

NASIPIT LUMBER COMPANY, PHILIPPINE WALLBOARD CORPORATION AND ANAKAN LUMBER COMPANY, PETITIONERS, VS. NATIONAL WAGES AND PRODUCTIVITY COMMISSION, UNITED LUMBER AND GENERAL WORKER...

G.R. No. 128296. September 08, 2003

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Before us is a petition for certiorari with prayer for issuance of a temporary restraining order and/or writ of preliminary injunction which seeks to set aside the Decision[1] dated July 3, 1996 and Resolution[2] dated November 27, 1996 of the National Wages and Productivity Commission (NWPC) in the consolidated NWPC Case Nos. E-95-099, E-95-100 and E-95-101, entitled "In Re: Application for Extension of Exemption from Wage Order No. RX-03 of Applicants-Appellants Nasipit Lumber Company, Philippine Wallboard Corporation and Anakan Lumber Company."

The undisputed facts of this case are as follows:

On November 19, 1993, the Regional Tripartite Wages and Productivity Board (RTWPB) of Region X, Northern Mindanao, Cagayan de Oro City, issued Wage Order No. RX-03.[3] This Wage Order mandated a P7.00 increase in the minimum daily wage of all workers and employees in the private sector in Region X receiving a daily wage of not more than P130.00 per day and an additional P10.00 allowance per day.

Subsequently or on March 17, 1994, Nasipit Lumber Company, Philippine Wallboard Corporation and Anakan Lumber Company (herein petitioners) filed their separate application for exemption from compliance with Wage Order No. RX-03, claiming they are distressed establishments whose paid-up capital has been impaired by at least twenty-five percent (25%).

After finding that the petitioners indeed sustained financial losses which impaired their respective paid-up capital, the RTWPB, in a consolidated Order dated December 3, 1994, granted petitioners a full exemption from compliance with the said Wage Order for a period of one (1) year or from December 8, 1993 to December 7, 1994.

On December 8, 1994, petitioners, citing the continuous business decline in the wood processing industry, filed a consolidated petition for extension of their full exemption from compliance with Wage Order No. RX-03 for another year or from December 8, 1994 to December 8, 1995.

However, in a Resolution No. 95-01 dated February 24, 1995, the RTWPB denied petitioners' consolidated application for extension of exemption. In justifying its denial, the RTWPB relied on Section 7 of the NWPC Revised Guidelines No. 1, Series of 1992, thus:

"Establishments shall be granted full exemption of one (1) year from effectivity of the Order for all categories

of exemption."

From the said Resolution, petitioners interposed an appeal to the NWPC.

On July 3, 1996, the NWPC rendered a Decision denying the appeal for lack of merit. The NWPC ratiocinated as follows:

"Thus, the principal issue to be resolved in this case is whether or not the period of exemption under Wage Order RX-03 can be extended for more than one (1) year.

"We rule in the negative.

"Section 7 of the NWPC Revised Guidelines on Exemption, which is the applicable rule on this matter, provides for the duration and extent of exemption that can be granted to a qualified applicant establishment, to wit:

'Establishments shall be granted full exemption of one (1) year from effectivity of the Order for all categories of exemption.'

"x x x

"As set forth by the aforecited rule, the maximum period of exemption that can be accorded to a qualified applicant is only for one (1) year from the effectivity of the Wage Order. This non-extendable one year period of exemption, which had been consistently applied to all analogous cases in the past involving companies seeking extension of the period of their exemption, remains and continues to be the existing policy on the matter. Precisely, the rationale behind this policy is to afford protection to workers who may be unfairly affected by the deleterious effect of a prolonged exemption which is not in accord with the very purpose of the issuance of a Wage Order.

"WHEREFORE, premises considered, the instant appeal is hereby DENIED for lack of merit. Board Resolution No. 95-01, Series of 1995 dated 24 February 1995 is AFFIRMED.

"SO ORDERED."

Unswayed, petitioners filed on August 14, 1996, a consolidated motion for reconsideration.

However, the NWPC remained steadfast with its earlier Decision and denied petitioners' motion in its Resolution dated November 27, 1996.

Hence, this petition for certiorari. Petitioners contend they are entitled to an extension for another year of their full exemption as distressed establishments on the basis of paragraph 4, Section 3 of Wage Order No. RX-03 which expressly provides: "(D)istressed establishments, as defined by the Board upon due and proper application with the Board, may also be exempted either partly or fully for a period of one year renewable for another year provided the conditions still persist and warrant the exemption, provided further that they qualify under the implementing guidelines issued by the Board."

More specifically, petitioners claim that the NWPC exceeded its jurisdiction (1) in deleting the phrase "renewable for another year provided the conditions still persist and warrant the exemption" from paragraph 4, Section 3 of Wage Order No. RX-03 issued by the RTWPB; (2) in overriding the clear intention of the RTWPB to extend the exemption of distressed establishments; and (3) in applying Section 7 of the NWPC Guideline No. 01, Series of 1992, limiting the duration of exemption to one (1) year, contrary to Republic Act No. 6727.[4]

Article 121 of the Labor Code, as amended by Republic Act No. 6727, partly provides:

"ART. 121. Powers and Functions of the Commission. - The Commission shall have the following powers and functions:

"x x x

(c) To prescribe rules and guidelines for the determination of appropriate minimum wage and productivity measures at the regional, provincial or industry levels;

(d) To review regional wage levels set by the Regional Tripartite Wages and Productivity Boards to determine if these are in accordance with prescribed guidelines and national development plans;

x x x"

Interpreting the above provision, this Court through Justice Artemio V. Panganiban, in *Nasipit Lumber Company, Inc. vs. National Wages and Productivity Commission*,^[5] held:

"The foregoing clearly grants the NWPC, x x x, the power to 'prescribe the rules and guidelines' for the determination of minimum wage and productivity measures. x x x, the NWPC has the power not only to prescribe guidelines to govern wage orders, but also to issue exemptions therefrom, x x x. In short, the NWPC lays down the guidelines which the RTWPB implements."

In affirming the RTWPB's Resolution denying petitioners' application for extension for another year of their full exemption from compliance with Wage Order No. RX-03, the NWPC did not act with grave abuse of discretion. On the contrary, it merely applied its own Guideline No. 01, Series of 1992 limiting the duration of exemption to only one (1) year.

It is noteworthy that the RTWPB, for its part, implemented to the letter the said Guideline.

WHEREFORE, the petition is hereby DISMISSED. The assailed Decision dated July 3, 1996 and Resolution dated November 27, 1996 of the National Wages and Productivity Commission (NWPC) are hereby AFFIRMED.

SO ORDERED.

Panganiban, (Acting Chairman), Corona, and Carpio-Morales, JJ., concur.

Puno, J., (Chairman), on official leave.

[1] Annex "A" of the Petition for Certiorari, Rollo at 25-28.

[2] Annex "B", Id. at 29-30.

[3] Annex "C", Id. at 31-33.

[4] Otherwise known as the "Wage Rationalization Act".

[5] G.R. No. 113097, April 27, 1998, 289 SCRA 667, 680-681.

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