

****Title:****

National Waterworks & Sewerage Authority vs. NWSA Consolidated Unions, G.R. No. L-17899, 120 Phil. 736 (1963)

****Facts:****

- ***Parties*:** The National Waterworks & Sewerage Authority (NAWASA), a government-owned corporation, and various labor organizations (NWSA Consolidated Unions) representing NAWASA employees. Other respondents include intervenors Jesus Centeno, et al.
- ***Background*:** Dispute over the implementation of labor laws and agreements. Key issues include the 40-Hour Week Law implementation, collective bargaining violations, minimum wage, promotions, night work compensation, wage increases, and strike duration pay.
- ***Procedural Posture*:** The President of the Philippines certified the dispute, leading to a Court of Industrial Relations (CIR) hearing. The CIR, after considering arguments, ordered NAWASA to address various labor issues. NAWASA's subsequent motion for reconsideration was denied, leading to the Supreme Court petition.

****Issues:****

1. Whether NAWASA is a public utility performing governmental functions, thus exempt from certain labor law provisions.
2. Status and rights of intervenors as "managerial employees" under Republic Act 2377.
3. Jurisdiction of CIR over the intervenors' claim for overtime pay, which wasn't part of the original dispute.
4. Applicability of the Eight-Hour Labor Law to employees affiliated with the General Auditing Office and the Bureau of Public Works.
5. Deduction of undertime from overtime in computing pay.
6. Inclusion of additional Sunday compensation in computing daily wages.
7. Correct method of determining the daily wage for a monthly salaried employee.
8. Retroactive application of night compensation awarded by CIR.
9. Application of the minimum wage rate fixed in a previous CIR case to new employees.
10. Interpretation of "distress pay" under the collective bargaining agreement.
11. Justification for staggering the working days of NAWASA employees.

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

1. ****Governmental Functions vs. Proprietary Functions**:** The Court held that NAWASA performs proprietary functions and is thus covered by Commonwealth Act No. 444, which governs labor standards.

2. **Public Utility**: NAWASA is classified as a public utility. Although public utilities are exempt from paying additional compensation for work on Sundays and holidays under Commonwealth Act No. 444, NAWASA must honor its collective bargaining agreement to pay such compensation.
3. **Managerial Employees**: Intervenors were not considered managerial employees as defined by Republic Act 2377. They are therefore entitled to benefits under the Eight-Hour Labor Law.
4. **Jurisdiction of CIR**: CIR had jurisdiction to adjudicate the overtime pay claim since it involved an existing employer-employee relationship, broadening the scope of issues to be resolved under labor disputes.
5. **GAO and Bureau of Public Works Employees**: Employees of the General Auditing Office and the Bureau of Public Works assigned to NAWASA were not considered NAWASA employees for compensation purposes and were excluded from the Eight-Hour Labor Law.
6. **Undertime Deduction**: Deducting undertime from overtime was deemed unfair by the Court. The proper method is to deduct undertime from accrued leave but pay for overtime work.
7. **Sunday Differential Pay**: The 25% additional pay for Sunday work is part of the regular wage and must be included in computing wages, even for a public utility, due to the contractual obligation.
8. **Daily Wage Determination**: For NAWASA employees, the daily wage should be computed by dividing the monthly salary by the actual number of working days or hours in the month, not by 30 days as per the Revised Administrative Code for government employees.
9. **Retroactivity of Night Compensation**: CIR's order for retroactive night compensation was upheld, recognizing the challenges employees face in claiming such compensation promptly.
10. **Minimum Wage Applicability**: Minimum wage rates from a previous CIR award apply to new employees as well, maintaining continuity and fairness.
11. **Distress Pay Interpretation**: Employees working inside and around sewerage chambers suffering unusual distress are entitled to distress pay.
12. **Working Day Staggering**: Only specific NAWASA roles demanding continuous 24/7 operation qualify for staggered workdays, as authorized by the President.

Doctrine:

1. Government corporations performing proprietary functions are covered by labor standards law (Commonwealth Act No. 444).

2. Public utility employee benefits derived from contractual agreements must be honored even if not required by law.
3. Managerial employees not engaged in policy-making or hiring do not qualify for Eight-Hour Labor Law exemptions.
4. Labor disputes under the Eight-Hour Labor Law fall within CIR's jurisdiction.
5. Retroactive compensation for overtime and night work is permissible to ensure fairness.

****Class Notes:****

- ***Government Functions***: Defined as activities essential to public governance and administrative control.
- ***Public Utility Exemptions***: Section 4 of Commonwealth Act No. 444 exempts utilities from additional compensation requirements.
- ***Managerial Employees***: Defined under RA 2377, focusing on functions tied to management, policy-making, and supervisory discretion.
- ***Eight-Hour Labor Law***: Enforces standard working hours, with specified exemptions and provisions for additional pay.
- ***Collective Bargaining Agreement***: Contractual obligations under CBAs are binding.

****Historical Background:****

The case arose in the context of labor rights expansion during the post-war era in the Philippines, reflecting broader themes of labor protection against increasingly complex organizational structures within government and public utilities. It underscores the evolving landscape of labor law and its interpretation to balance corporate operations with worker rights.