SUPREME COURT
THIRD DIVISION

MINDANAO STEEL CORPORATION,
***Petitioner*,**

-versus-

G.R. No. 130693
March 4, 2004

MINSTEEL FREE WORKERS ORGANIZATION (MINFREWO-NFL) CAGAYAN DE ORO,
***Respondent*.**
x----------x

D E C I S I O N

SANDOVAL-GUTIERREZ, *J.*:

At bar is a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[1] dated May 30, 1997 and Resolution[2] dated August 22, 1997 rendered by the Court of Appeals in CA-G.R. SP No. 40919, entitled "Mindanao Steel Corporation vs. Atty. Marieto Gallego and Minsteel Free Workers Organization MINFREWO-NFL, Cagayan de Oro City."

The undisputed facts of this case are as follows:

On June 29, 1990, Mindanao Steel Corporation (herein petitioner) and Minsteel Free Workers Organization MINFREWO-NFL Cagayan

de Oro City (herein respondent) executed a collective bargaining agreement (CBA) providing for an increase of P20.00 in the workers' daily wage.

Prompted by the December 5, 1990 fuel price increase, the Regional Tripartite Wages and Productivity Board (RTWPB) of Region X, Northern Mindanao, Cagayan de Oro City, issued Interim Wage Order No. RX-02.[3] This Interim Wage Order granted to all workers[4] an emergency cost of living allowance (ECOLA)[5] for three (3) months or from January 7, 1991 to April 6, 1991.

Petitioner refused to implement the Interim Wage Order, prompting respondent to file with the National Mediation and Conciliation Board (NCMB) a complaint for payment of ECOLA against the former. Then the parties, in a Submission Agreement dated April 8, 1991, agreed to submit the case for voluntary arbitration.

After the parties had submitted their position papers and other pleadings, the Voluntary Arbitrator rendered a Decision dated January 8, 1992 ordering petitioner to pay respondent's members and other workers their ECOLA. Petitioner then filed a motion for reconsideration but was denied in an Order dated January 28, 1992.

Thereafter, petitioner filed with the Court of Appeals a petition for certiorari with prayer for issuance of a temporary restraining order and/or writ of preliminary injunction.

On May 30, 1997, the Appellate Court promulgated its Decision affirming the Voluntary Arbitrator's Decision dated January 8, 1992 and Order dated January 28, 1992. The Court of Appeals ratiocinated as follows:

> "In the case at bench, Interim Wage Order No. RX-02 was issued specifically to grant employees a temporary allowance pending the approval of the wage increase being petitioned by them due to the fuel price hike on December 5, 1990.
>
> "The grant of the P20.00 wage increase under the CBA did not have the purpose of granting such temporary allowance due to the contingency stated in the subject wage order, but was

actually intended as wage increase to be effective January 1, 1991. Thus, as stated by the Supreme Court, it should be termed as 'wage increase', pure and simple, and not part of the emergency allowance.

"Not to be overlooked is the provision under the CBA which was executed between the parties herein, Section 3, Article VII of which provides that:

> 'It is hereby agreed that these salary increases shall be exclusive of any wage that may be provided by law as a result of economic change.' (p. 55, rollo)

"There indeed is nothing contrary to law, customs, public order or public policy in a stipulation subordinating, as does the aforesaid provision in the collective bargaining agreement, contractual wage increases to those imposed or prescribed by law. They were therefore perfectly free to agree thereon, and having thus agreed, are bound by such stipulation as constituting the law between them." *(Filipinas Golf and Country Club, Inc. vs. NLRC, 176 SCRA 625)*

"The increase provided by the subject wage order, moreover, was not intended to be purely a wage increase, that may be credited to any wage increase granted by employers because of or in anticipation of the fuel price hike, but for emergency purposes for only three months.

"The petitioner should, therefore, not be entitled to the creditable benefit provided by the implementing rules and regulations of interim wage order no. RX-02.

"This Court thus finds no grave abuse of discretion amounting to lack of excess of jurisdiction on the part of the respondent voluntary arbitrator in issuing the questioned decision.

"WHEREFORE, THE INSTANT PETITION IS HEREBY DISMISSED FOR LACK OF MERIT.

"SO ORDERED."

On August 22, 1997, the Court of Appeals issued a Resolution denying petitioner's motion for reconsideration.

Hence, this petition for review on certiorari.

