

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
THIRD DIVISION**

**MEYCAUAYAN COLLEGE,
*Petitioner,***

-versus-

**G.R. No. 81144
May 7, 1990**

**HONORABLE FRANKLIN M. DRILON,
in his capacity as Secretary of the
Department of Labor and Employment
and MEYCAUAYAN COLLEGE
FACULTY AND PERSONNEL
ASSOCIATION (MCFPA),
*Respondents.***

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D E C I S I O N

FERNAN, C.J.:

The pivotal issue in this Petition for *Certiorari* is whether increases in employees' salaries resulting from the implementation of presidential decrees and wage orders, which are over and above the agreed salary scale contracted for between the employer and the employees in a collective bargaining agreement, preclude the employees from claiming the difference between their old salaries and those provided for under said salary scale.

Petitioner is a private educational institution duly organized and existing under Philippine laws, and operating in Meycauayan, Bulacan. On January 16, 1987, its board of trustees recognized the Meycauayan College Faculty and Personnel Association as the employees' union in the Meycauayan College.

Prior to said recognition or on July 17, 1983, petitioner and the union, then headed by Mrs. Teresita V. Lim, entered into a collective bargaining agreement for 1983-1986. Article IV thereof provides:

“SALARY SCALE

IV. 4.o. ANG ANTAS NG PAGPAPASUWELDO SA MGA GURO SA MATAAS NG PAARALAN AY UMAALINSUNOD SA PARAAN NG PAGRARANGGONG KALAKIP NITO BILANG ‘TAKDA’ AT AYON PA RIN SA SUMUSUNOD NA HALAGA NG PAGPAPASUWELDO (IPATUTUPAD SA A%O-ESCOLAR 1983-1986):

PAGSUBOKA	(1-3 TAON)	P51.50
KLASE I	(4-5 TAON)	P52.00
	(6-8 TAON)	P53.00
KLASE II	(9-12 TAON)	P54.00
KLASE III	(13-14 TAON)	P57.00
KLASE IV	(15-17 TAON)	P60.00
KLASE V	(18-21 TAON)	P63.00
	(22 PATAAS)	P70.00”

When the collective bargaining agreement was entered into, the following presidential decrees were in effect: (a) P.D. No. 1389 dated May 29, 1978 adjusting the existing statutory minimum wages; (b) P.D. No. 1713 dated August 18, 1980 providing for an increase in the minimum daily wage rates and for additional mandatory living allowances, and (c) P.D. No. 1751 dated May 14, 1980 increasing the statutory daily minimum wage at all levels by P4.00 after integrating the mandatory emergency living allowance under P.D. Nos. 525 and 1123 into the basic pay of all covered workers. Wage Order No. 2 increasing the mandatory basic minimum wage and living allowance was also issued on July 6, 1983 just before the collective bargaining agreement herein involved was entered into.

During the lifetime of the collective bargaining agreement, the following were issued: (a) Wage Order No. 3 dated November 7, 1983 increasing the minimum daily living allowance in the private sector; (b) Wage Order No. 4 dated May 1, 1984 integrating as of said date the emergency cost of living allowances under P.D. Nos. 1614, 1634 and 1713 into the basic pay of covered workers in the private sector; (c) Wage Order No. 5 dated June 11, 1984 increasing the cost of living allowance of workers in the private sector whose basic salary or wage is not more than P1,800 a month; and (d) Wage Order No. 6 dated October 26, 1984 increasing the daily living allowances.

The union admits herein that its members were paid all these increases in pay mandated by law. It appears, however, that in 1987, shortly after union president Mrs. Teresita V. Lim, who held the managerial position of registrar of the college, had turned over the presidency of the union to Mrs. Fe Villarico, the latter unintentionally got a copy of the collective bargaining agreement and discovered that Article IV thereof had not been implemented by the petitioner.^[1]

Consequently, on March 27, 1987, the union filed with the Department of Labor and Employment, Regional Office No. III in San Fernando, Pampanga, a notice of strike on the ground of unfair labor practice alleging therein violation of the collective bargaining agreement particularly the provisions of Article IV thereof on salary scale.^[2]

The union having struck and picketed the petitioner's premises on May 20, 1987, the Secretary of Labor assumed jurisdiction over the labor dispute and, in his order of May 26, 1987, instructed Regional Office No. III to hear and receive the evidence of the parties and to submit a report thereon.

