

**METRO TRANSIT ORGANIZATION, INC., PETITIONER, VS. THE
HONORABLE NATIONAL LABOR RELATIONS COMMISSION, SECOND
DIVISION; EDNA BONTO-PEREZ, PRESIDING COMMISSIONER;
DOMINGO H. ZAPANT...**

G.R. No. 116008. July 11, 1995

Ponente: FELICIANO, J.

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FELICIANO, J.:

In this Petition for Certiorari, petitioner Metro Transit Organization, Inc. ("Metro") asks us to set aside the Decision and Resolution of the National Labor Relations Commission ("NLRC") dated 30 March and 22 June 1994 respectively in NLRC-NCR-CA No. 000042-92 ordering it to pay its supervisory employees amounts representing (i) a demanded wage increase based on company practice and (ii) a correction or adjustment of an underpayment of an annual wage increase granted in the collective bargaining agreement (CBA) between Metro and herein private respondent Supervisory Employees Association of Metro ("SEAM").

Petitioner Metro is the operator and manager of the Light Railway Transit System in Metro Manila. It employs close to 1,000 rank-and-file and over 200 supervisory employees. Private respondent SEAM is a union composed of supervisory employees of petitioner Metro. In May 1989, SEAM was certified as the sole bargaining unit for the supervisory employees of Metro.

On 1 December 1989, the first collective bargaining agreement between petitioner Metro and private respondent SEAM took effect.[1] Prior to December 1989, Metro had a CBA only with its rank-and-file employees. During the period when no CBA governed the terms and conditions of employment between Metro and its supervisory employees, whenever rank-and-file employees were paid a statutorily mandated salary increase, supervisory employees were, as a matter of practice, also paid the same amount plus P50.00.

On 17 April 1989, Metro paid its rank-and-file employees a salary increase of P500.00 per month in accordance with the terms of their CBA.[2] Metro, however, did not extend a corresponding salary increase to its supervisory employees.

On 1 December 1989, Metro, in compliance with its CBA with SEAM, paid its supervisory employees a salary increase of P800.00 per month.

On 17 April 1990, Metro paid its rank-and-file and supervisory employees a P600.00 monthly increase. The payment thus made to rank-and-file employees was in compliance with the second year salary increase provided in their CBA. On the other hand, the P600.00 per month paid to supervisory employees was advanced from their second year salary increase, provided in their CBA, of P1,000.00 per month effective 1 December 1990. On 1 December 1990, Metro paid its supervisory employees the remaining balance of P400.00 per month in addition to the P600.00 a month it had earlier started to pay.

The third year salary increases due rank-and-file and supervisory employees were paid on 17 April and 1

December 1991, respectively, as scheduled in their corresponding CBAs.

On 24 March 1992, private respondent SEAM filed a Notice of Strike before the National Conciliation and Mediation Board ("NCMB") charging petitioner Metro with (a) discrimination in terms of wages; (b) underpayment of salary increase per CBA for 1990 and/or adjustment of salaries for correction of disparity/inequity in pay with rank-and-file employees and (c) harassment and demotion of union officers. Conciliation and mediation efforts before the NCMB failed.

On 23 June 1992, acting on a petition filed by Metro, the Secretary of Labor assumed jurisdiction over the labor dispute and certified the same to public respondent NLRC for compulsory arbitration.

On 30 March 1994, the NLRC rendered its decision the dispositive portion of which reads:

"WHEREFORE, the Company is hereby ordered to pay the amount of P550.00 per month wage increase effective April 17, 1989 and onwards to each supervisory employee and likewise pay the sum of P600.00 per month representing underpayment in the correction of inequities in pay or underpayment of CBA wage increase effective December 1, 1990 and onwards."

The charge of harassment and demotion was dismissed for "lack of basis."

On 22 June 1994, NLRC denied the motion for reconsideration filed by Metro.

The instant Petition for Certiorari was filed on 14 July 1994 accompanied by a prayer for issuance of a temporary restraining order to enjoin public respondents from enforcing their award.

On 31 August 1994, the Court, after an oral hearing, issued a Resolution encouraging petitioner Metro and private respondent SEAM to vigorously and earnestly exercise their best efforts to reach an amicable and mutually acceptable settlement of their claims and counterclaims. In the meantime, the disputants were to maintain the status quo, in particular, private respondent SEAM and public respondent NLRC were to refrain from seeking and granting, respectively, the issuance of a writ of execution in respect of the decision of the NLRC.