Petitioner contends that it is exempt from paying the ECOLA because pursuant to the CBA, it already granted a wage increase of P20.00 a day or P523.20 a month effective January 1, 1991. Likewise, petitioner claims it is entitled to creditable benefits on the basis of Section 7 of Interim Wage Order No. RX-02 which provides:

> "(W)age increases, rice allowance (in kind or cash), and other allowances granted by employers to their workers because of, or in anticipation of the fuel price hikes on December 05, 1990 and exclusive of compliance with Wage Order Nos. RX-01 and RX-01-A are creditable, provided that if the amount is less than that prescribed in this Interim Wage Order, the employer shall give the difference."

Along the same line, petitioner maintains that under Section 5 of the Implementing Rules and Regulations of Wage Order No. RX-02, its grant of wage increase to its workers pursuant to the CBA is considered compliance with the Order, thus:

> "Section 5. Creditable Benefits - Any wage increases or adjustments granted between November 22, 1990 and January 06, 1991 shall be considered as compliance with the Order provided that if the amount is less than that prescribed, the employer shall pay the difference.
>
> "In addition, any of the following shall be considered as compliance:
>
> > "a. All forms of wage increases granted unilaterally or under collective bargaining agreement excluding company anniversary increases and those resulting from regularization, promotion and merit increases.

"b. All kinds of allowances in cash or in kind for whatever purpose, such as transportation, meal allowance, rice subsidy and others.

"c. All forms of economic assistance such as productivity bonus, housing, bus services for the family and other similar activities."

Petitioner's contentions lack merit.

To begin with, any doubt or ambiguity in the contract between management and the union members should be resolved in the light of Article 1702 of the Civil Code which provides:

> "(I)n case of doubt, all labor legislation and all labor contracts shall be construed in favor of the safety and decent living for the laborer."[6]

The basic issue for our resolution is whether or not petitioner is exempt from paying the ECOLA in light of the CBA entered into by the parties.

Pertinent is Section 3, Article VII of the CBA which provides:

> "It is hereby agreed that these salary increases shall be exclusive of any wage increase that may be provided by law as a result of any economic change."

The above provision is clear that the salary increases, such as the P20.00 provided under the CBA, shall not include any wage increase that may be provided by law as a result of any economic change. Hence, aside from the P20.00 CBA wage increase, respondent's members are also entitled to the ECOLA under the Interim Wage Order.

The CBA provision under Section 3, Article VII needs no interpretation. Contracts which are not ambiguous are to be interpreted according to their literal meaning and not beyond their obvious intendment. (Herrera vs. Petrophil Corp., 146 SCRA 385 [1986]).

In Mactan Workers Union vs. Aboitiz, (G.R. No. L-30241, June 30, 1972, 45 SCRA 577, 581, citing Shell Oil Workers Union vs. Shell Company of the Philippines, 39 SCRA 276 [1971]). we held that "the terms and conditions of a collective bargaining contract constitute the law between the parties. Those who are entitled to its benefits can invoke its provisions. In the event that an obligation therein imposed is not fulfilled, the aggrieved party has the right to go to court for redress."

Finally, the P20.00 daily wage increase granted by petitioner to its employees under the CBA can not be considered as creditable benefit or compliance with the Interim Wage Order because such was intended as a CBA or negotiated wage increase and not "because of, or in anticipation of the fuel price hikes on December 5, 1990."

Thus, the Court of Appeals did not commit any error when it rendered the assailed Decision and Resolution, the same being consistent with law and jurisprudence.

WHEREFORE, the petition is **DENIED**. The assailed Decision dated May 30, 1997 and Resolution dated August 22, 1997 rendered by the Court of Appeals in CA-G.R. SP No. 40919 are **AFFIRMED**. Costs against petitioner.

SO ORDERED.

Vitug, *J.*, *(Chairman)*, Corona, and Carpio-Morales, *JJ.*, concur.

---

[1] Annex "F" of the Petition for Review on Certiorari, Rollo at 48-54.
[2] Annex "H", id. at 64.
[3] Annex "A", id. at 21-24.
[4] Except (1) workers who are members of the family of the employer but dependent upon the latter for support; (2) household or domestic helpers; and (3) persons in the personal service of another.
[5] Section 2 of Interim Wage Order No. RX-02. That the amount of such Emergency Cost of Living Allowance shall be not less than the following:

Category for Establishment	*Amount of ECOLA*
1. With not more than 20 employees	P200 / month

2. With 21 but not more than 150 employees P300 / month
3. With 151 but not more than 300 employees P400 / month
4. With more than 300 employees P500 / month

[6] (Plastic Town Center Corporation vs. NLRC, G.R. No. 81176, April 19, 1989, 172 SCRA 580, 587).