

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**PNOC-EXPLORATION CORPORATION,
*Petitioner,***

-versus-

**G.R. No. 71711
August 18, 1988**

**NATIONAL LABOR RELATIONS
COMMISSION & OSCAR SALVADOR,
*Respondents.***

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D E C I S I O N

PARAS, J.:

This is a Petition to Annul the Decision dated May 30, 1985 of respondent National Labor Relations Commission (NLRC, for short) sustaining an earlier decision of Labor Arbiter Felipe T. Garduque who assumed jurisdiction over the complaint filed by herein private respondent Oscar Salvador against herein petitioner Philippine National Oil Company - Exploration Corporation (PNOC-EC for short), for illegal dismissal. The affirmed decision of the Labor Arbiter decreed —

“IN VIEW OF THE FOREGOING FACTS, respondent is hereby ordered to reinstate complainant with full backwages from the

time of his termination up to actual reinstatement without loss of seniority rights and to pay complainant the sum of SIXTY SEVEN PESOS & 00/000 (P67.00) as differential cost of living allowance and TWO HUNDRED PESOS (P200.00) as payment of five days incentive leave pay from May 1976 to 1977 and May 1979 within ten (10) days from receipt hereof “ (Rollo, p. 4)

Petitioner filed the instant petition with Us seeking the resolution of the following issues —

1. Whether or not matters of employment affecting the PNOC-EC a government owned and controlled corporation are within the jurisdiction of the Ministry of Labor and Employment (now Department of Labor and Employment).
2. Assuming the affirmative, whether or not the Ministry is justified in ordering the reinstatement of private respondent and payment of his full backwages without loss of seniority rights.

Required to comment, the Solicitor General prayed that the petition be given due course since the petitioner is governed by the Civil Service Law and that the termination of private respondent’s employment upon project completion is in accord with law.

The petition was thus given due course in the Resolution dated October 20, 1986.

Records show that on April 14, 1976, the PNOC-EC was organized. Its primary purpose was to “prospect, explore, exploit, extract, produce, purchase or otherwise dispose of, all kinds of petroleum and petroleum products and other volatile substances.” (Articles of Incorporation, Annex E, p. 40 Record)

On May 28, 1976, petitioner employed Oscar Salvador, herein private respondent as a driver-mechanic for its project in the Cagayan Valley. The employment contract duly signed by private respondent clearly specified that his employment with petitioner was co-terminous with the project completion, without prejudice to the latter’s right to

shorten or extend the term of employment depending on the requirements of the project.

On June 30, 1976, the shares of stock of PNOC-EC were conveyed and sold to the Philippine National Oil Company (PNOC) a government owned and controlled corporation created under Pres. Decree No. 334. (Deed of Transfer Annex 'G' p. 61 Record.)

Consequently, the PNOC-EC became one of the corporate subsidiaries of PNOC, tasked to generate or increase the availability of energy resources. It commenced operation by undertaking oil exploration and exploitation projects in various parts of the country.

On January 15, 1977, upon completion of the project, private respondent's services were terminated.

On Oct. 1, 1978, private respondent was again hired as driver-mechanic, this time in petitioner's Gravity Project in Samar, under the same terms and conditions as the first contract.

Hence, when the second project was completed in May 1979, petitioner's employment was likewise terminated and was never renewed in the subsequent projects of the company.

Believing that he had become a regular employee and that his termination was illegal, private respondent filed a complaint against petitioner for illegal dismissal, backwages and allowances before the Labor Arbiter.

The decision of the Labor Arbiter in favor of private respondent which was affirmed by respondent NLRC is the subject of this petition which We find to be meritorious.

As correctly pointed out by the Solicitor General, the issue of jurisdiction has been resolved in a string of cases starting with the National Housing Authority vs. Juco, (134 SCRA 172) followed by Metropolitan Waterworks and Sewerage System vs. Hernandez (143 SCRA 602) and the comparatively recent case of Quimpo vs. Sandiganbayan (GR No. 72553 Dec. 2, 1986) in which this Court squarely ruled that PNOC subsidiaries, whether or not originally

created as government owned or controlled corporations are governed by the Civil Service Law.

Petitioner PNOG-EC being admittedly a subsidiary affiliate of PNOG is therefore unmistakably within the scope of the Civil Service Law and beyond the jurisdiction of the Ministry of Labor or any of its agencies. Having been rendered without jurisdiction, the assailed decision of the Labor Arbiter which was affirmed by respondent NLRC is null and void.

Be this as it may, the evidence on record shows that private respondent was not illegally dismissed. He was employed only for a specific project. His employment, therefore, legally ended upon completion of the project in May, 1979.

In this regard, Article 281 of the New Labor Code provides —

“Art. 281. Regular and Casual Employment. The provisions of written agreement to the contrary notwithstanding and regardless of the oral agreements of the parties, an employment shall be deemed to be regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season.”

PREMISES CONSIDERED, the petition is **GRANTED**. The assailed decision dated May 20, 1985 of respondent NLRC is **SET ASIDE** and the complaint filed by private respondent for illegal dismissal is **DISMISSED** for lack of merit.

SO ORDERED.

Melencio-Herrera, Padilla and Sarmiento, JJ., concur.