In his report, the Director of Regional Office No. III stated that the management had indeed complied with the salary and allowance increases ordained by law. However, he observed that the college's compliance with said increases in salary and allowance were "not an ipso facto compliance with the collective bargaining agreement without violating the very aims and purpose of free collective bargaining for better terms and conditions of employment."

According to the Director, the two should be distinguished from each other. Thus, while compliance with increases provided by law was mandatory, compliance with the provisions of a collective bargaining agreement was contractual and obligatory.

He added: “Non-compliance with the mandate of a standards law or decree may give rise to an ordinary action for recovery while violation of a collective bargaining agreement may even give rise to a criminal action for unfair labor practice. And while the relief sought for violation of a standards law or decree is primarily for restitution of (an) unpaid benefits, the relief sought for violating a CBA is ordinarily for compliance and desistance. Moreover, there is no provision in the aforesaid Presidential Decrees providing that compliance thereto is sufficient compliance with a provision of a collective bargaining agreement and vice-versa.”

To illustrate his finding that the collective bargaining agreement had not been complied with by the college, the Director cited the example of a union member who had been with the college for twenty years. Under the standards law, she was entitled to a rate of P58.65 per period whereas under the collective bargaining agreement, she should receive P63.00 per period considering that the ranking system is observed therein.

Accordingly, the Director recommended that the management of Meycauayan College be directed to immediately comply with the salary scale provision of the collective bargaining agreement and “to pay all covered union members their salary differential both during regular classes and summer vacations as well as the 13th month differential pay for the School Years 1983-1984, 1984-1985 and 1985-1986 utilizing the computations” mentioned in the report.^[3]

Upon review of said report and the record of the case, the Secretary of Labor agreed with the Director’s findings noting further that the college “failed to controvert the assertion of the faculty members that: (a) the salary period being paid to them is always P7.00 less than that provided for in the CBA; (b) the salary for the extra period handled is almost always P4.00 more than the salary per period but still less than P3.00 as provided in the CBA.”^[4] The dispositive portion of the Secretary’s order of September 9, 1987 states:

WHEREFORE, the Management of Meycauayan College is hereby ordered to:

- 1) Strictly effect the payment of salaries of the union members in accordance with the provisions of the collective bargaining agreement;
- 2) Pay the covered union members salary differential computed by subtracting the salary actually paid and received by them per period provided in the collective bargaining agreement for school years 1983-1984; 1984-1985 and 1985-1986 including the differential for the 13th month pay for the same period.”^[5]

Its motion for reconsideration having been denied on December 3, 1987, Meycauayan College filed the instant petition for *certiorari* with prayer for the issuance of a writ of preliminary injunction and/or a temporary restraining order enjoining the Secretary of Labor from enforcing his orders of September 9, 1987 and December 3, 1987. On February 15, 1988, the Court issued said temporary restraining order.^[6]

In this petition, Meycauayan College contends that the Secretary of Labor abused his discretion when he ruled that “the college did not pay its teachers what was due them under the collective bargaining agreement” and when, in the “unfair labor practice strike case,” he promulgated a decision “with a retroactive effect beyond the one-year period provided in Art. 290 of the Labor Code.”^[7]

The petition has no merit.

As correctly ruled by public respondent, a collective bargaining agreement is a contractual obligation. It is distinct from an obligation imposed by law. The terms and conditions of a collective bargaining contract constitute the law between the parties. Beneficiaries thereof are therefore, by right, entitled to the fulfillment of the obligation prescribed therein.^[8] Consequently, to deny binding force to the collective bargaining agreement would place a premium on a refusal

by a party thereto to comply with the terms of the agreement. Such refusal would constitute an unfair labor practice.^[9]

Moreover, compliance with a collective bargaining agreement is mandated by the expressed policy to give protection to labor.^[10] Unless otherwise provided by law, said policy should be given paramount consideration. Hence, inasmuch as the petitioner has failed to point to any provision of law or even of the collective bargaining agreement itself to the effect that benefits provided by the former encompass those provided by the latter, benefits derived from either the law or a contract should be treated as distinct and separate from each other.

What seems to be the life-force of petitioner's case is its contention that an agreement on a salary scale should be distinguished from an agreement on a salary increase. Thus, it argues in fine that an agreement on a salary scale should be considered as an addition to the salary increase imposed by law and vice-versa.^[11] This contention is fallacious.