On 29 and 30 September 1994, petitioner Metro and private respondent SEAM respectively informed the Court that their efforts amicably to settle their dispute had failed. Cognizant of (a) the huge disparity between the financial capability of Metro and the amount awarded to SEAM,[3] (b) the essential public services being rendered by the parties and (c) in the interest of avoiding any disruption of these basic services, the Court reiterated its Order of 31 August 1994 enjoining respondents SEAM and the NLRC from seeking and granting a writ of execution until further orders from this Court.

The principal issues, to the mind of the Court, are: (a) whether or not a wage distortion existed in respect of the salaries of the rank-and-file and supervisory employees of petitioner Metro; and (b) assuming a wage distortion existed, whether or not it has been corrected by petitioner Metro in accordance with law.[4]

Private respondent SEAM vigorously asserts that an already existing wage distortion in respect of the salaries of rank-and-file and supervisory employees was aggravated when Metro, on 17 April 1989, paid its rank-and-file employees their CBA-stipulated P500.00 increase but did not grant a corresponding increase (and a premium) to its supervisory employees. Furthermore, the advance by Metro of the P600.00 on 17 April 1990 only "artificially" reduced the existing distortion. The advance was, according to SEAM, extended merely to give the appearance of a reduction of the existing distortion in pay between the rank-and-file and supervisory employees. On 1 December 1990, when supervisory employees were paid the balance of P400.00 the distortion existing prior to 17 April 1990 was reinstated. Finally, SEAM claims, on top of the salary increases granted to supervisory employees by their CBA, they should be paid the increase corresponding to the P500.00 increase given rank--and-file employees not

only for 1989 but also onwards.

Upon the other hand, petitioner Metro firmly maintains that its practice of giving higher increases to supervisory employees whenever rank-and-file employees were given increases, should not be regarded as compulsory. The grant of a corresponding increase to supervisory employees is a prerogative or discretionary act of generosity by management considering there is no law or company policy mandating it. Moreover, SEAM is estopped, Metro asserts, from claiming such an increase. Despite its awareness of the P500.00 increase paid to rank-and-file employees (pursuant to their CBA) on 17 April 1989, SEAM did not negotiate in SEAM's own CBA for the retroactive payment or pushing forward the effectivity date of its first increase of P800.00 to 17 April 1989. Finally, the demanded P550.00 wage increase should be deemed, according to Metro, included in the P800.00 salary increase paid supervisory employees on 1 December 1989.

In respect of the issue of underpayment, petitioner Metro denies that it underpaid its supervisory employees. Metro maintains (a) that the first increase of P800.00 effective 1 December 1989 as provided in its CBA with SEAM is higher than the P500.00 increase paid its rank-and-file employees; (b) that assuming arguendo a distortion in pay still existed, the same was corrected when the majority of the supervisory employees, in a referendum, voted to accept the advance payment of P600.00 out of the scheduled CBA increase of P1,000.00 effective 1 December 1990; (c) it was actually SEAM who had proposed the advance payment of P600.00 from their scheduled second year increase of P1,000.00; (d) SEAM had further agreed that, come 1 December 1990, only the balance of P400.00 would have to be paid to supervisory employees; and (e) payment by Metro of the balance of P400.00 on 1 December 1990 was merely its compliance with the scheduled second year increase aligned with Metro's subsequent agreement with SEAM to advance the effectivity date of the first P600.00.

In its Comment, the Office of the Solicitor General argues, rather cursorily, that public respondent NLRC did not commit any grave abuse of discretion and that its findings of fact must be accorded respect and finality.

I

In respect of the issue of existence of a wage distortion, the Court finds and so holds that a wage distortion did occur when the salaries of rank-and-file employees were increased by P500.00 per month on 17 April 1989 as stipulated in their CBA and no corresponding increase was paid to the supervisory employees. This fact was admitted by Atty. Virgilio C. Abejo, counsel for petitioner Metro, during the oral hearing and Metro is bound by that admission.[5]

In addition, Atty. Abejo explained that his client, as a matter of practice, granted its supervisory employees a salary increase (and a premium) whenever it paid its rank-and-file employees a salary increase.[6]

The defense of management prerogative or discretion invoked by petitioner Metro in asserting that it is not obligated to grant supervisory employees a salary increase whenever rank-and-file employee are granted an increase is, in this case, unavailing.

