

**ATOK-BIG WEDGE MUTUAL BENEFIT ASSOCIATION, PETITIONER,
VS. ATOK-BIG WEDGE MINING COMPANY, INCORPORATED,
RESPONDENTS.***G.R. No. L-7349. July 19, 1955*

Ponente: REYES, J.B.L., J.

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On September 4, 1950, the petitioner labor union, the Atok-Big Wedge Mutual Benefit Association, submitted to the Atok-Big Wedge Mining Co., Inc. (respondent herein) several 'demands, among which was an increase of P0.50 in daily wage. The matter was referred by the mining company to the Court of Industrial Relations for arbitration and settlement (Case No. 523-V). In the course of conciliatory measures taken by the Court, some of the demands were granted, and others (including the demand for increased wages)' rejected, and so, hearings proceeded and evidence submitted on the latter. On July 14, 1951, the Court rendered a decision (Record, pp. 25-32) fixing the minimum wage at P2.65 a day with rice ration, or P3.20 without rice ration; denying the deduction from such minimum wage, of the value of housing facilities furnished by the company to the laborers, as well as the efficiency bonus given to them by the company; and ordered that the award be made effective retroactively from the date of the demand, September 4, 1950, as agreed by the parties. From this decision, the mining company appealed to this Court (G. R. No. L-5276).

Subsequently, an urgent petition was presented in Court on October 15, 1952 by the Atok-Big Wedge Mining Company for authority to stop operations and lay off employees and laborers, for the reason that due to heavy losses, increased taxes, high cost of materials, negligible quantity of ore deposits, and the enforcement of the Minimum Wage Law, the continued operation of the company would lead to its immediate bankruptcy and collapse (Rec. pp. 100-109). To avert the closure of the company and the consequent lay-off of hundreds of laborers and employees, the Court, instead of hearing the petition on the merits, convened the parties for voluntary conciliation and mediation. After lengthy discussions and exchange of views, the parties on October 29, 1952 reached an agreement effective from August 4, 1952 to December 31, 1954 (Rec. pp. 18-23). The Agreement in part provides:

I

That the petitioner, Atok-Big Wedge Mining Company, Incorporated, agrees to abide by whatever decision that the Supreme Court may render with respect to Case No. 523-V (G. R. 5276) and Case No. 523-1 (10) (G. R. 5594).

* * * * *

III

* * * * *

That the petitioner, Atok-Big Wedge Mining Company, Incorporated, and the respondent, Atok-Big Wedge

Mutual Benefit Association, agree that the following facilities heretofore given or actually being given by the petitioner to its workers and laborers, and which constitute as part of their wages, be valued as follows:

Rice ration

P.55 per day

Housing facility.....

40 per day

All other facilities such as recreation facilities, medical treatment to dependents of laborers, school facilities, rice ration during off-days, water, light, fuel, etc., equivalent to at least.....

85 per day

It is understood that the said amount of facilities valued at the above-mentioned prices, may be charged in full or partially by the Atok-Big Wedge Mining Company, Inc., against laborer or employee, as it may see fit pursuant to the exigencies of its operation."

The agreement was submitted to the Court for approval and on December 26, 1952, was approved by the Court in an order giving it effect as an award, or decision in the case (Rec, p. 24).

Later, Case No. G. R. No. L-5276 was decided by this Court (promulgated March 3, 1953), affirming the decision of the Court of Industrial Relations fixing the minimum cash wage of the laborers and employees of the Atok-Big Wedge Mining Co. at P3.20 cash, without rice ration, or P2.65, with rice ration. On June 13, 1953, the labor union presented to the Court a petition for the enforcement of the terms of the agreement of October 29, 1952, as allegedly modified by the decision of this Court in G. R. No. L-5276 and the provisions of the Minimum Wage Law, which has since taken effect, praying for the payment of the minimum cash wage of P3.45 a day with rice ration, or P4.00 without rice ration, and the payment of differential pay from August 4, 1952, when the award became effective. The mining company opposed the petition claiming that the Agreement of October 29, 1952 was entered into by the parties with the end in view that the company's cost of production be not increased in any way, so that it was intended to supersede whatever decision the Supreme Court would render in G. R. No. L-5276 and the provisions of the Minimum Wage Law with respect to the minimum cash wage payable to the laborers and employees. Sustaining the opposition, the Court of Industrial Relations, in an order issued, on September 22, 1953 (Rec. pp. 44-49), denied the petition, upon the ground that when the Agreement of the parties of October 29, 1952 was entered into by them, they already knew the decision of said Court (although subject to appeal to the Supreme Court) fixing the minimum cash wage at P3.20 without rice ration, or P2.65 with rice ration, as well as the provisions of the Minimum Wage Law requiring the payment of P4 minimum daily wage in the provinces effective August 4, 1952; so that the parties had intended to be regulated by their Agreement of October 29, 1952. On the same day, the Court issued another order (Rec pp. 50-55), denying the claim of the labor union for payment of an additional 50 per cent based on the basic wage of P4 for work on Sundays and holidays, holding that the payments being made by the company were within the requirements of the law. Its motion for the reconsideration of both orders having been denied, the labor union filed this petition for review by certiorari.

