

JESUS RAMOS, ET AL., PETITIONERS, VS. COURT OF INDUSTRIAL RELATIONS, RICE AND CORN ADMINISTRATION (RCA), AND NARIC WORKERS' UNION, RESPONDENTS.

G.R. No. L-22753. December 18, 1967

Ponente: SANCHEZ, J.

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SANCHEZ, J.:

The meat of the case, as tendered by the pleadings below, is whether Rice and Corn Administration [RCA] should be held answerable -from June 14, 1962 when the National Rice and Corn Corporation [NARIC] ceased to exist and RCA was created - for an obligation created by agreement confirmed in a partial judgment of the Court of Industrial Relations [CIR][1] rendered on February 16, 1953, directing NARIC to pay 25% additional compensation for overtime work, night work, and work rendered on Sundays and legal holidays by its laborers and employ-ees.

The present case had its incipency in a petition filed with CIR[2] on February 9, 1963, almost ten years to the date of the CIR partial decision. Petitioners are 147 workers and employees, allegedly in the service of RCA, who lodged the petition in their individual capacity, not as union members. They pray that respondent RCA be required to comply with CIR's February 16, 1953 partial judgment from June, 1962 and to pay attorneys' fees. Some of the petitioners were former NARIC employ-ees, others allegedly were recently employed by RCA and never employed by NARIC. The record is not altogether clear as to whether petitioners are members of the Naric Workers' Union [NWU]. For, they claim they are not, a fact negated, and no evidence was taken by CIR thereon.

RCA pleaded disclaimer upon the averment, inter alia., that because "RCA was created under Republic Act 3452 since June 14, 1962 as a service agency or instrumentality of the government to implement a government policy and program pursuant to R.A. 3452, the law applicable governing the extra hours of work of employees of the Administration, is no longer Commonwealth Act 444 known as the Eight Hour Labor Law but Commonwealth Act 246 known as the Budget Act"; and that "the liabilities transferred from the NARIC to the RCA are those liabilities incurred by the NARIC but not those to be incurred by the RCA such as the claims for overtime from creation of the RCA on June 14, 1962 stated in the herein petition."

Allowed to intervene, NWU moved to dismiss upon the ground of pendency of incidental case No. 746-V (21) - filed 10 days after the petition below - which is a petition similar in terms to the aforesaid petition filed in CIR by the 147 laborers and employees, in that the union also sought to compel RCA to pay its laborers and employees under the same partial decision, from June 14, 1962. It is to be noted that Case No. 746-V (21)[3] is filed as an incident in Case No. 746-V of the Court of Industrial Relations where said partial judgment was entered.

CIR, through then Associate Judge Arsenio I. Martinez, on December 6, 1963, sustained the pendency of another action theory advocated by NWU. On February 27, 1964, acting on petitioners' motion for reconsideration, CIR en banc, in a resolution, affirmed the order of Associate Judge Arsenio I. Martinez. Presiding Judge Jose S. Bautista dissented in an opinion subsequently filed on March 30, 1964.

The resolution en banc finally disposed of petitioners' case below. Hence, this appeal to review the order and resolution en banc aforesaid.

1. We do not go along with the majority of the CIR judges in their ruling that this case should be dismissed upon the ground of pendency of another action. The action referred to is Case 746-V (21), which is a petition - filed as aforesaid after the petition below was lodged in court - also to enforce the 1953 partial judgment in Case 746-V.

The 1953 judgment in that case (746-V) was against NARIC. It is contended on one side that RCA is responsible for NARIC's obligation thus created. But a genuine issue was raised in RCA's answer: Under the law of its creation, RCA should not be held liable from the time it was constituted on June 14, 1962, for any continuing obligation under the 1953 partial judgment aforesaid contracted by NARIC which had ceased to exist. RCA did not contract that obligation.