Basically, Metro's argument is that such increase was merely a bonus given to supervisory employees. A "bonus" is an amount granted and paid to an employee for his industry and loyalty which contributed to the success of the employer's business and made possible the realization of profits. It is something given in addition to what is ordinarily received by or strictly due to the recipient.[7]

The general rule is that a bonus is a gratuity or an act of liberality which the recipient has no right to demand as a matter of right.[8] A bonus, however, is a demandable or enforceable obligation when it is made part of the wage or salary or compensation of the employee.[9] Whether or not a bonus forms part of wages depends upon the circumstances and conditions for its payment. If it is additional compensation which the employer promised and

agreed to give without any conditions imposed for its payment, such as success of business or greater production or output, then it is part of the wage. But if it is paid only if profits are realized or if a certain level of productivity is achieved, it can not be considered part of the wage. Where it is not payable to all but only to some employees and only when their labor becomes more efficient or more productive, it is only an inducement for efficiency, a prize therefor, not a part of the wage.[10]

In the case at bar, the increase of P550.00 sought by private respondent SEAM was neither an inducement nor was it contingent on (a) the success of the business of petitioner Metro; or (b) the increased production or work output of the company or (c) the realization of profits. The demand for this increase was based on a company practice, admitted by Metro, of granting a salary increase (and a premium) to supervisory employees whenever rank-and-file employees were granted a salary increase. That those increases were precisely designed to correct or minimize the wage distortion effects of increases given to rank-and-file employees (under their CBA or under Wage Orders), highlights the fact that those increases were part of the wage structure of supervisory employees. The demanded increase therefore is not a bonus that is generally not demandable as a matter of right. The demanded increase, in this instance, is an enforceable obligation so far as the supervisory employees of Metro are concerned.

We conclude that the supervisory employees, who then (i.e., on 17 April 1989) had, unlike the rank-and-file employees, no CBA governing the terms and conditions of their employment, had the right to rely on the company practice of unilaterally correcting the wage distortion effects of a salary increase given to the rank-and-file employees, by giving the supervisory employees a corresponding salary increase plus a premium. For reasons, however, shortly to be stated in the disposition of the second issue, we hold that the P550.00 increase is demandable by SEAM only in respect of the period beginning 17 April 1989 and ending on 30 November 1989.

It is true enough that, in the present case, the wage distortion to be corrected by the award of P550.00 increase for supervisory employees beginning 17 April 1989, was due to the time gap between the effectivity date (17 April 1989) of the increase of P500.00 per month given to rank-and-file employees under their CBA and the effectivity date (1 December 1989) of the P800.00 increase given to supervisory employees under their own CBA. It is also true that had the P800.00 increase to supervisory employees been made retroactive to 17 April 1989 by an appropriate synchronizing provision in the Metro-SEAM CBA, no wage distortion would have arisen. The fact, however, remains that Metro and SEAM did not agree upon such remedy in their CBA and that the CBA increase given to rank-and-file employees did produce a distortion effect by obliterating or drastically reducing the previous gap between the salary rates of rank-and-file and supervisory employees. The point to be stressed is that considering the prior practice of petitioner Metro, its supervisory employees had the right to expect rectification of that distortion.

II

We turn to the issue of whether the wage distortion referred to above was effectively rectified by petitioner Metro in accordance with law.

This issue arises because, as already noted, the NLRC in its 30 March 1994 Decision decreed that Metro shall pay the "P550.00 per month wage increase effective April 17, 1989 and onwards" and similarly ordered the payment of P600.00 per month which it found to have been underpaid "effective December 1, 1990 and onwards."

It is helpful to recall the general principles laid down in *National Federation of Labor v. National Labor Relations Commission*,^[11] where the Court discussed at some length the relatively obscure concept of wage distortion. Those principles may be summarily stated in the following manner:

(a)

The concept of wage distortion assumes an existing grouping or classification of employees which establishes distinctions among such employees on some relevant or legitimate basis. This classification is reflected in a differing wage rate for each of the existing classes of employees.

(b)

Wage distortions have often been the result of government-decreed increases in minimum wages. There are, however, other causes of wage distortions, like the merger of two (2) companies (with differing classifications of employees and different wage rates) where the surviving company absorbs all the employees of the dissolved corporation. (In the present Metro case, as already noted, the wage distortion arose because the effectivity dates of wage increases given to each of the two (2) classes of employees (rank-and-file and supervisory) had not been synchronized in their respective CBAs.)

