

**CAÑOS MEDICAL CENTER, INC. AND AVELYN B. ANTONIO,
PETITIONERS, VS. HON. CRESENCIO B. TRAJANO
(UNDERSECRETARY OF LABOR) AND EMMA G. TRAZO, HELEN
ALLOREZ (ALBORES), NIMFA SANTOS, ...**

G.R. No. 101250. November 20, 1992

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

This petition for certiorari seeks to annul the order dated January 14, 1991 of Labor Undersecretary Cresencio B. Trajano affirming the order of the Director of Regional Office No. XI which directed the Caños Medical Center (hereinafter referred to as "CMC") and Avelyn B. Antonio to pay thirty (30) hospital employees the total sum of P877,804.02 as wage differential, cost of living allowance, holiday pay, incentive pay and 13th month pay for the period of July 1, 1987 up to July 1990 (3 years), and the order of April 1, 1991 of the same Labor Undersecretary denying the Hospital's motion for reconsideration of his earlier order dated January 14, 1991.

The thirty (30) private respondents herein were rank and file employees of the CMC which employed some fifty (50) workers with Avelyn B. Antonio as administrator. On July 18, 1990, private respondents filed in the Regional Office No. XI of the Department of Labor and Employment (DOLE) in Davao City, a complaint against CMC and Avelyn B. Antonio (Case No. R1100-9007-CI-073) for noncompliance with Republic Act No. 6727 (Wage Rationalization Act).

A routinary inspection was conducted on April 19, 1990 at the CMC premises by an officer of the Labor Standards Enforcement Division of the DOLE. The inspection revealed violations of labor standards laws, particularly underpayment of wages and thirteenth month pay and non-integration of emergency cost of living allowance into the basic wage pursuant to Executive Order No. 178. Summary hearings were conducted by the DOLE Regional Office on those findings, but during the pendency of the hearings, the private respondents were retrenched and laid off.

The CMC, through its administrator, admitted noncompliance and nonimplementation of the salary increase mandated by Republic Act No. 6727. On July 27, 1990, based on the records of CMC, the DOLE inspector came out with a computation of the employees' claims in the total sum of P877,804.02, as follows:

"Complainants

Total amount of claims

1.

Emma Trazo

P23,189.34

2.

Helen Albores

19,475.17

3.

Nimfa Santos

32,025.45

4.

Joy Casamayor

27,343.86

5.

Araceli Zamora

19,596.39

6.

Corazon Iyog

27,956.83

7.

Ma. Fe Timzon

25,769.70

8.

Joan Gelbolingo

10,707.45

9.

Erlinda Reyes

39,204.66

10.

Susan Malacad

46,770.70

11.

Virginia Buera

36,417.56

12.

Gloria Ruiz

31,024.59

13.

Lela Mae Tabanao

35,917.95

14.

Julieto Trazo

28,978.30

15.

Virgilio Florentino

37,330.46

16.

Albert Dabalos

29,015.75

17.

Naida Lu

13,531.87

18.

Georgina Justimbaste

32,163.19

19.

Catherine Paras

25,667.43

20.

Evangelista Aquino

37,981.43

21.

Nimfa Rodriguez

37,722.93

22.

Feliza Datulayta

28,953.95

23.

Corazon Dino

33,434.96

24.

Dominga Baguio

27,423.05

25.

Ma. Fe Catalina Uy

29,210.82

26.

Abundio Chatto

25,072.45

27.

Luzviminda Chatto

25,167.47

28.

Elena Tuloy Baringue

32,338.28

29.

Antonio Estenzo

35,128.47

30.

Prince Paraiso

23,283.95

P877,804.02"

(p. 28, Rollo.)

On September 4, 1990, Regional Director Bartolome C. Amoguis issued an order directing CMC and/or Mrs. Avelyn B. Antonio to pay the private respondents the above amounts opposite their names, within ten (10) days from notice.

CMC and Mrs. Antonio filed a motion for reconsideration assailing the jurisdiction of the Regional Director to adjudicate the monetary claims of the private respondents.

Treating the motion for reconsideration as an appeal, the DOLE, through Undersecretary Cresencio B. Trajano, dismissed it on January 14, 1991 for lack of merit. The Regional Director defended his jurisdiction, citing Art. 128(b) of the Labor Code and the decision of this Court in *Maternity Children's Hospital vs. Secretary of Labor*, 174 SCRA 632.

The motion for reconsideration of the order of January 14, 1991 was denied by Undersecretary Trajano on April 1, 1991. On April 18, CMC and Mrs. Antonio filed a "petition for review on certiorari" in this Court. Docketed as G.R. No. 98174, the petition was dismissed on May 13, 1991 for failure to comply with Circular 1--88, paragraphs 1 and 3.

On August 26, 1991, petitioners filed this new petition for certiorari.

On September 4, 1991, the Court dismissed the petition for late filing.

On September 11, 1991, petitioners filed a supplemental petition assailing the DOLE's orders for lack of jurisdiction, because labor arbiters, not regional directors, have exclusive jurisdiction to hear and decide employees' money claims exceeding P5,000.00 per employee.