. The first issue submitted to us arises from an apparent contradiction in the Agreement of October 29, 1952. By paragraph' III thereof, the parties by common consent evaluated the facilities furnished by the Company to its laborers (rice rations, housing, recreation, medical treatment, water, light, fuel, etc.) at P1.80 per day, and authorized the company to have such value "charge in full or partially—against any laborer or employee as it may see fit"; while in paragraph I, the Company agreed to abide by the decision of this Court (pending at the time the agreement was had) in G. R. No. L-5594; and as rendered, the decision was to the effect that the Company could

deduct from the minimum wage only the value of the rice ration.

It is contended by the petitioner union that the two provisions should be harmonized by holding paragraph III (deduction of all facilities) to be merely provisional, effective only while this Court had not rendered its decision in G. R. No. L-5594; and that the terms of said paragraph should be deemed superseded by the decision from the time the latter became final, some four or five months after the agreement was entered into; in consequence, (it is claimed), the laborers became entitled by virtue of said decision to the prevailing P4.00 minimum wage with no other deduction than that of the rice ration, or a net cash wage of P3.45.

This contention, in our opinion, is untenable. The intention of the parties could not have been to make the arrangement in paragraph III a merely provisional arrangement pending the decision of the Supreme Court for "this agreement" was expressly made retroactive and effective as of August 4, 1952, and to be in force up to and including December 31, 1954" (Par. IV). When concluded on October 29, 1952, neither party could anticipate the date when the decision of the Supreme Court would be rendered; nor is any reason shown why the parties should desire to limit the effects of the decision to the period 1952-1954 if it was to supersede the agreement of October 29, 1952. '

To ascertain the true import of paragraph I of said Agreement providing that the respondent company agreed to abide by whatever decision the Supreme Court would render in G. R. No. L-5276, it is important to remember that, as shown by the records, the agreement was prompted by an urgent petition filed by the respondent mining company to close operations and lay-off laborers because of heavy losses and the full enforcement of the Minimum Wage Law in the provinces, requiring it to pay its laborers the minimum wage of P4; to avoid such eventuality, through the mediation of the Court of Industrial Relations, a compromise was reached whereby it was agreed that the company would pay the minimum wage fixed by the law, but the facilities then being received by the laborers would be evaluated and charged as part of the wage, but without in any way reducing the P2.00 cash portion of their wages which they were receiving prior to the agreement (hearing of Oct. 28, 1952, CIR, t. s. n. 47). In other words, while it was the objective of the parties to comply with the requirements of the Minimum Wage Law, it was also deemed important that the mining company should not have to increase the cash wages it was then paying its laborers, so that its cost of production would not also be increased, in order to prevent its closure and the lay-off of employees and laborers. And as found by the Court below in the order appealed from (which finding is conclusive upon us), "it is this eventuality that the parties did not like to happen, when they have executed the said agreement" (Rec. p. 49). Accordingly, after said agreement was entered into, the Company started paying its laborers a basic cash or "take-home" wage of P2.20 (Rec. p. 9), representing the difference between P4 (minimum wage) and P1.80 (value of all facilities).

With this background, the provision to abide by our decision in G. R. L-5276 can only be interpreted thus: That the company agreed to pay whatever award this Court would make in said case from the date fixed by the decision (which was that of the original demand, September 4, 1950) up to August 3, 1952 (the day previous to the effectivity of the Compromise Agreement) and from August 4, 1952 to December 31, 1954, they are to be bound by their agreement of October 29, 1952.

This means that during the first period (September 4, 1950 to August 3, 1952), only rice rations given to the laborers are to be regarded as forming part of their wage and deductible therefrom. The minimum wage was then fixed (by the Court of Industrial Relations, and affirmed by this Court) at P3.20 without rice ration, or P2.65 with rice ration. Since the respondent company had been paying its laborers the basic cash or "take-home" wage of P2 prior to said decision and up to August 3, 1952, the laborers are entitled to a differential pay of P0.65 per working day from September 4, 1950 (the date of the effectivity of the award in G. R. L-5276) up to August 3, 1952.

From August 4, 1952, the date when the Agreement of the parties of October 29, 1952 became effective (which was also the date when the Minimum Wage Law became fully enforceable in the provinces), the laborers should be paid a minimum wage of P4 a day. From this amount, the respondent mining company is given the right to charge each laborer "in full or partially", the facilities enumerated in par. III of the Agreement; i. e., rice ration at P0.55 per day, housing facility at P0.40 per day, and other facilities at P0.85 per day (or a total of P1.80), which facilities "constitute part of his wages". It appears that the company had actually been paying its laborers the minimum wage of P2.20 since August 4, 1952; hence they are not entitled to any differential pay from this date.

