

IRINEO V. INTIA, JR., POSTMASTER GENERAL, PHILIPPINE POSTAL CORPORATION, AND THE LEGAL OFFICERS OF THE PPC-MAIN NAMELY, WILFREDO B. SERRANO, MA. TERESA A. LORICO-GONZALES, LEONA...

G.R. No. 131529. April 30, 1999

Ponente: ROMERO, J.

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ROMERO, J.:

In this special civil action under Rule 64 of the New Rules of Court, in relation to Rule 65 thereof, petitioners seek the reversal of the Decision[1] dated November 4, 1997 of public respondent Commission on Audit (COA) which affirmed the disallowances made by respondent Corporate Auditor for Philippine Postal Corporation (PPC) of the Representation and Transportation Allowance (RATA) of certain officials of PPC. The dispositive portion of said decision reads:

"Upon all the foregoing considerations, this Commission affirms the disallowances made by the Auditor as concurred in by the Director, Corporate Audit Office II, this Commission. Accordingly, the instant appeal has to be, as it is hereby denied for lack of merit."

The facts are as follows

On April 3, 1992, Republic Act No. 7354, otherwise known as "The Postal Service Act of 1992," was enacted and approved creating the Philippine Postal Corporation and defining its power, functions, and responsibilities.

Pursuant to the powers granted to it by the said charter, the PPC Board of Directors issued and approved Board Resolution No. 95-50,[2] entitled "Approving the three-year progressive increase of Representation and Travel Allowance (RATA) benefits equivalent to 40% of the basic salary of the officials of the Philippine Postal Corporation, subject to the existing rules and regulations." The resolution reads in part

BOARD RESOLUTION NO. 95-50.

RESOLVED, as it is hereby resolved that the three year progressive increase of the xxx (RATA) benefits of officials of the Philippine Postal Corporation xxx equivalent to 40% of their basic salary, be approved subject to the existing rules and regulations.

RESOLVED FURTHER, that the increases of RATA for 1995 of the following officials to be implemented in the following manner, be confirmed xxx xxx xxx (c) of the 40% basic salaries of all officials holding positions below the Assistant Postmaster Generals up to Division Managers

RESOLVED STILL FURTHER that an additional fifty percent (50%) increase of the remaining balance thereof be implemented in 1996;

RESOLVED STILL FURTHER that the increase of the aforesaid benefit equivalent to 40% of the basic salary of all concerned officials be fully implemented in 1997.

x x x x x x x x.

On April 26, 1995, to implement the foregoing board resolution, then Postmaster General Eduardo P. Pilapil issued Circular No. 95-22,[3] entitled "Guidelines Implementing Board Resolution No. 95-50 prescribing new rates of RATA of PPC officials." To reproduce the relevant parts of the circular:

CIRCULAR NO. 95-22

1 The following Officials and employees are entitled to RATA:

x x x x x x x x

1.6 Regional Operations Managers

1.7 Division Managers Chiefs of equivalent

2 Payment of RATA, whether commutable or reimbursable, shall be in accordance with the rates prescribed below for the total allowances (50 50 share for each type of allowances):

Position 1995 1996 1997

xxx xxx xxx

2.7 Operations Managers

or equivalent (SG 26) P5,100 P5,400 P5,740

2.8 Division Managers Chiefs or equivalent

(SG 25) 4,700 4,900 5,234

(SG 24) 4,200 4,400 4,734

Meanwhile, Republic Act No. 8174, otherwise known as "The General Appropriations Act of 1996" was approved, Section 35 of which fixes the monthly RATA rates of government officials, to wit:

SEC. 35. Representation and Transportation Allowances. The following officials and those of equivalent rank as may be determined by the Department of Budget and Management while in the actual performance of their respective functions are hereby granted monthly commutable representation and transportation allowance payable from the programmed appropriation provided for by their respective offices not exceeding the rates indicated below, which shall apply to each type of allowance:

x x x x x x x x

e At P1,750 for assistant Bureau Regional directors or equivalent;

f At P1,625 for Chief of Divisions, identified as such in the Personal Services Itemization x x x"