On September 16, 1991, the Court reinstated the petition on the ground that the questioned orders of Undersecretary Trajano and of the Regional Director "may be void for want of jurisdiction of the subject matter" in light of the ruling in *Servando's Inc. vs. Secretary of Labor* (184 SCRA 664). We required the respondents to comment on the petition and issued a temporary restraining order enjoining the public respondents and the DOLE Sheriff from enforcing the writ of execution. The petitioners posted a P500,000.00 surety bond to answer for any damages which the private respondents may suffer by reason of the restraining order should the petition eventually fail.

Petitioners also filed a motion to lift/quash the writ of garnishment on its bank deposits. Finding merit in the motion, the Court granted it.

The central issue in this petition is whether the DOLE Regional Director and the Undersecretary of Labor had jurisdiction over the complaint for violation of labor standards laws where the monetary claims of each of the private respondents exceed P5,000.00.

Private respondents' reliance on the ruling in the *Maternity Children's Hospital* case regarding the jurisdiction of the Regional Director in cases involving violation of labor standards laws is misplaced. In the *Maternity* case, the Court upheld proceedings before the Regional Director involving money claims of workers because Executive Order No. 111 empowered the Regional Directors to resolve uncontested money claims in cases where employer-employee relationship exists. It conferred on the Secretary of Labor, the Regional Directors, and the Labor Arbiters concurrent jurisdiction over employees' wages and money claims under Art. 217 of the Labor Code.

However, Republic Act No. 6715 which took effect on March 21, 1989 (after publication in two [2] newspapers of general circulation), amended Articles 129 and 217 of the Labor Code as follows:

"SEC. 2 Article 129 of the Labor Code of the Philippines, as amended, is hereby further amended to read as follows:

" 'Art. 129. Recovery of wages, simple money claims and other benefits. - Upon [application] complaint of any interested party, [any] the [r] Regional Director [office] of the Department of Labor and Employment or any of

the duly authorized hearing officers of the department [may certify to the National Labor Relations Commission established under this Code] is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interest, owing to an employee or person employed in domestic or household service or househelper under this Code, arising from employer-employee relations: Provided, that such complaint does not include a claim for reinstatement; Provided, further, that the aggregate money claims of each employee or househelper does not exceed Five Thousand Pesos (P5,000.00) [with legal interest].' "

"SEC. 9. Article 217 of the same Code, as amended, is hereby further amended to read as follows:

" 'ART. 217. Jurisdiction of Labor Arbiters and the Commission. – (a) Except as otherwise provided under this Code, [T] the Labor Arbiters shall have [the] original and exclusive jurisdiction to hear and decide within thirty (30) calendar [working] days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

"xxx xxx xxx

"(6) Except claims for employees' compensation, social security, medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00), whether or not accompanied with a claim for reinstatement.'" (Underscoring ours.)

The Court applied the above provisions of Republic Act No. 6715 retroactively in *Briad Agro Development Corporation vs. Dela Serna*, 174 SCRA 524. Pending suits were deemed affected by the divestment of Regional Directors of their power to hear money claims in excess of P5,000.00 (*Briad Agro Development Corporation vs. Dela Serna*, Resolution of Motion for Reconsideration, 179 SCRA 272).

In *Brokenshire Memorial Hospital, Inc. vs. Minister of Labor and Employment*, 182 SCRA 5, we ruled that the Regional Directors shall exercise jurisdiction when the following requisites concur: (a) the claim is presented by an employee or person employed in domestic or household service, or househelper under the Code; (b) the claimant, no longer being employed, does not seek reinstatement; and (c) the aggregate money claim of the employee or househelper does not exceed P5,000.00.

It was under these legal and jurisprudential milieu that *Servando's Incorporated vs. Secretary of Labor and Employment* (184 SCRA 664) was decided. The Court upheld therein the adjudicative powers of Regional Directors over money claims arising from employer-employee relationship when the conditions enumerated in the *Brokenshire* case are present.

Hence, the petitioners correctly aver that this case falls squarely within the ambit of the *Servando* ruling which the Court reiterated in *Jose Baritua vs. Secretary of Labor and Employment*, 204 SCRA 332, because: (1) the workers' claims arose after Republic Act No. 6715 had become effective; (2) each of the claims exceeds P5,000; (3) the claimants do not seek reinstatement; and (4) their claims are contested by their employer. Clearly, to the labor arbiter, rather than the regional director, pertains the jurisdiction to hear and decide the claims.

Private respondents' contention that the dismissal with finality of G.R. 98174 constituted *res judicata* and foreclosed the filing of the present petition, is without merit. The petition in G.R. No. 98174 was dismissed for failure to comply with Circular 1-88. Being a petition for certiorari under Rule 65 of the Rules of Court, it could be refiled within a reasonable period by complying with the rules.

WHEREFORE, the assailed orders of January 14, 1991 and April 1, 1991 of the Department of Labor and Employment, through Undersecretary Cresencio B. Trajano, are hereby ANNULLED and SET ASIDE. The public respondents are directed to refer the workers' money claims to the National Labor Relations Commission for proper determination by the appropriate Labor Arbiter. Costs against the private respondents.

SO ORDERED.

Cruz, (Chairman), Padilla, and Bellosillo, JJ., concur.

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