

**\*\*Title:\*\***

Agricultural Credit and Cooperative Financing Administration (ACCFA) vs. Confederation of Unions in Government Corporations and Offices (CUGCO), et al. (G.R. No. L-21484 & G.R. No. L-23605)

**\*\*Facts:\*\***

1. **\*\*Establishment and Reorganization of ACCFA:\*\***

- ACCFA, a government agency, was created under Republic Act No. 821, which was later reorganized and renamed Agricultural Credit Administration (ACA) under the Land Reform Code (Republic Act No. 3844).

2. **\*\*Collective Bargaining Agreement and Alleged Violations:\*\***

- A collective bargaining agreement, effective for one year from July 1, 1961, was entered into between ACCFA and the ACCFA Supervisors' Association (ASA) and ACCFA Workers' Association (AWA), collectively referred to as the Unions.  
- Alleged violations led to protests by the Unions, culminating in a strike on October 25, 1962. The strike ended on November 26, 1962.

3. **\*\*Filing of Complaint for Unfair Labor Practice:\*\***

- On October 30, 1962, the Unions, along with CUGCO (Confederation of Unions in Government Corporations and Offices), filed a complaint for unfair labor practice with the Court of Industrial Relations (CIR), citing violations of the collective bargaining agreement, discrimination in promotions, and a refusal to bargain by ACCFA.  
- ACCFA responded by contesting the CIR's jurisdiction and the legality and validity of the collective bargaining agreement.

4. **\*\*CIR's Decision and Subsequent Proceedings (G.R. No. L-21484):\*\***

- CIR ruled in favor of the Unions on March 25, 1963, ordering ACCFA to cease discouraging union activities, implement the collective bargaining contract including a living allowance, and bargain in good faith.  
- ACCFA's motion for reconsideration was denied by the CIR en banc on April 25, 1963.  
- ACCFA appealed to the Supreme Court.

5. **\*\*ACA Reorganization and Petition for Certification Election:\*\***

- After the enactment of the Agricultural Land Reform Code and the reorganization of ACCFA to ACA, the Unions filed a petition on March 17, 1964, for certification as exclusive

bargaining agents.

- The CIR certified the Unions as exclusive bargaining representatives on May 21, 1964, which was affirmed by the CIR en banc on August 24, 1964.
- ACA filed a certiorari with the Supreme Court on October 2, 1964, contesting the jurisdiction of the CIR on the grounds that ACA performed governmental functions.

**\*\*Issues:\*\***

1. Whether the respondent CIR had jurisdiction over the case concerning unfair labor practice and the validity and enforcement of the collective bargaining agreement.
2. Whether the functions of ACCFA/ACA were governmental or proprietary in nature, affecting the applicability of labor laws.
3. Whether the collective bargaining agreement was valid and enforceable, including its provisions for fringe benefits.
4. Whether the certification of the Unions as the exclusive bargaining representatives and the order for a certification election were justified.

**\*\*Court's Decision:\*\***

1. **\*\*Jurisdiction of CIR:\*\***

- The Supreme Court ruled that the CIR had no jurisdiction over ACA/ACCFA as the functions performed by ACA were governmental in nature, not proprietary. The CIR's involvement is negated in purely governmental functions.

2. **\*\*Nature of ACA/ACCFA Functions:\*\***

- The Court concluded that ACA/ACCFA was engaged in governmental functions aimed at implementing land reform and promoting social and economic welfare as mandated by Republic Act No. 3844. These functions were within the sphere of government responsibilities and not proprietary.

3. **\*\*Validity and Enforceability of Collective Bargaining Agreement:\*\***

- The collective bargaining agreement's validity and its fringe benefits' enforceability hinged on the required approval by the Office of the President, which was found to be conditional. The condition was deemed satisfied due to subsequent partial payment and approval considerations.

4. **\*\*Certification Election and Bargaining Rights:\*\***

- The Unions' certification as exclusive bargaining agents for the employees was invalidated

as ACA/ACCFA operations were classified under governmental functions, thus excluding the applicability of such certification elections under labor laws by virtue of inherent public interest and non-proprietary nature.

**\*\*Doctrine:\*\***

The Court reiterated that government agencies performing governmental functions, especially those deeply intertwined with statutory mandates (like land reform), do not fall under the jurisdiction of labor laws governing proprietary functions, thus rendering standard labor relations processes like collective bargaining and certification elections inapplicable.

**\*\*Class Notes:\*\***

- **\*\*Governmental vs. Proprietary Functions:\*\*** Governmental functions involve activities directly related to the administration and policy implementation of the state, while proprietary functions are typically those that could be undertaken by private entities.
- **\*\*Collective Bargaining in Government:\*\*** Employees in purely governmental functions or those subjected to the civil service laws cannot engage in collective bargaining as per standard labor laws.
- **\*\*Labor Relations and Jurisdiction:\*\*** The jurisdiction of labor courts like the CIR does not extend to entities performing governmental functions, owing to the distinct nature of their operations categorized under public interest.

**\*\*Historical Background:\*\***

The case unfolded during a significant period of agrarian and land reform in the Philippines, underscored by heightened governmental intervention in agricultural credit and reforms aimed at improving the economic conditions of small farmers. The establishment of ACA and the provisions within the Agricultural Land Reform Code facilitated critical government actions in this sector, celebrating a departure from purely laissez-faire principles.