

ASSOCIATED LABOR UNIONS-TUCP REPRESENTING ITS MEMBERS, DMPIEU-ALU--TUCP, LOCAL 302 AND/OR GERONIMO DE LOS SANTOS, PETITIONERS, VS. THE HON. NATIONAL LABOR RELATIONS COMMISSION (...)

G.R. No. 109328. August 16, 1994

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a special civil action of certiorari to set aside the decision and resolution dated June 22, 1992 and September 14, 1992 respectively of the National Labor Relations Commission (Fifth Division).[1]

The antecedent facts are as follows:

On July 1, 1989, Republic Act No. 6727, otherwise known as the Wage Rationalization Act, took effect, granting a P25.00/day increase in the statutory minimum wage of all workers and employees in the private sector, subject to certain conditions.

In implementation of the law, private respondent Del Monte Philippines, Inc. gave a P25.00/day increase to the P54.00/day wages of its temporary employees or "broilers." Because the regular employees, members of petitioner union, who were then receiving P100.80 a day were not granted a similar increase, they complained to the management of private respondent.

On February 14, 1990, the parties executed a Memorandum Agreement wherein private respondent, "in positive response to the union's representations and notwithstanding that it has no legal or contractual obligation," granted the members of petitioner union a P10.00/day wage increase effective January 1, 1990, subject to the latter's right to claim P15.00/day as balance, through compulsory arbitration.[2]

On June 5, 1990, petitioners (Associated Labor Union-TUCP, representing its members, DMPIEU-ALU-TUCP, Local 302 and Geronimo de los Santos) filed a complaint against private respondent in the National Labor Relations Commission (NLRC) Regional Arbitration Branch X in Cagayan de Oro City. They alleged that a wage distortion[3] had been created by the grant to its temporary employees of a P25.00/day salary increase under Republic Act No. 6727, thereby reducing to P21.80 from the previous P46.80, the difference in salaries between the regular employees (herein petitioners) and the temporary employees.

On November 27, 1990, the Labor Arbiter, Noel Augusto S. Miranda, dismissed the complaint for lack of merit. He found no wage distortion in view of a series of salary increases which respondent had granted to petitioners vis-a-vis the temporary employees, as shown by the following table:

Pay of Union

Members

Pay of Temporary

Employees

Difference

A. Prior to July 1, 1989

P100.80/day

P54. 00/day

P46.80

B. Effective July 1, 1989

(Under R.A. No. 6727

giving P25.00/day

increase to the

temporary employees)

P100.80/day

P79.00/day

P21.80

C. Effective Sept. 1, 1989

(Under CBA giving

P15.00/day increase to

the union members)

P115.80/day

P79.00/day

P36.80

D. Effective Jan. 1, 1990

(Under Agreement on

Feb. 14, 1990 giving

P10.00/day increase

to the union members)

P125.80/day

P79.00/day

P46.80

E. Effective Sept. 1, 1990

(Under CBA giving

P15.00/day increase

to the union members)

P140.80/day

P79.00/day

P61.80

On appeal the NLRC affirmed the Labor Arbiter's findings and denied petitioners' motion for reconsideration. Hence this petition.

Petitioners contend that the increases mandated by the parties' Collective Bargaining Agreement and the voluntary agreement dated February 14, 1990 should not be considered as having corrected the wage distortion, since employee benefits derived from law are exclusive, distinct, and separate from those obtained through negotiation and agreement.

The contention has no merit.

Art. 124 of the Labor Code, as amended by Republic Act No. 6727, expressly provides that where the application of any prescribed wage increase by virtue of a law or wage order issued by any Regional Board results in distortions of the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. The law recognizes, therefore, the validity of negotiated wage increases to correct wage distortions. The legislative intent is to encourage the parties to seek solution to the problem of wage distortions through

voluntary negotiation or arbitration, rather than strikes, lockouts, or other concerted activities of the employees or management.[4] Recognition and validation of wage increases given by employers either unilaterally or as a result of collective bargaining negotiations for the purpose of correcting wage distortions are in keeping with the public policy of encouraging employers to grant wage and allowance increases to their employees which are higher than the minimum rates of increases prescribed by statute or administrative regulation.[5] As this Court stated in *Apex Mining, Inc. v. NLRC*:[6]

To compel employers simply to add on legislated increases in salary or allowances without regard to what is already paid, would be to penalize employers who grant their workers more than the statutorily prescribed minimum rates of increases. Clearly, this would be counterproductive so far as securing the interest of labor is concerned.

Thus in *Cardona v. NLRC*, [7] it was held that there was no wage distortion where the employer made salary adjustments in terms of restructuring of benefits and allowances and there was an increase pursuant to the CBA.

There is thus, to use the language of the law, no "effective obliteration of] the distinction embodied in [private respondent's] wage structure based on skills, length of service, or other logical basis of differentiation" in this case. For it is undisputed that the difference in wages between petitioners and the temporary employees is now even greater than it used to be prior to the grant of the P25.00/day increase to the latter pay pursuant to Republic Act No. 6727.

Finally, whether or not a wage distortion exists by reason of the grant of a wage increase to certain employees is essentially a question of fact. In this case, the findings of the Labor Arbiter, affirmed by the NLRC, that no wage distortion exists being based on substantial evidence, are entitled to respect and finality.[8]

WHEREFORE, the petition is DISMISSED.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Puno, JJ., concur.

[1] Per Commissioner Leon G. Gonzaga, Jr., Commissioners Musib M. Buat and Oscar N. Bella, concurring.

[2] Exhibit G, Rollo, p. 38.

[3] Under Art. 124 of the Labor Code, as amended by Republic Act No. 6727, a "wage distortion" is defined as "a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation."

[4] *Ilaw at Buklod ng Mangagagawa v. NLRC*, G.R. No. 91980, June 27, 1991, 198 SCRA 586, 595.

[5] *National Federation of Labor v. NLRC and Franklin Baker Company of the Philippines (Davao Plant)*, G.R. No. 103586, July 21, 1994.

[6] G.R. No. 86200, February 25, 1992, 206 SCRA 497, 501.

[7] G.R. No. 89007, March 11, 1991, 195 SCRA 92, 97.

[8] *Cardona v. NLRC*, supra; *Metropolitan Bank and Trust Company Employees Union-ALU-TUCP v. NLRC and Metropolitan Bank and Trust Company*, G.R. No. 102636, September 10, 1993, 226 SCRA 268.

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