(c)

Should a wage distortion exist, there is no legal requirement that, in the rectification of that distortion by re-adjustment of the wage rates of the differing classes of employees, the gap which had previously or historically existed be restored in precisely the same amount. In other words, correction of wage distortion may be done by re-establishing a substantial or significant gap (as distinguished from the historical gap) between the wage rates of the differing classes of employees.

(d)

The re-establishment of a significant difference in wage rates may be the result of resort to grievance procedures or collective bargaining negotiations.

In the present case, the Court must confront the task of determining whether the CBA forged by Metro and SEAM had, along with the award of P550.00 per month from 17 April 1989 to 1 December 1989, referred to in Part I above, adequately corrected the wage distortion.

After careful examination of the provisions of the CBA between Metro and SEAM, in particular the provisions relating to anniversary salary increases every 1 December beginning 1989 to 1991, we believe and so hold that together with the increase of P550.00 referred to in Part I above, those provisions will have adequately rectified the wage distortion which arose in respect of rank-and-file and supervisory employees.

The CBA of supervisory employees granted them an aggregate monthly increase of P2,800.00 over three (3) years:

Table I

CBA Increase Effectivity Date Amount Year I
--

1 December 1989

P 800.00

Year II

1 December 1990

P 1,000.00

Year III

1 December 1991

P 1,000.00

Upon the other hand, the CBA of the rank-and-file employees granted them monthly increases totalling P1,850.00 also over three (3) years:

Table II

CBA

Increase

Effectivity

Date

Amount

Year I 17 April 1989

P500.00

Year II 17 April 1990

P600.00

Year III 17 April 1991

P750.00

After all the above listed salary increases had become effective, the last being on 1 December 1991, supervisory employees as a group were receiving P950.00 more per month than rank-and-file employees as a group. Adding to this figure the amount of P550.00 per month which we in Part I (supra) have held petitioner Metro must pay, the increase in pay of supervisory employees would be P1,500.00 more per month than the increases in pay of rank-and-file employees:

Table III

CBA	Increase	Effectivity	Date	Wage	Increase	Rank and File	Employees (PHP)	Wage	Increase	Supervisory
Employees (PHP)	Gap (PHP)									
Year I	04-17-89	12-01-89	500.00	0.00	550.00	[12]	800.00	50.00	850.00	
Year II	04-17-90	12-01-90	600.00	0.00	600.00	[13]	400.00	850.00	1250.00	
Year III	04-17-91	12-01-91	750.00	0.00	0.00		1000.00	500.00	1500.00	

We consider the difference of P1,500.00 per month a significant differential that clearly distinguishes, on the basis of pay scales, a rank-and-file employee from a supervisory employee.

Applying the above increases to the actual salaries being received by rank-and-file and supervisory employees of Metro, we find that indeed the distortion caused by the CBA--stipulated wage increase granted rank-and-file employees on 17 April 1989 was rectified by 1 December 1991.

The record before us does not include the actual amounts of the rank-and-file and supervisory employees' salaries. In its position paper before the NCMB, however, private respondent SEAM stated:

"The highest salary of some rank-and-file employees at present (before adding the CBA increase) is P4,790.00 which is higher than some supervisors with [a] salary of P3,980.00." [14]

Taking the above SEAM figures and adding to them the respective CBA-stipulated increases to the salary of the highest paid rank-and-file employee and to the lowest paid supervisory employee, plus the P550.00 in wage already held due to all supervisory employees as of 17 April 1989, we find that the salary of the lowest paid supervisory employee was, by 1 December 1991, P690.00 more than the salary of the highest paid rank-and-file employee:

Table IV

CBA Increase Effectivity Date	Wage of Rank and File Employees (PHP)	Wage of Supervisory Employees (PHP)	Gap (PHP)
	4,790.00	3,980.00	(810.00)[15]
Year I 04-17-89 12-01-89	5,290.00	5,290.00	4,530.00[16] 5,330.00 (760.00)[17] 40.00
Year II 04-17-90 12-01-90	5,890.00	5,890.00	5,930.00[18] 6,330.00 40.00 440.00
Year III 04-17-91 12-01-91	6,640.00	6,640.00	6,330.00 7,330.00 (310.00)[19] 690.00

The difference in monthly wage scales of P690.00 clearly and substantially distinguishes, on the basis of pay, a rank-and-file employee from a supervisory employee.[20] Since the above computation utilizes the salaries of highest paid rank-and-file employee and the lowest paid supervisory employee, figures supplied by SEAM, the differential of P690.00 represents merely the minimum difference or gap that was restored or established once implementation of the salary increases due to supervisory employees was completed on 1 December 1991. That differential would, of course, be significantly greater for average rank-and-file employees receiving a salary less than P4,790.00 and for average supervisory employees receiving a salary greater than P3,980.00.