On October 23, 1996, respondent Corporate Auditor for Philippine Postal Corporation (PPC) served the following Notices of Disallowance (ND) on PPC:

(a) ND No. 96-0002-101(96) dated September 23, 1996, covering the RATA of petitioners for the month of April 1996 in the total amount of P65,650.00

(b) ND No. 96-0004-101(96) dated September 23, 1996 covering the RATA of petitioners for May 1996 amounting to P65,650.00

On December 12, 1996 the Auditor served another notice, ND No. 96-0007-101(96) dated November 27, 1996,

covering the RATA of petitioners for June 1996 in the amount of P64,525.00

Subsequently, respondent Auditor served other Notices of Disallowance covering the RATA allegedly paid in excess of that authorization under Section 35, R.A. 8174.

On February 7, 1997, the new Postmaster General, Ireneo V. Intia, Jr. requested respondent Auditor to hold in abeyance the settlement of the above disallowances pending receipt of the legal opinion they had sought from the Office of the Government Corporate Counsel (OGCC). To this, respondent Auditor replied that the proper remedy of petitioners is appeal under Section 37, Title VII of the COA Manual on Certificate of Settlement and Balances (CSB).

Accordingly, petitioners filed their Memorandum of Appeal with respondent Commission for the reversal of the Auditor's decision and the allowance of the implementation of PPC Circular No. 95-22 as authorized by Board Resolution No. 96-50. They relied on the following grounds.

- Sections 21, 22 and 25 of R.A. No. 7354 (The Postal Service Act of 1992), expressly empower the PPC to establish its own progressive compensation structure and fix the salaries and emoluments of personnel - including the grant of additional benefits like RATA - without being subjected to the rule and regulations of the Compensation and Position Classification Office or the Salary Standardization Law (R.A. No. 6758)
- The legal opinion of the Department of Budget and Management (DBM) dated March 14, 1996 on which the COA based its decision and which states that pursuant to Section 6 of P.D. No. 1527, the compensation structure of PPC is subject to review and approval by the DBM, is not correct because Section 6 P.D. 1597 is unconstitutional as it violates the rule against the passage of irrepealable laws.
- Section 13 of R.A. No. 7354 categorically exempts PPC from submitting to Congress its annual budget unless the PPC requires subsidy guaranty of its liability from the National Treasury.
- Paragraph 1 of the special provisions in R.A. No. 8174 admits that corporations exempted from the provisions of R.A. No. 6758 like PPC shall pay the salaries and allowances not in accordance with the Salary Standardization Law.
- RATA is included in the term "emoluments," the payment of which PPC is authorized to make under R.A. No. 7354.

On November 4, 1997, respondent Commission rendered the decision now subject of the instant petition. The assailed decision is reproduced in part:

"After a careful and judicious evaluation of the facts and pertinent laws, rules and regulations herein obtaining, this Commission finds the appeal devoid of merit. It must be noted that Sections 21, 22 and 25 of R.A. 7354 never intended to exempt the PPC from the ambit of R.A. 6758. What these specific sections provide, especially Section 25, is the exemption of the PPC from the coverage of the rules and regulations of the Compensation and Position Classification Office which relates only to the qualification, position and salary grade of the employees concerned and not to the payment of additional benefits including the increase in the Representation and Transportation Allowance (RATA) Section 22 which provides for a progressive corporation (sic) structure for PPC personnel authorizes the Corporation to grant salary increases subject to either of two conditions stated therein As to the constitutionality of Section 6 of P.D. No. 1587, the matter is beyond the competence of this Commission to rule upon Thus, in the absence of a contrary ruling by competent authority, this Commission finds no cogent reason to hold the same as being unconstitutional as alleged by herein appellants.