In effect then, petitioners' action herein is a fresh suit against RCA to enforce NARIC's continuing liability against RCA as NARIC's successor. It is idle to contend that the present should be but an incident of the former suit. For, petitioners here do not seek to alter or clarify the partial judgment. Neither could the present petition be considered as one for execution of the partial judgment of 1953. Because judgment for execution is against a defeated party or its privies. No privity, if RCA is to be believed, exists here between RCA and NARIC. That is a question which, in our opinion, demands serious consideration. CIR should have passed upon it. Pendency of another similar petition presented ten days after the present case was commenced in court should not have stood on the way. First. Because the identity of party respondent in the previous 1953 case (Case 746-V), from which Case 746-V (21) sprang, and in the present 1963 case (Case 1799-V) deserves explicit determination. Second. If at all, it is posterior Case 746-V (21) which should be held in abeyance. Indeed, CIR stopped proceedings therein pending decision by this Court of the present case.

2. Is there merit then to RCA's defense that it is not liable for NARIC's continuing obligation aforesaid from and after its constitution on June 14, 1962?

This is the poser because RCA concedes that under the law of its creation, Republic Act 3452, it should answer for all the liabilities contracted by NARIC, but only those incurred prior to the date of NARIC's abolition.

Congress, by said Republic Act 3452, approved on June 14, 1962, created RCA, in pursuance of its declared policy, viz:

"SECTION 1. It is hereby declared to be the policy of the Government that in order to stabilize the price of palay, rice and corn, it shall engage in the purchase of these basic foods directly from those tenants, farmers, growers, producers and landowners in the Philippines who wish to dispose of their produce at a price that will afford them a fair and just return for their labor and capital investment and whenever circumstances brought about by any cause, natural or artificial, should so require, shall sell and dispose of these commodities to the consumers at areas of consumption at a price that is within their reach."[4]

RCA is, therefore, a government machinery to carry out a declared government policy just noted, and not for profit.

And more. By law, RCA depends for its continuous operation on appropriations yearly set aside by the General Appropriations Act. So says Section 14 of Republic Act 3452:

"SEC. 14. The sum of one hundred million pesos is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, for the capitalization of the Administration: Provided, That the annual operational expenses of the Administration shall not exceed three million pesos of the said amount: Provided, further, That the budget of the Rice and Corn Administration for the fiscal year nineteen hundred and

sixty-three to nineteen hundred and sixty-four and the years thereafter shall be included in the General Appropriations submitted to Congress."

RCA is not possessed of a separate and distinct corporate existence. On the contrary, by the law of its creation, it is an office directly "under the Office of the President of the Philippines." [5]

3. So it is, that petitioners' claim against RCA must have to be planted upon Section 13 of R.A. 3452 which reads:

"SEC. 13. The National Rice and Corn Corporation is hereby abolished and all its assets, liabilities, functions, powers which are not inconsistent with the provisions of this Act, and all personnel are transferred to the Administration." [6]

The accent here is on the legal provision that liabilities which RCA is under obligation to respect are those of the defunct NARIC "which are not inconsistent with the provisions" of Republic Act 3452.

But petitioners forge the argument that amongst the liabilities transferred to and to be met by RCA from NARIC's abolition in June, 1962 is the continuation by RCA of the payment of 25% additional compensation assumed by NARIC under the 1953 judgment.

Thrust upon us then is the problem of ascertaining whether the liabilities under CIR's said decision are inconsistent with the provisions of R.A. 3452. Our answer is in the affirmative.

To begin: At bottom, that decision was rendered in pursuance of an agreement touching on one aspect of employment - payment of extra compensation. It was legally possible for NARIC to enter into such an agreement which was, indeed, incorporated in the judgment. NARIC was a corporation, as aforesaid. [7]

But with the RCA, a different picture is presented. A mere instrumentality of the national government performing primarily govern-mental functions to promote general welfare, the terms and conditions of employment of its laborers and employees, such as herein petitioners, are governed by law. [8] They are subject to civil service rules. They are governed by the WAPCO Salary Plan. Explicit and unmistakable is Section 5 of R. A. 3452 which, in part, reads:

"x x x He [General Manager] shall fix the number and, subject to WAPCO salary plan allowed by the Civil Service, salaries of, and appoint, subject to the Civil Service Law and with the consent of the Board of Administrators, such subordinate employees as may be necessary for the proper discharge of the duties of the Administration. He shall suspend or otherwise discipline, for cause and subject to Civil Service Law, any subordinate employee of the Administration with the consent of the Board of Administrators and perform such other duties as may be assigned by the Board."