We turn to the related issue of whether the first year salary increase of P800.00 per month given to supervisory employees under their CBA covered or took the place of the P550.00 increase we ruled is due them in Part I (*supra*) by virtue of the previous unilateral practice of Metro.

Metro maintains that the P800.00 monthly salary increase paid to supervisory employees starting on 1 December 1989, should be deemed to cover or include the P550.00 in wage increase demanded by SEAM and held by us to be due to SEAM from 17 April 1989 to 1 December 1989. In other words, Metro argues that the wage distortion should be regarded as cured by the CBA-mandated increase of P800.00 starting 1 December 1989.

We note that the CBA of Metro and SEAM did not contain any provision stipulating that the P550.00 monthly increase would be credited against the P800.00 increase. There was no crediting provision apparently because the P550.00 monthly increase had not been provided for in the CBA with SEAM. Even so, we agree with petitioner Metro's position. The issue of whether increases in wages essential for correcting wage distortions may be

credited against CBA--mandated increases, is not an issue of first impression. In *National Federation of Labor v. National Labor Relations Commission*,^[21] the Court rejected the argument of the NLRC that wage increases resulting from collective bargaining negotiations should not be regarded as constituting compliance with the direction to correct wage distortions arising from the effectivity of Wage Orders. In *National Federation of Labor, the Court*, after quoting the following excerpt from *Apex Mining Company, Inc. v. National Labor Relations Commission*^[22]

"It is important to note that the creditability provisions of Wage Orders Nos. 5 and 6 (as well as the parallel provisions in Wage Orders Nos. 2, 3 and 4) are grounded in an important public policy. That public policy may be seen to be the encouragement of employers to grant wage and allowance increases to their employees higher than the minimum rates of increases prescribed by statute or administrative regulation. To obliterate the creditability provisions in Wage Orders through interpretation or otherwise, and to compel employers simply to add legislated increases in salaries or allowances without regard to what is already being paid, would be to penalize employers who grant their workers more than the statutorily prescribed minimum rates of increases. Clearly, this would be counter-productive so far as securing the interests of labor is concerned. The creditability provisions in the Wage Orders prevent the penalizing of employers who are industry leaders and who do not wait for statutorily prescribed increases in salary or allowances and pay their workers more than what the law or regulations require."^[23] (Underscoring partly in the original and partly supplied)

said:

"We believe that the same public policy requires recognition and validation, as it were, of wage increases given by employers either unilaterally or as a result of collective bargaining negotiations, in the effort to correct wage distortions."^[24] (Italics supplied)

In the instant case, the CBA-stipulated increase of P860.00 a month was intended as the countervailing increase for supervisory employees, the rank-and-file employees having already received their own increase approximately eight (8) months earlier. In other words, the wage distortion in the present case arose not because of a government-decreed increase in minimum wages or because Metro simply refused to treat its supervisory employees, differently from its rank-and-file workers, but rather because of a failure to synchronize the CBA-stipulated increases for rank-and-file and for supervisory employees. Moreover, as more than once pointed out above, the P800.00 monthly increase given to supervisory employees should be taken in conjunction with the P550.00 month increase already awarded to supervisory employees under Part I above. When these are taken together, the wage distortion which occurred on 17 April 1989 was completely and permanently corrected. There is no legal basis for requiring Metro to pay not only the P800.00 month increase, but also, on top thereof, the P550.00 monthly increase to supervisory employees, after 1 December 1989 and forever after.