Insofar as the validity of the resolution fixing the allowances (e.g. RATA) of its employees by PPC's Board of Directors is concerned, this Commission fully adopts the stand taken by the DBM in its legal opinion, dated

March 14, 1996, which states that:

'Accordingly, the Resolutions or Circulars of the PPC granting additional benefits or compensation to its employees without the requisite review and approval by the President of the Philippines upon recommendation of the DBM is believed to be an ultra vires act of the corporation which cannot be given legal effect and recognition. Additional benefits or compensation that may be granted to government officials/ employees require a law and may not be done by a mere expedient of a resolution or a circular of a GOCC, as in the case of the PPC.'

The above legal opinion, according to the DBM is based on the following reasons:

'1. While there may be a semblance of exemption for the PPC from the rules and regulations of the Compensation and Position Classification Bureau, such exemption is subject to the qualification that PPC's own system of compensation and classification conforms as closely as possible with that provided for under R.A. No. 6758.

2. Such PPC exemption should be appreciated in correlation with the provision of Section 6 of P.D. 1597 xxx.'

While it is true that Section 13 of R.A. No. 7354 exempts the PPC from submitting to Congress its annual budget unless it seeks subsidy guaranty of its liability from the National Treasury, it is also true that Section 18 of the same Act provides that the PPC thru its board shall submit to both Houses of Congress, together with the Auditor's Report on the relevant accounts, an annual report generally dealing with the activities and operations of the Corporation during the preceding year xxx. The exemption under Section 13 of R.A. No. 7354 does not in any way intend or show that the Corporation is exempt from R.A. 6758.'[4]

Aggrieved by the aforequoted decision, petitioners filed this petition before this Court, assigning the following errors

- THE COMMISSION ERRED IN HOLDING THAT PPC IS NOT EXEMPT FROM THE SALARY STANDARDIZATION LAW (R.A. NO. 6758).

- THE COMMISSION ERRED IN CONFORMING WITH THE DBM THAT THE RESOLUTION AND CIRCULATION OF THE PPC GRANTING ADDITIONAL BENEFITS TO ITS EMPLOYEES WITHOUT THE REQUISITE REVIEW AND APPROVAL BY THE PRESIDENT OF THE PHILIPPINES THROUGH THE DBM IS AN ULTRA VIRES ACT OF THE CORPORATION.

- THE COMMISSION ERRED WHEN IT RULED THAT THE MONTHLY RATA OF PPC OFFICIALS MUST CONFORM TO THE AMOUNT PRESCRIBED IN SECTION 35 OF REPUBLIC ACT NO. 8174.

As to the first issue, petitioners argued that Sections 21, 22, and 25 of the PPC charter (R.A. No. 7354) exempt it from the Salary Standardization Law or the Compensation and Position Classification Office rules. The said provisions read:

Section 21. Powers and Functions of the Postmaster General. - As the Chief Executive Officer, the Postmaster General shall have the following powers and functions:

x x x x x x x x.

c) subject to the approval of the Board to determine the staffing pattern and the number of personnel, define their duties and responsibilities, and fix their salaries and emoluments in accordance with the approved compensation structure of the Corporation.

x x x x x x x x.

Section 22 Merit System - The Corporation shall establish a human resources management system which shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of all personnel. Such system shall

aim so establish professionalism and excellence at all levels of the postal organization in accordance with sound principles of management

A progressive compensation structure, which shall be based on job evaluation studies and wage surveys and subject to the Board's approval, shall be instituted as an integral component of the Corporation's human resources development program. The Corporation, however, may grant across the board salary increase or modify its compensation structure as to result in higher salaries, subject to either of the following conditions

- a) there are evidences of prior improvement in employee productivity, measured by such quantitative indicators as mail volume per employee and delivery times
- b) a law raising the minimum wage has been enacted with application to all government employees or has the effect of classifying some positions in the postal service as below the floor wage.

Section 25. Exemption from Rules and Regulations of the Compensation and Position Classification Office. - All personnel and positions of the Corporation shall be governed by Section 22 hereof, and as such shall be exempt from the coverage of the rules and regulations of the Compensation and Position Classification Office. The Corporation, however, shall see to it that its own system conforms as closely as possible with that provided for under Republic Act No. 6758.