Petitioner argues that to allow the deductions stipulated in the Agreement of October 29, 1952 from the minimum daily wage of P4 would be a waiver of the minimum wage fixed by the law and hence null and void, since Republic Act No. 602, section 20, provides that "no agreement or contract, oral or written, to accept a lower wage or less than any other under this Act, shall be valid". An agreement to deduct certain facilities received by the laborers from their employer is not a waiver of the minimum wage fixed by the law. Wage, as defined by section 2 of Republic Act No. 602, "includes the fair and reasonable value as determined by the Secretary of Labor, of board, lodging, or other facilities customarily furnished by the employer to the employee." thus, the law permits the deduction of such facilities- from the laborer's minimum wage of P4, as long as their value is "fair and reasonable". It is not here claimed that the valuations fixed in the Agreement of October 29, 1952 are not fair and reasonable. On the contrary, the agreement expressly states that such valuations:

'have been arrived at after careful study and deliberation by both representatives of both parties, with the assistance of their respective counsels, and in the presence of the Honorable Presiding Judge of the Court of Industrial Relations' (Rec. p. 2).

Neither is it claimed that the parties, with the aid of the Court of Industrial Relations in a dispute pending before it, may not fix by agreement the valuation of such facilities, without referring the matter to the Department of Labor.

Petitioner also argues that to allow the deductions of the facilities appearing in the Agreement referred to, would be contrary to the mandate of section 19 of the law, that "nothing in this Act shall * * * justify an employer * * * in reducing supplements furnished on the date of enactment".

The meaning of the term "supplements" has been fixed by the Code of Rules and Regulations promulgated by the Wage Administration Office to implement the Minimum Wage Law (Ch. 1, [c]), as:

"extra remuneration or benefits received by wage earners from their employers and include but are not restricted to pay for vacation and holidays not worked; paid sick leave or maternity leave; overtime rate in excess of what is required by law; sick, pension, retirement, and death benefits; profit-sharing; family allowances; Christmas, war risk and cost-of-living bonuses; or other bonuses other than those paid as a reward for extra output or time spent on the job."

"Supplements", therefore, constitute extra enumeration or special privileges or benefits given to or received by the laborers over and above their ordinary earnings or wages. Facilities, on the other hand,¹ are items of expense necessary for the laborer's and his family's existence and subsistence, so that by express provision of the law (sec. 2[g]) they form part of the wage and when furnished by the employer are deductible therefrom since if they are not so furnished, the laborer would spend and pay for them just the same. It is thus clear that the facilities mentioned in the agreement of October 29, 1952 do not come within the term "supplements" as used in Art. 19 of the Minimum Wage Law.

For the above reasons, we find the appeal from the Order of the Court a quo of September 22, 1953 denying the motion of the petitioner labor union for the payment of the minimum wage of P3.45 per day plus rice ration, or P4

without rice ration, to be unmeritorious and untenable.

The second question involved herein relates to the additional compensation that should be paid by the respondent company to its laborers for work rendered on Sundays and holidays. It is admitted that the respondent company is paying an additional compensation of 50 per cent based on the basic "cash portion" of the laborer's wage of P2.20 per day; ie., P1.10 additional compensation for each Sunday or holiday's work. Petitioner union insists, however, that this 50 per cent additional compensation should be computed on the minimum wage of P400 and not on the "cash portion" of the laborer's wage of P2.20, under the provisions of the Agreement of October 29, 1952 and the Minimum Wage Law.

Sec. 4. Commonwealth Act No. 444 (otherwise known as the Eight Hour Labor Law) provides:

"No person, firm, or corporations, business establishment or place or center of labor shall compel an employee or laborer to work during Sundays and holidays, unless he is paid an additional sum of at least twenty-five per centum of his regular remuneration:

The minimum legal additional compensation for work on Sundays and legal holidays is, therefore, 25 per cent of the laborer's regular remuneration. Under the Minimum Wage Law, this minimum additional compensation is P1 a day (25 per cent of P4, the minimum daily wage).

While the respondent company computes the additional compensation given to its laborers for work on Sundays and holidays on the "cash portion" of their wages of P2.20, it is giving them 50 per cent thereof, or P1.10 a day. Considering that the minimum additional compensation fixed by the law is P1 (25 per cent of P4), the compensation being paid by the respondent company to its laborers is even higher than such minimum legal additional compensation. We, therefore, see no error in the holding of the Court a quo that the respondent company has not violated the law with respect to the payment of additional compensation for work rendered by its laborers on Sundays and legal holidays.

Finding no reason to sustain the present petition for review, the same is, therefore, dismissed, with costs against the petitioner Atok-Big Wedge Mutual Benefit Association.

Bengzon, Acting C. J., Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, and Concepcion, JJ., concur.

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