From the foregoing, we conclude that beginning 1 December 1989, by the grant of the award of P550.00 to supervisory employees in Part I (supra) and by the operation of the Metro-SEAM CBA, the wage distortion which occurred on 17 April 1989 had been corrected. By 1 December 1991, a substantial gap or differential had been re-established between the salaries of the rank-and-file and supervisory employees of petitioner Metro. It was, therefore, grievous abuse of discretion for the NLRC to disregard such rectification and to rule that petitioner Metro was liable to its supervisory employees for P550.00 monthly increase beyond 1 December 1989 and "onwards." That distortion, as already pointed out, lasted only from 17 April 1989 up to 30 November 1989, since the following day, 1 December 1989, the CBA of Metro and SEAM went into effect.

Similarly, we believe that the NLRC committed a grave abuse of discretion in requiring Metro to pay the sum of P600.00 per month from 1 December 1990 and onwards, i.e., forever after. It will be recalled that Metro, upon request of SEAM, had agreed that of the P1,000.00 monthly increase originally scheduled to be effective under the CBA on 1 December 1990, P600.00 would take effect instead on 17 April 1990. Metro agreed to do so

precisely to remedy the distortion that would otherwise have resulted (see Tables III and IV, *supra*) and so, starting 17 April 1990, supervisory employees received a monthly increase of P600.00; and starting 1 December 1990, they started receiving an additional P400.00 or the total stipulated CBA increase of P1,000.00 per month.

Again, for the same reasons set out earlier, we consider that these additional payments of P600.00 per month to supervisory employees from 17 April 1990 up to 1 December 1990 should be deemed included in the P1,000.00 monthly increase effective from 1 December 1990 and onwards. Compelling Metro to pay, starting 1 December 1990, not only the P1,000.00 per month increase stipulated in the CBA but also an additional P600.00 per month, amounts to allowing unjust enrichment of supervisory employees at the expense of their employer Metro.

Finally, the Court is aware of the existence of a job evaluation study prepared by Resources Consultants International, aimed at re-examining the wage structure of rank-and-file and supervisory employees of Metro.^[25] The decision we promulgate today is without prejudice to higher wages which rank-and-file and supervisory employees may be receiving by virtue of implementation of such report.

ACCORDINGLY, for all the foregoing, the Petition for Certiorari is hereby GRANTED DUE COURSE, and the Decision and Resolution of the NLRC dated 30 March and 22 June 1994, respectively, in NLRC-NCR-CA No. 000042-92 are hereby SET ASIDE. In place thereof, another Decision is hereby RENDERED requiring petitioner Metro Transit Organization, Inc. to pay to each of its supervisory employees the amount of Five Hundred Fifty Pesos (P550.00) for each month or fraction of a month, embraced within the period from 17 April 1989 to 1 December 1989, plus legal interest (six percent [6%] per annum) thereon computed from the various dates in 1989 when such amount should have been paid during the aforementioned period. This Decision shall be without prejudice to any increase of wages already being enjoyed by supervisory employees at the time of promulgation hereof.

No pronouncement as to costs.

SO ORDERED.

Romero, Melo, Vitug, and Francisco, JJ., concur.

[1] Executed on 4 December 1990 but made effective as of 1 December 1989. See Rollo, p. 158.

[2] Executed on 20 June 1990 but made effective as of 17 April 1989. See Rollo, p. 158.

[3] The award of public respondent NLRC effectively imposed on petitioner Metro, whose assets amount to roughly Four Million Pesos (P4M), a liability of approximately Twenty Eight Million Pesos (P28M). (TSN, 31 August 1994, pp. 6-7)

[4] A footnote on terminology: We here use the term "distortion" where one or both of the parties have frequently used the words "disparity" and "inequity." It should be noted that "wage distortion" sets in when the normal differential between the wage rates of rank-and-file and the rates of supervisory employees is drastically reduced or eliminated by granting to the former a wage increase that is denied to the latter group of employees. Thus, as a factual matter, distortion occurs where the disparity disappears; upon the other hand, the wage distortion is corrected where the previous historical or at least a substantial differential between the wage rates for rank-and-file employees, on the one hand, and the rates for supervisory employees, on the other hand, is restored. (See *National Federation of Labor v. National Labor Relations Board, et al.*, 234 SCRA 311 [1994])

In the present opinion, we have sought technical accuracy by avoiding the word "inequity" and using only the term "wage distortion" while bearing in mind that that is precisely what one or the other party has in mind when

they refer to "wage disparity" or "inequity."

[5] See Section 23, Rule 138 of the Rules of Court and *Acenas v. Sison*, 8 SCRA 711 (1963). The pertinent testimony of Atty. Abejo reads:

"Justice Feliciano (Chairman)

Q: In point of [fact], Mr. Counselor, was there or was there no wage distortion during that period?