Petitioners averred that since the PPC has the power under Sections 21 and 22 of R.A. No. 7354 to fix its own compensation scheme and Section 25 of said charter expressly exempts it from the rules of the Compensation and Position Classification Office, it is clear that PPC Board Resolution No. 95-50 and PPC Circular 95-22 are valid corporate acts that can be the basis of the payment of RATA of PPC officials without prior approval from the DBM.

As for the DBM legal opinion which was the basis for the disallowance of the payments of the RATA, petitioners assailed the same for being erroneous. According to the DBM, notwithstanding the exemption of PPC from the rules of CPCO granted under Section 25 of R.A. 7354, the DBM has the power to review and approve the compensation structure of PPC because of Section 6 of P.D. No. 1597.

Sec 6 Exemption from OCPC Rules and Regulations. Agencies, positions or groups of officials and employees of the national government, including government-owned and controlled corporations, who are hereafter exempted by law from OCPC coverage, shall observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. Exemptions notwithstanding, agencies shall report to the President, through the Budget Commission, on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President. (emphasis supplied)

Petitioners, however, argued that Section 6, P.D. No. 1597 has already been repealed by Section 35 of R.A. No. 7354 which reads:

Sec. 35. All acts, decrees, orders, executive orders, instructions, rules and regulations, inconsistent with the provisions of this Act are repealed or modified accordingly.

They pointed out that R.A. No. 7354 (The Postal Service Act of 1992) being a special and later law, it prevails over P.D. No. 1597, a general law which refers to all government agencies and GOCCs covered by and those exempted from the rules of the CPCO. For these reasons, petitioners claimed that the power of the DBM to review and approve PPC's resolutions and circulars implementing the latter's compensation plans is no longer in force.

Petitioners likewise posited that Section 6, P.D. No. 1597 has no legal effect, it being in the nature of an

irrepealable provision of law. They pointed to the phrase "agencies x x x of the national government, including government-owned and controlled corporations, who are hereafter exempted by law from coverage x x x," as violative of the Constitutional provision that legislative power shall be vested in the legislature and the prohibition against the passage of irrepealable laws. In effect, petitioners maintained. Section 6 limits the lawmaking powers of Congress by providing for conditions to be applied to agencies or GOCCs that are yet to be created

Even assuming arguendo that Section 6, P.D. No. 1597 has legal effects, petitioners theorized. It cannot be considered as requiring prior approval of the DBM since said provision only requires the PPC to observe the guidelines on compensation schemes and to report to the President about its position classification and compensation system

Furthermore, petitioners asserted that scrutinizing the Senate deliberations, it is clear that the management and budgetary system of the PPC was being taken out of the control of the DBM.

As to the applicability of Section 35 of R.A. No. 8174 limiting the amounts of RATA granted to certain employees, petitioners argued that said provisions does not apply to the monthly RATA rates of PPC corporate officials, as PPC's budget is not covered by the Appropriations Act or R.A. No. 8174. This, they said, is clear from Section 13 of the PPC Charter (R.A. No. 7354):

Sec. 13. Annual Budget - x x x Unless the Corporation shall require a subsidy and/or a guarantee of its liability from the National Treasury, its budget for the year need not be submitted to Congress for approval and inclusion in the General Appropriations Act.

On the other hand, in its comment, the Office of the Solicitor General argued that Section 6 of P.D. 1597 is valid and subsisting, there having been no express or implied repeal of the assailed provision Moreover, the Solicitor General explained that although Section 25 of the PPC charter exempts the corporation from the CPCO rules and regulations, under Section 6 of PD No 1597, however, it is still required to report the details of its compensation system to the President through the DBM. The two provisions in question are thus compatible and reconcilable.

With respect to the argument that the PPC is exempted from the coverage of the CPCO rules and regulations, the Solicitor General observed that the said exemptions is not absolute as it refers only to exemption from the application of rules and regulations relating to position and compensation classification. Moreover, the Solicitor General added, the term "compensation" in said law refers to the salary structure of government personnel and not to allowances.