By Section 562 of the Revised Administrative Code, as amended, the legal hours of labor of employees in every branch of the government service shall be "eight (8) hours a day, for five (5) days a week or a total of forty (40) hours a week, exclusive of time for lunch: x x x." [9] However, "[w]hen the interests of the public service so require, the head of any Department, Bureau, or Office may extend the daily hours of labor, in what manner so ever fixed, for any or all of the employees under him, and may likewise require any or all of them to do overtime work not only on workdays but also on holidays." [10]

4. The foregoing notwithstanding, Congress had not left the workers and employees - previously with the NARIC and now with RCA - without ample protection.

Section 259 of the Revised Administrative Code states that "[i]n the absence of special provision, persons regularly and permanently appointed under the Civil Service Law or whose salary, wages, or emoluments are fixed by law or regulation shall not, for any service rendered or labor done by them on holidays or for other

overtime work, receive or be paid any additional compensation; x x x." The special provision contemplated in the statute just mentioned is paragraph 32, Section 7-I of Commonwealth Act 246, otherwise known as the Budget Act, which reads:

"(32) Additional compensation for overtime service. - Officers and employees of the National Government, except secretaries and undersecretaries of departments, chiefs of bureaus and offices, and those occupying positions of similar category, when working overtime on Saturdays, Sundays, holidays, or during half-day sessions, and after five o'clock post meridian on regular working days to finish work that must be completed within a specified time, when authorized by the President, may be paid from any unexpended balance of the appropriation for salaries and wages authorized in any annual General Appropriation Act, compensation at rates to be fixed by the heads of departments concerned, with the approval of the President, which shall not exceed the rate of their regular compensation. Such additional compensation shall not exceed, for any one month, the equivalent of the regular compensation, nor shall it exceed, for any one year, fifty per centum of such regular compensation." [11]

Paragraph 16 of RCA's answer below avers:

"That the President of the Philippines, thru the Executive Secretary, has authorized under certain limits the payment of extra hours of work on ordinary days and on Saturdays, Sundays, and legal holidays under the provisions of the said Commonwealth Act No. 246 which the President has authority to do under the provisions of said law;"

The foregoing averment is not without prop. Through the years since the enactment of R.A. 3452 on June 14, 1962, the President of the Philippines had authorized payment of overtime compensation.

On November 29, 1962, the President allowed additional pay for overtime service rendered by RCA personnel in "the procurement, warehousing, milling and distribution of rice and in the inspection and inventory of property, to effectively implement the massive palay procurement program of the President and the stabilization function of the RCA", for the period from July 1, 1962 to December 31, 1962 "pursuant to Section 7-I (32) of Commonwealth Act No. 246, as amended, subject to availability of funds and the usual audit", pro-vided "that at no time shall such additional compensation exceed for any one month the equivalent of the regular compensation, nor shall it exceed for any one year fifty per centum thereof." This authority was, on October 24, 1963, extended up to December 31, 1963.

In April, 1964, RCA was granted authority to pay overtime compensation to the replacement personnel of the Security Department from January 1 up to June 30, 1964. On June 10, 1964, overtime pay was given RCA personnel for services rendered "in connection with the unloading, checking, transporting, storage and distribution, including the financing and accounting of imported rice, from April 15, 1964 to December 29, 1964."

