

Title:

Blaquera et al. vs. Alcala et al., G.R. Nos. 109406, 110642, 111494, 112056, and 119597

Facts:

This case involves multiple petitions challenging the constitutionality and validity of Administrative Order Nos. 29 and 268. On January 19, 1993, then-President Fidel V. Ramos issued AO 29, authorizing the grant of productivity incentive benefits for 1992, in the maximum amount of P1,000.00, and reiterated the prohibition under Section 7 of AO 268 against granting productivity incentive benefits without prior presidential approval.

The petitioners, government officials, and employees across various government entities, had already received such benefits under the framework of RA 6971 (Productivity Incentives Act of 1990) and EO 292 (Administrative Code of 1987). They were later instructed to refund the excess incentives they received beyond the P1,000.00 limit set by AO 29. In G.R. No. 119597, the employees of the Philippine Tourism Authority (PTA), represented by the Association of Dedicated Employees of the Philippine Tourism Authority (ADEPT), had awarded productivity incentives which were subsequently disallowed by the Corporate Auditor citing AO 29. The Commission on Audit upheld this disallowance.

Procedurally, the cases were escalated from the respective government departments and agencies to the Supreme Court, with petitioners filing certiorari and prohibition petitions seeking to annul AO 29 and AO 268, enjoining further deductions from their salaries or allowances.

Issues:

1. Whether RA 6971 applies to PTA employees, given that PTA performs both governmental and proprietary functions.
2. Whether AO 29 and AO 268 violate the provisions of EO 292.
3. Whether AO 29 and AO 268 unlawfully usurp the constitutional authority of the Civil Service Commission.
4. Whether the forced refund of incentive pay constitutes an unconstitutional impairment of a contractual obligation.
5. Whether heads of government agencies can be held personally liable for the refund of incentive benefits.

Court's Decision:

The Supreme Court resolved the issues as follows:

1. RA 6971 does not apply to PTA employees.

The Court held that the PTA, created under PD 189 and PD 564, primarily functions for governmental purposes even though it performs some proprietary functions. The court noted that the legislative intent behind RA 6971 was to apply to government-owned and controlled corporations (GOCCs) operating under the general corporation law, and not those with special charters like the PTA, which are subject to Civil Service Law. Thus, PTA employees are not entitled to incentives under RA 6971.

2. AO 29 and AO 268 do not violate the provisions of EO 292.

The Court affirmed that AO 29 and AO 268 were valid exercises of presidential control over executive departments. EO 292 authorizes the President to establish the maximum amounts for incentive payments, thus exercising his control to ensure uniformity and prevent arbitrary distribution of incentives that could cause dissatisfaction and demoralization among employees.

3. AO 29 and AO 268 do not usurp the constitutional authority of the Civil Service Commission.

The Court recognized that while the Civil Service Commission (CSC) is empowered to adopt measures for an incentive system, the President's control over executive departments includes the authority to regulate the grant and amount of such incentives. The Presidential Orders were thus in line with the proper exercise of executive control.

4. The forced refund of incentive pay does not constitute an unconstitutional impairment of a contractual obligation.

The Court ruled that the refund of incentive benefits does not impair any contractual obligation as such benefits are not deemed demandable or enforceable obligations but are *ex gratia* grants.

5. Agency heads cannot be held personally liable for the excess incentive payments.

Absent bad faith or malice, public officers are entitled to the presumption of good faith in the discharge of their duties. Thus, the heads of agencies implementing the excess payments in good faith cannot be held personally liable.

Doctrine:

The President's authority to regulate incentives and other personnel benefits within the government, ensuring uniform allowance and preventing demoralization, falls within the scope of executive control. Executive directives issued under such control do not infringe

upon the statutory responsibilities of the Civil Service Commission nor constitute an impairment of contractual obligations.

Class Notes:

Key Legal Elements and Concepts:

1. ****Government-owned and controlled corporations (GOCCs)****
 - Differentiate between GOCCs created under special charters (subject to Civil Service Law) and those under the general corporation law (subject to Labor Code).
2. ****Executive Orders (EO) and Administrative Orders (AO)****
 - EO 292: Administrative Code of 1987, setting the framework for government personnel development, including incentive systems.
 - AO 268 and AO 29: Regulating productivity incentive benefits, ensuring President's control over executive departments.
3. ****CSC's Role and Authority****
 - CSC's establishment and regulation of incentives and award systems.
 - Delegation of implementation to the President or department heads, under EO 292.
4. ****Public Officers' Liability****
 - Presumption of good faith in official conduct.
 - Non-liability of public officers for acts done in good faith absent bad faith or malice.
5. ****Legislative Intent and Coverage of RA 6971****
 - RA 6971 applies to GOCCs performing proprietary functions under general corporation law, excluding those with special charters.

Historical Background:

Post-EDSA 1986, the Philippine government undertook reforms to improve government operations and employee morale through incentive systems like EO 292. Following conflicting implementations and financial constraints, President Ramos issued AO 29 to standardize incentives and mitigate disparate payouts that affected public sector harmony. These orders, aiming to foster uniformity and prevent arbitrary allowances, were part of broader administrative control measures essential for preserving industrial peace within government entities.