From the foregoing, the issues of the present controversy may therefore be summed up as follows: (1) whether the PPC Board of Directors can, by itself, grant through a resolution an increase in allowances to its officials without said resolution going to the DBM for review and approval and (2) whether the RATA granted to PPC officials falls within the amounts provided in the General Appropriations Act.

This Court rules in the negative on both issues.

First, it is conceded that the PPC, by virtue of its charter, R.A. No. 7354, has the power to fix the salaries and emoluments of its employees. This function, being lodged in the Postmaster General, the same must be exercised with approval of the Board of Directors This is clear from Sections 21 and 22 of said charter.

Petitioners correctly noted that since the PPC Board of Directors are authorized to approve the Corporation's compensation structure, it is also within the Board's power to grant or increase the allowances of PPC officials or employees. As can be gleaned from Sections 10 and 17 of P.D No. 985 (A Decree Revising the Position Classification and Compensation System in the National Government, and Integrating the Same), the term "compensation" includes salaries, wages, allowances, and other benefits

Sec 10 The Compensation System. - The Compensation System consists of (a) a Salary Schedule, (b) a Wage Schedule; (c) policies relating to allowances, bonuses, pension plans, and other benefits accruing to employees covered x x x. (emphasis supplied).

Sec 17 Powers and Functions. - The Budget Commission principally through the OCPC shall, in addition to those provided under other sections of this Decree, have the following powers and functions:

x x x x x x x x

(g) Provide the required criteria and guidelines, in consultation with agency heads as may be deemed necessary and subject to the approval of the Commissioner of Budget, for the grant of all types of allowances and additional forms of compensation to employees in all agencies of the government.

Besides, allowances such as RATA are included in the term "emoluments" which, under Section 21 of RA 7354, the Postmaster General is authorized to grant to PPC personnel with the approval of the Board of Directors. Black's Law Dictionary defines "emolument" as that which is received as a compensation for services, or which is annexed to the possession of office as salary, fees and perquisites.

The Commission on Audit was, therefore, in error when it held in its decision that "the exemption of the PPC from the coverage of the rules and regulations of the Compensation and Position Classification Office x x x relates only to the qualification, position and salary grade of the employees concerned and not to the payment of additional benefits including the increase in the Representation and Transportation Allowances (RATA)."

While the PPC Board of Directors admittedly acted within its powers when it granted the RATA increases in question, the same should have first been reviewed by the DBM before they were implemented Section 21, 22, and 25 of the PPC charter should be read in conjunction with Section 6 of P.D. No. 1597:

Sec 6 Exemption from OCPC Rules and Regulations. Agencies, positions or groups of officials and employees of the national government, including government-owned and controlled corporations, who are hereafter exempted by law from OCPC coverage, shall observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. Exemptions notwithstanding, agencies shall report to the President, through the Budget Commission, on their position classification and compensation plans, policies, rates and other related details, following such specifications as may be prescribed by the President. (emphasis supplied).

Contrary to petitioners' position, said provision still applies and has not been repealed either expressly or impliedly. Their reliance on the general repealing clause in Section 35[5] of R.A. No. 7354 is erroneous. The holding of this Court in *Mecano vs. COA*[6] is instructive: "The question that should be asked is: What is the nature of this repealing clause? It is certainly not an express repealing clause because it fails to identify or designate the act or acts that are intended to be repealed. Rather, it is an example of a general repealing provisions, as stated in Opinion No. 73, s. 1991. It is a clause which predicates the intended repeal under the condition that a substantial conflict must be found in existing and prior acts. The failure to add a specific repealing clause indicates that the intent was no to repeal any existing law, unless an irreconcilable inconsistency and repugnancy exist in the terms of the new and old laws. This latter situation falls under the category of an implied repeal."

As the Solicitor General correctly observed, there is no express repeal of Section 6 P.D. No. 1597 by RA No. 7354. Neither is there an implied repeal thereof because there is no irreconcilable conflict between the two laws. On the one hand, Section 25 of R.A. No. 7354 provides for the exemption of PPC from the rules and regulations of the CPCO On the other hand, Section 6 of P.D. 1597 requires PPC to report to the President, through the DBM, the details of its salary and compensation system. Thus, while the PPC is allowed to fix its own personnel

compensation structure through its Board of Directors, the latter is required to follow certain standards in formulating said compensation system. One such standard is specifically stated in Section 25 of R A No. 7354.