On June 21, 1965, RCA employees who were required to render "overtime services during the period from March 16 to May 31, 1965" were granted meal allowance only, "pursuant to GAO General Circular No. 301, series of 1939, as amended;" and payment to employees who have rendered overtime services from June 1 to June 30, 1965 was approved as an exceptional case. On July 2, 1965, overtime compensation was authorized for RCA employees who rendered services in connection with the unloading and stockpiling of imported rice for the months of July, August, and September, 1965. RCA employees whose work involved the distribution of rice from July 1 to December 31, 1965, were granted meal allowance upon the condition that "over-time services of only needed personnel shall be required."

On April 5, 1966, the President permitted meal allowance and transportation expenses to RCA personnel for overtime services rendered and to be rendered after office hours or beyond their tours of duty effective January 5, 1966 until June 30, 1966.

On August 3, 1967, payment of meal allowance and ordinary transportation expenses was allowed to not more than 20% of the RCA personnel at any one time, for overtime services rendered and to be rendered up to December, 1967 in connection with the distribution of rice and corn grits.

The facts just recited prove the consistent administrative inter-pretation by the Office of the President as to what may, under the law, be granted RCA workers and employees for overtime work and work on Sundays and holidays. And, the President of the Philippines, from time to time, authorized such payments. Not a matter of right, such compensation was given upon authority of Section 7-I (32) of the Budget Act. It would seem incongruous if said employees and laborers, formerly of NARIC, were allowed to recover under the partial judgment rendered on February 16, 1953 in CIR Case 746-V instituted by NARIC Workers' Union against NARIC here in dispute, and at the same time reap the benefits under the aforesaid Budget Law. After all, they are no longer NARIC workers and employees but workers and employees of RCA which operates by law "under the Office of the President of the Philippines."

While executive construction is not necessarily binding upon courts, it is entitled to great weight and consideration. Reason for this is that such construction comes from the particular branch of government called upon to implement the particular law involved.[12] We adhere to the interpretation just mentioned. It is in accord with law.

5. The ruling enunciated in *Garcia Valdez vs. Tuason* 40 Phil. 943, 951, oft-repeated, paves the way for the conclusion we reach herein. We may affirm a challenged order and resolution en banc upon grounds different from those relied upon by the court below. While we disagree with CIR on the basis of the dismissal of the petition, namely, pendency of another action, we nonetheless affirm the order and resolution of dismissal, upon the ground that petitioners are not entitled to recover the additional compensation prayed for. And for that reason, they have no cause of action against RCA.

Upon the view we take of this case, the order of December 6, 1963 and the CIR's resolution en banc of February 27, 1964 are hereby affirmed.

No costs allowed.

SO ORDERED.

Concepcion, C.J., Reyes, JBL, Dizon, Bengzon, Zaldivar, Ruiz Castro, Angeles, and Fernando, JJ., concur.

[1] CIR Case No. 746-V, entitled "Naric Workers' Union, petitioner, vs. National Rice and Corn Corporation, respondent."

[2] CIR Case No. 1799-V, entitled below as follows: "Jesus Ramos, et al., petitioners, vs. Rice and Corn Administration (Naric), respondent."

[3] Action in CIR on this Case 746-V (21) is held in abeyance pending decision of the case now before us. See Motion to Expedite, filed August 1, 1967.

[4] Emphasis supplied.

[5] Section 2, R.A. 3452.

[6] Underscoring ours.

[7] See: *Reotan vs. National Rice and Corn Corporation*, L-16223-25, February 27, 1962.

[8] Article VI, Section 28 (c), Republic Act 2260.

[9] See also: Rule XV, Section 1, Civil Service Rules.

[10] Sec. 566, Revised Administrative Code. See also: Sec. 2, Rule XV, Civil Service Rules.

[11] Emphasis supplied.

[12] Gabio vs. Ganzon, L-11664, March 16, 1961; Gesolgon vs. Lacson, L-16507, May 31, 1961, citing *In Re Allen*, 2 Phil. 630; *Govern-ment vs. Municipality of Binalonan*, 32 Phil. 634; *Guano vs. Fernandez*, 55 Phil. 814.

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