

DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. THE REFEREE, ESTANISLAO D. SARTO, WORKMEN'S COMPENSATION UNIT, R. O. 6, MELCHORA C. VDA. DE BRITANICO, FOR HERSELF AND IN BE...

G.R. No. L-28891. August 30, 1968

Ponente: ZALDIVAR, J.

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ZALDIVAR, J.:

On December 5, 1967 Melchora Z. Vda. de Britanico and her minor children filed a notice and claim for compensation under the Workmen's Compensation Act, as amended, against respondent Development Bank of the Philippines - hereinafter referred to as DBP - with respondent Estanislao D. Sarto of the Workmen's Compensation Unit, Regional Office No. 6, at the City of Naga, Philippines, on the death of her husband Wilfredo V. Britanico on October 29, 1967 as a result of an illness contracted in line of duty in connection with his employment as records and mailing clerk of said DBP. The DBP, through counsel, filed a motion to dismiss the claim upon the ground that employees of the DBP are not covered by the Workmen's Compensation Act, as amended. Respondent referee Estanislao D. Sarto of the Workmen's Compensation Commission, on March 11, 1968, denied the motion to dismiss. Petitioner DBP filed a motion for reconsideration of the referee's order denying the motion to dismiss the claim, but said referee denied the motion for reconsideration. Petitioner DBP files this petition for prohibition before this Court, praying that respondent referee Estanislao Sarto be declared without jurisdiction over the subject matter of the claim for death compensation and that he be enjoined from further proceeding with the hearing of the said claim under the Workmen's Compensation Act.

Petitioner DBP, in its petition, alleges that its employees are not covered by the provision of Sec. 3 of the Workmen's Compensation Act, as amended, which reads as follows:

"Sec. 3, Applicable to Government. -- This Act shall also be applicable to all officials, employees, and laborers in the service of the National Government and its political subdivisions and instrumentalities: Provided, however, that officials, laborers, and employees insured with the GSIS, and their dependents when entitled to the benefits of the said insurance system shall, in addition to the same, be entitled to the benefits granted by this Act." (As amended by R.A. No. 4119)

It is the stand of petitioner DBP that the term "National Government and its political subdivisions and instrumentalities" are those institutions through which the state exercises its sovereign power designed to carry on the essential functions of government, and that the DBP, as a government-owned or controlled corporation is not included in the term "political subdivisions and instrumentalities" of the national government.

The contention of petitioner cannot be sustained. We hold that the DBP is an instrumentality of the national government of the Republic of the Philippines. To promote the welfare, progress and prosperity of the people is among the functions of the government, and to perform this function the government has to act through certain agencies or instrumentalities. One such instrumentality by which the government of the Republic of the

Philippines performs its function of promoting the economic development of the country is the DBP. It is admitted that the DBP is a government-owned and controlled corporation. By express provision of Section 1 of Republic Act No. 2081, creating the DBP, this bank was created "to promote credit facilities for the rehabilitation and development and expansion of agriculture and industry, the reconstruction of property damaged by war and the broadening and diversification of the national economy, and to promote the establishment of private development banks in provinces and cities."

The DBP has taken over the functions of the former Agricultural and Industrial Bank and the Rehabilitation Finance Corporation. On June 9, 1939, by Commonwealth Act No. 459, the Agricultural and Industrial Bank was created. On October 29, 1946, by Republic Act No. 85, the Rehabilitation Finance Corporation was created, and all the powers vested in, duties conferred upon, and the capital, assets, accounts, choses in action, etc. of the Agricultural and Industrial Bank were transferred to the Rehabilitation Finance Corporation. On June 14, 1958, by Republic Act No. 2031, the Rehabilitation Finance Corporation was converted into the Development Bank of the Philippines, and in Section 28 of the said Act it is provided that "whenever the phrase 'Rehabilitation Finance Corporation' x x x appears in R.A. No. 85 or in any other Act or Executive Order, the same shall mean and refer to the 'Development Bank of the Philippines' x x x and that "upon the approval of this Act all the assets and liabilities as well as the personnel of the Rehabilitation Finance Corporation are hereby transferred to the Bank."

In the case of *Credito Agricola de Miagao vs. Montecarlo, et al.*[1] this Court held that "the Agricultural and Industrial Bank, which is a government-owned and controlled corporation and which has been created to promote agricultural credit cooperative associations cannot be said to exercise a sovereign function." It follows that the DBP, which has taken over the functions of the Agricultural and Industrial Bank - which later became the Rehabilitation Finance Corporation - cannot be said to exercise a portion of the sovereign from the government. The DBP only exercises proprietary function, as an instrumentality of the government. In the same way that this Court has held that other government-owned and controlled corporations, like the National Coal Company[2], the National Coconut Corporation[3], and the Philippine National Bank[4], simply exercise proprietary functions and have nothing to do with the exercise of political sovereignty, so the DBP simply exercises proprietary functions and has nothing to do with the exercise of the sovereign power of the government.

The DBP, therefore, being an instrumentality of the national government of the Republic of the Philippines, it follows that its employees are covered by the Workmen's Compensation Act, under Section 3 of said Act, as amended.

This Court, therefore, finds the instant petition for prohibition without merit, and resolves to DISMISS the same.

IT IS SO ORDERED.

Reyes, C.J., Reyes, Dizon, Makalintal, Sanchez, Castro, Angeles and Fernando, JJ., concur.

[1] 74 Phil. 281.

[2] *National Coal Co. vs. Collector of Internal Revenue*, 46 Phil. 586; *Government of the Philippine Islands vs. Springer*, 50 Phil. 288.

[3] *Bacani, et al., vs. National Coconut Corporation*, 100 Phil. 568, 573-574.

[4] *Republic of the Philippines vs. Philippine National Bank*, G.R. No. L-16485, January 30, 1965.

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