Atty. Abejo:

A: There was a wage distortion, Your Honor, as of May 18, 1989. But Metro had hoped to take care of this by negotiation with the Supervisors' Union. [So] in the meantime, it did not grant the FIVE HUNDRED (P500.00) PESOS plus FIFTY (P50.00) PESOS, Your Honor." (Underscoring supplied; TSN, G.R. No. 116008, 31 August 1994, pp. 16-17)

"May 18, 1989" should actually be "17 April 1989" the date when the rank-and-file employees of petitioner Metro were paid their CBA stipulated salary increase. (TSN, G.R. No. 116008, 31 August 1994, pp. 19-20, 29-30)

[6] The pertinent testimony of Atty. Abejo reads:

"Atty. Abejo:

May it please the Honorable Tribunal.

x x x x x x x x

Your Honors, the factual background of this case is, more or less, not disputed. x x x.

x x x x x x x x

Sometime in 1986, a Collective Bargaining Agreement (CBA) was forged between the rank-and-file employees and Metro Transit Organization, Inc. wherein the rank-and-file employees were granted salary increases. That was, again, renewed in 1987.

At that time, Your Honors, only the rank-and-file employee had a Collective Bargaining Agreement (CBA). The supervisors numbering about TWO HUNDRED (200) did not have a CBA. Therefore, everytime there was a mandated increase of the rank-and-file employees, management, in order to prevent [a] distortion of pay, would grant the same to the supervisors plus the premium of FIFTY (P50.00) PESOS." (Underscoring supplied; TSN, G.R. No. 116008, 31 August 1994, pp. 12-14)

[7] *Traders Royal Bank v. National Labor Relations Commission*, 189 SCRA 274 (1990) and *Luzon Stevedoring Corp. v. Court of Industrial Relations*, 15 SCRA 660 (1965).

[8] *Traders Royal Bank v. National Labor Relations Commission*, supra; *Luzon Stevedoring Corp. v. Court of Industrial Relations*, supra; see also *Kamaya Point Hotel v. National Labor Relations Commission*, 177 SCRA 160 (1989).

[9] *Luzon Stevedoring Corp. v. Court of Industrial Relations*, supra.

[10] *Philippine Duplicators, Inc. v. National Labor Relations Commission*, G.R. No. 110068, February 15, 1995; *Atok-Big Wedge Mining Co., Inc. v. Atok-Big Wedge Mutual Benefit Association*, 92 Phil. 755 (1953); *Claparols v. Court of Industrial Relations*, 65 SCRA 613 (1975).

[11] 234 SCRA 311 (1994).

[12] Amount reflects the P 550.00 due supervisory employees under Part I, *supra*.

[13] Amount reflects the P600.00 advanced by petitioner Metro taken from the P1,000.00 increase granted by the CBA of supervisory employees in Year II effective 1 December 1990.

[14] Rollo, p. 80.

[15] Amounts in parentheses indicate negative gaps. It should be noted that these negative figures arise only because we are here taking the extreme case cited by SEAM (the highest paid rank-and-file employee vis-a-vis the lowest paid supervisory employee) to illustrate the point relevant in the instant case. That point is: that even in respect of the extreme cases raised by SEAM, the wage distortion was effectively corrected by 1 December 1991, the effective date of the last anniversary increase under SEAM's CBA.

The extreme case raised by SEAM appears to involve, not the legal issue concerning wage distortion here dealt with, but perhaps some other problem not presently before this Court.

[16] Amount reflects the Five Hundred Fifty Pesos (P550.00) due supervisory employee under Part I, *supra*.

[17] See note 15.

[18] Amount reflects the Six Hundred Pesos (P600.00) advanced by petitioner Metro taken from the One Thousand Pesos (P1,000.00) increase granted by the CBA in Year II.

[19] See note 15.

[20] The Court notes the statement made by private respondent SEAM that a salary differential of P200.00 is already a significant gap. Position Paper for SEAM (NCMB) dated 12 December 1989, Rollo, p. 81.

[21] 234 SCRA 311 (1994)**[22] 206 SCRA 497 (1992).**

[23] 234 SCRA at 322-323.

[24] 234 SCRA at 323.

[25] National Labor Relations Commission Decision, Annex "5" to the Petition, Rollo, pp. 35-36.

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