

**PEOPLE'S HOMESITE AND HOUSING CORPORATION,
PETITIONER, VS. COURT OF INDUSTRIAL RELATIONS, FELICIDAD
ALCE, BERGIDA APOSTLE, LUZ ALCORAN, SOLICIDAD ANDRADE,
AUREA ABAS, GENEROSA A...**

G.R. No. L-31890. May 29, 1987

Ponente: CORTES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/21c78004dfcd/>

CORTES, J.:

In this petition for certiorari, the People's Homesite and Housing Corporation (PHHC) seeks a reversal of the Resolution of the Court of Industrial Relations (CIR) en banc dated February 23, 1970 ordering the PHHC to pay private respondents* wage differentials for work rendered from July 25, 1967 to February, 1968.

In 1967, the Philippine government and the World Food Program (WFP) entered into an agreement which provided that:

x x x

Until the efforts of the various Government Agencies concerned have been successful in developing and executing the overall plan for the Sapang Palay resettlement area, substantial employment must be found for the majority of the squatter families at present living there. The People's Homesite and Housing Corporation, hereafter referred to as PHHC, is proposing a self-help project to be undertaken by the squatter families for the construction of two earth dams (which will involve the moving of 44,165 cu. meters of earth), roads of 850 meters long . . . and 17 kilometers of associate drainage and irrigation channels; at the same time a number of existing roads in the area will be improved by the construction of 42 kilometers of dams and ditches which will involve the removal of 75,600 cu. meters of earth.

The undertaking will provide water for the irrigation of more than 100 hectares of land to be used for additional food production, the reservoir will provide non-drinking water for domestic purposes and will be stocked with fish.

WFP has been asked to supply the food for a basic ration for the 500 settlers participating in this scheme, and for their 2,000 dependents for a period of 560 days. The food ration will supplement a cash incentive of One Half Peso (P0.50) per participant per day. (Exh. "1").

In recruiting participants to the program, application forms entitled "WFP Self Help Community Project Information Sheet," (Exh. "2") were issued, mentioning the voluntary nature of the work to be rendered.

Although the participants were assigned to work on canals and roads, the projects agreed upon between the PHHC and the World Food Program were never fully implemented.

The PHHC ordered the participants to accomplish a time sheet which formed the basis for the payment of P0.50 per day and the weekly food ration. A division chief was also assigned to administer and manage the Sapang Palay project. The agency provided the participants with work tools and equipment such as spades, rakes, shovels,

picks and axes. A PHHC employee acted as "work supervisor": he designated the area to be worked on by the participants pursuant to a pre-determined program made by the PHHC; and he also conducted ocular inspection in the area.

Complaining about their work and compensation, the participants went to the Department of Labor. After investigation, Secretary Ople sent to the PHHC General Manager the following message:

FINDINGS ON WORKERS SAPANG PALAY PROJECT REVEAL VIOLATIONS OF LABOR LAWS
STOP SUGGEST LABORERS BE PAID IN ACCORDANCE WITH MINIMUM WAGE LAW

PHHC thereafter suspended work. And the participants instituted the present action in the Court of Industrial Relations against the PHHC, praying for the payment of the difference between the minimum wage (which was P6.00 at that time) and the P0.50 paid to them, overtime compensation, and also for reinstatement.

In its answer, PHHC claimed, among others, that it was exercising governmental functions; that it did not employ private respondents herein; and that the CIR had no jurisdiction over PHHC, and over the subject matter of the action.

After trial, the Court a quo ruled that since there was no evidence that private respondents rendered overtime work, their claim was reduced to a mere money claim over which the regular courts, not the CIR, had jurisdiction. It thus dismissed the action.

On motion for reconsideration, the Court of Industrial Relations en banc reversed the order of dismissal and ordered the PHHC to pay wage differentials to the claimants; but denied the claims for reinstatement and overtime compensation. From that resolution, PHHC brought the case to Us on certiorari, raising the following issues:

I

WHETHER OR NOT THE CIR HAS JURISDICTION OVER PHHC, A GOVERNMENT OWNED
AND/OR CONTROLLED CORPORATION PERFORMING GOVERNMENTAL FUNCTIONS

II

WHETHER OR NOT (THE) CIR HAS JURISDICTION OVER THOSE CASES WHERE THERE EXIST(S)
NO EMPLOYER-EMPLOYEE RELATIONSHIP

III

WHETHER OR NOT (THE) CIR HAS JURISDICTION OVER CASES FOR MERE MONEY CLAIMS
WHERE NO REINSTATEMENT IS SOUGHT

IV

WHETHER OR NOT THERE EXISTS (AN) EMPLOYER-EMPLOYEE (RELATIONSHIP)
CONSIDERING THE FACTUAL CIRCUMSTANCES

We vote to grant the petition.