Increments to the laborers' financial gratification, be they in the form of salary increases or changes in the salary scale are aimed at one thing - improvement of the economic predicament of the laborers. As such, they should be viewed in the light of the State's avowed policy to protect labor. Thus, having entered into an agreement with its employees, an employer may not be allowed to renege on its obligation under a collective bargaining agreement should, at the same time, the law grant the employees the same or better terms and conditions of employment. Employee benefits derived from law are exclusive of benefits arrived at through negotiation and agreement unless otherwise provided by the agreement itself or by law.^[12]

Nevertheless, as the key to the interpretation of contracts, including collective bargaining agreements, is the intention of the parties,^[13] we examined the record and found the undisputed allegation of private respondent that the collective bargaining agreement herein involved was entered into by the parties to improve the plight of the teachers by increasing their salary. The parties increased the teachers' salary or rate per period, by drafting a salary scale "based on the length of service" of the teachers and eventually came up with Article IV

aforequoted.^[14] From this un rebutted allegation, it is clear that the parties wanted to attain one goal — increase the salaries of the teachers on the basis of their length of service. Hence, it is immaterial that the means by which said goal is achieved is through the alteration of the salary scale.

On the issue of prescription, Article 291 (now Art. 290) of the Labor Code herein invoked by petitioner, provides:

“Offenses. — Offenses penalized under this Code and the rules and regulations issued pursuant thereto shall prescribe in three (3) years.

“All unfair labor practices arising from Book V shall be filed with the appropriate agency within one (1) year from accrual of such unfair labor practice; otherwise, they shall be forever barred.”

Petitioner herein asserts that under said article, the Secretary of Labor abused his discretion when he promulgated a decision applicable even to school years 1983-1984 and 1984-1985 when in fact he assumed jurisdiction over the strike only on May 26, 1987 or more than a year from the accrual of the unfair labor practice. It further avers that the labor dispute herein involved was not presented by the union “as a money claim which would make the strike illegal since a money claim is not a strikable issue under the Labor Code, nor is it under the original jurisdiction of the Secretary of Labor.”^[15]

The one-year prescriptive period is inapplicable in this case because of peculiar factual circumstances which petitioner has not denied. Although the collective bargaining agreement covers school years 1983 to 1986, a copy of the agreement was only made available to the union in 1987. Immediately thereafter, the union sought its implementation. The union members might have been aware of the existence of the collective bargaining agreement but that fact that their president was actually a management employee being petitioner’s registrar, they must have been deterred from demanding its implementation earlier. Hence, to apply the provisions of Article 290 (Art. 291) would be unfair and prejudicial to the union members

particularly those who have served petitioner for a number of years who stand to benefit most from the salary scale.

Article 264(g), now Article 263(g) of the Labor Code is broad enough to give the Secretary of Labor the power to take jurisdiction over what appears at first blush to be an ordinary money claim. Claims for pay differentials may have that character but, as earlier stated, if they arise out of a violation of a collective bargaining agreement, they assume the character of an unfair labor practice and are, therefore, well within the ambit of the jurisdiction of the Secretary of Labor to decide.

WHEREFORE, the decision of the Secretary of Labor is hereby **AFFIRMED** and the temporary restraining order of February 15, 1989 is **LIFTED**.

This Decision is immediately executory. Costs against the petitioner.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin and Cortes, JJ., concur.

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- [1] Rollo, p. 50.
[2] Rollo, pp. 8 & 38.
[3] Rollo, p. 32.
[4] Ibid.
[5] Rollo, pp. 32-33.
[6] Rollo, p. 42.
[7] Petition, pp. 6-7.
[8] Batangas Laguna Tayabas Bus Co. vs. Court of Appeals, L-38482, June 18, 1976, 71 SCRA 470; Fegurin vs. NLRC, G.R. No. 50483, February 28, 1983, 120 SCRA 910.
[9] MRR Yard Crew Union vs. Philippine National Railways, L-33621, July 26, 1976, 72 SCRA 88; National Development Company vs. NDC Employees and Worker's Union, L-32387, August 19, 1975, 66 SCRA 181; Art. 250, Labor Code.
[10] Art. 3, Labor Code.
[11] Consolidated Reply, pp. 3-5; Rollo, pp. 91-93.
[12] See Marcopper Mining Corporation vs. Ople, G.R. No. 51254, June 11, 1981, 105 SCRA 75.

- [13] Philippine Apparel Workers Union vs. NLRC, G.R. No. 50320, July 31, 1981, 106 SCRA 444, 456.
- [14] Private respondent's comment, p. 10, Rollo, p. 58.
- [15] Petition, p. 18; Rollo, p. 22.

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