining agreement entered into by and between respondent corporation and respondent union. The certification of the collective bargaining agreement by the Bureau of Labor Relations is not required to put a stamp of validity to such contract. Once it is duly entered into and signed by the parties, a collective bargaining agreement becomes effective as between the parties regardless of whether or not the same has been certified by the BLR.

To be fair, it must be mentioned that in the certification election held at the Liberty Flour Mills, Inc. on December 27, 1976, the Ilaw at Buklod ng Manggagawa, with which the union organized by Biascan and Evaristo was affiliated, won overwhelmingly with 441 votes as against the 5 votes cast for PLAC. 15 However, this does not excuse the fact that the two disaffiliated from PLAC as early as March 1975 and thus rendered themselves subject to dismissal under the union shop clause in the CBA.

The petitioners say that the reinstatement issue of Evaristo and Biascan has become academic because the former has been readmitted and the latter has chosen to await the resolution of this case. However, they still insist on the payment of their back wages on the ground that their dismissal was illegal. This claim must be denied for the reasons already given. The union shop clause was validly enforced against them and justified the termination of their services.

It is the policy of the State to promote unionism to enable the workers to negotiate with management on the same level and with more persuasiveness than if they were to individually and independently bargain for the improvement of their respective conditions. To this end, the Constitution guarantees to them the rights "to self-organization, collective bargaining and negotiations and peaceful concerted actions including the right to strike in accordance with law." There is no question that these purposes could be thwarted if every worker were to choose to go his own separate way instead of joining his co-employees in planning collective action and presenting a united front when they sit down to bargain with their employers. It

is for this reason that the law has sanctioned stipulations for the union shop and the closed shop as a means of encouraging the workers to join and support the labor union of their own choice as their representative in the negotiation of their demands and the protection of their interest *vis-a-vis* the employer.

The Court would have preferred to resolve this case in favor of the petitioners, but the law and the facts are against them. For all the concern of the State, for the well-being of the worker, we must at all times conform to the requirements of the law as long as such law has not been shown to be violative of the Constitution. No such violation has been shown here.

WHEREFORE, the petition is **DISMISSED**, without any pronouncement as to costs. It is so ordered.

Narvasa, Gancayco, Griño-Aquino and Medialdea, JJ., concur.

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- [1] Rollo, p. 166.
 - [2] Ibid.
 - [3] Id., p. 167.
 - [4] Id., p. 25.
 - [5] Id., p. 54.
 - [6] Id., p. 108.
 - [7] Id., p. 116.
 - [8] 130 SCRA 392.
 - [9] 144 SCRA 510.
 - [10] Rollo, pp. 39, 44 and 50.
 - [11] Ibid., p. 94.
 - [12] Id., pp. 110-111.
 - [13] 149 SCRA 470.
 - [14] Rollo, p. 106.
 - [15] Ibid., p. 84.