The jurisdiction of the then Court of Industrial Relations is set forth in Section 1 of Commonwealth Act No. 103, as amended. Construing this provision of law, We have ruled that the CIR has jurisdiction over labor disputes involving government-owned or controlled corporations performing basically proprietary functions, (GSIS v. Castillo, 98 Phil. 876 [1956]; GSIS v. GSIS Employees Assn., 119 Phil. 524 [1964]; SSS Employees Assn. v. Soriano, 117 Phil. 1038 [1963]) but not those performing governmental functions (University of the Philippines

and *Anonas v. CIR*, 107 Phil. 848 [1960]).

It has not always been easy determining which functions are governmental in nature and which are proprietary. The characterization of functions performed by the government has evolved from the traditional "constituent-ministrant" classification (as enunciated in the case of *Bacani v National Coconut Corporation*, (100 Phil. 468 [1956]) to its disavowal in the case of *ACCFA v CUGCO, et. al* (No. L--221484, November 29, 1969, 30 SCRA 649) where, considering the social justice provision of the 1935 Constitution, We said that the "constituent-ministrant" classification had become unrealistic, if not obsolete. There, We gave our assent to a socio-political philosophy espousing a greater socialization of economic forces. We found nothing objectionable in government undertaking in its sovereign capacity activities which, by the constituent-ministrant test would have been considered as merely optional.

We, thus, ruled in said case that the Agricultural Credit Administration, tasked as it was with the implementation of the land reform program of the government, was an agency performing governmental functions.

Coming now to the case at bar. We note that since 1941 when the National Housing Commission (predecessor of PHHC, which is now known as the National Housing Authority [NHA]) was created, the Philippine government has pursued a mass housing and resettlement program to meet the needs of Filipinos for decent housing. The agency tasked with implementing such governmental program was the PHHC. These can be gleaned from the provisions of Commonwealth Act 648, the charter of said agency.

We rule that the PHHC is a governmental institution performing governmental functions.

This is not the first time We are ruling on the proper characterization of housing as an activity of government. In the 1985 case of *National Housing Corporation v. Juco and the NLRC* (No. L-64313, January 17, 1985, 134 SCRA 172), We ruled that housing is a governmental function.

A perusal of the functions of the PHHC and the NHC indicates that both perform, substantially the same functions.

Commonwealth Act No. 648, as amended, provides:

Section 2. The purposes for which the (People's Homesite and Housing Corporation) is created are:

- a) The acquisition, development, improvement, construction, leasing and selling of lands and buildings or any interest therein in the cities and populous towns of the Philippines, with the object of providing decent housing for those who may be found unable otherwise to provide themselves therewith;
- b) The promotion of the physical, social and economic betterment of the inhabitants of the cities and populous towns of the Philippines, by eliminating therefrom slums and dwelling places which are unhygienic or unsanitary and by providing homes at low cost to replace those which may be so eliminated; and,
- c) The provision of community and institutional housing for destitute individuals and families and for paupers.

On the other hand, the articles of incorporation of the NHC provide:

SECOND: That the purpose for which the corporation is organized is to assist and carry out the coordinated massive housing program of the government, principally but not limited to low-cost housing with the integration, cooperation and assistance of all governmental agencies concerned, through the carrying on of any or all the following activities:

- 1) The acquisition, development or reclamation of lands for the purpose of construction and building therein preferably low-cost housing so as to provide decent and durable dwelling for the greatest number of inhabitants in the country;

- 2) The promotion and development of physical, social and economic community growth through the establishment of general physical plans for urban, suburban and metropolitan areas to be characterized by efficient land use patterns;
- 3) The coordination and implementation of all projects of the government for the establishment of nationwide and massive low-cost housing;
- 4) The undertaking and conducting of research and technical studies of the development and promotion of construction of houses and buildings of sound standards of design liability, durability, safety, comfort and size for improvement of the architectural and engineering designs and utility of houses and buildings with the utilization of new and/or native materials economics (sic) in material and construction, distribution, assembly and construction and of applying advanced housing and building technology.
- 5) Construction and installation in these projects of low-cost housing privately or cooperatively owned water and sewerage system or waste disposal facilities, and the formulation of a unified or officially coordinated urban transportation system as a part of a comprehensive development plan in these areas.

In the Juco case, We ruled that the NHC, as it was established as an "instrumentality of government to accomplish governmental policies and objectives and extend essential services to the people," performs governmental and not proprietary functions. It thus comes under the jurisdiction of the Civil Service Commission and not the Ministry of Labor and Employment (*supra*, 134 SCRA 172, 180, 181). We see no reason for departing from that ruling now. The Court of Industrial Relations had no jurisdiction over the dispute involving the PHHC and the private respondents.

In view of the foregoing, We deem it unnecessary to pass upon the other issues raised.

WHEREFORE, the petition is granted. The assailed resolution of the Court of Industrial Relations is SET ASIDE.

Fernan, (Chairman), Gutierrez, Jr., Paras, Padilla, and Bidin, JJ., concur.

* Private respondents, who number around 700, are settlers in the Sapang Palay resettlement area.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.