Section 25 Exemption from Rules and Regulations of the Compensation and Position Classification Office. - All personnel and positions of the Corporation shall be governed by Section 22 hereof, and as such shall be exempt from the coverage of the rules and regulations of the Compensation and Position Classification Office. The Corporation, however, shall see to it that its own system conforms as closely as possible with that provided for under Republic Act No. 6758 (emphasis supplied)

To sustain petitioners' claim that it is the PPC and PPC alone that should ensure that its compensation system conforms as closely as possible with that of R.A. No. 6758 will result in an invalid delegation of legislative power. If such interpretation is adopted, the law would, in effect, be granting PPC unfettered discretion to fix its compensation structure, something the legislature could not have intended.

As the Solicitor General put it, Section 6 of P.D. No. 1597 is the "detail" intended to fill the gap in such laws as R.A. No. 7354 in order to ensure that delegation of legislative authority will be "canalized within banks to keep it from overflowing."

It should be emphasized that the review by the DBM of any PPC resolution affecting the compensation structure of its personnel should not be interpreted to mean that the DBM can dictate upon the PPC Board of Directors and deprive the latter of its discretion on the matter. Rather, the DBM's function is merely to ensure that the action taken by the Board of Directors complies with the requirements of the law, specifically, that PPC's compensation system "conforms as closely as possible with that provided for under R A No. 6758"

Section 25 of R.A. No. 7354 and Section 6 of P.D. No. 1597 can thus be read together and harmonized to give effect to both provisions. This Court has held that statutes should be construed in light of the objective to be achieved and the evil or mischief to be suppressed, and they should be given such construction as will advance the object, suppress the mischief, and secure the benefits intended.[7]

Clearly, therefore, no implied repeal can be deduced in this case. Worth reiterating is the rule in statutory construction that repeals by implication are not favored. When statutes are in *pari materia*, they should be construed together. A law cannot be deemed repealed unless it is clearly manifest that the legislature so intended it.

As regards petitioners' argument that P.D. No. 1597 cannot be given any legal effect as it is unconstitutional because it is in the nature of an irrepealable law, suffice it to say that this Court will refrain from striking down a law if the case can be decided on other grounds. The Court will not touch the issue of unconstitutionality unless it is the very *lis mota* of the case. Thus, the Supreme Court held "It is a well-established rule that a court should not pass upon a constitutional question and decide a law to be unconstitutional or invalid, unless such question is raised by the parties and that when it is raised, if the record also presents some other ground upon which the court may raise its judgment, that course will be adopted and the constitutional question will be left for consideration until such question will be unavoidable." [8]

With respect to the second issue of whether the RATA granted to PPC officials must fall within the amounts provided for in the General Appropriations Act as stated earlier we rule in the negative

Section 13 of the PPC charter expressly provides for PPC's fiscal autonomy. Thus, unless PPC requires a subsidy and/or a guarantee of its liability from the National Treasury its annual budget need not be submitted to Congress for approval and included in the General Appropriations Act.

The intention of the lawmakers here is to promote the efficiency of the postal service by allowing the PPC to use

its profits from its operations to upgrade its facilities and equipment and provide incentives for its personnel to render better services. Specifically, fiscal autonomy allows the PPC to attract and keep professional and competent people within its ranks.

To sum up, the PPC being a government-owned and controlled corporation with an original charter, it falls within the scope of the Civil Service.[9] Thus, as regards personnel matters, the Civil Service Law applies to the PPC. Its Board of Directors is authorized under its charter to formulate and implement its own system of compensation for its personnel, including the payment of RATA. In the exercise of such power, it is not required to observe the rules and regulations of the Compensation and Position Classification Office. Neither is it required to follow strictly the amounts provided for in the General Appropriations Act as its annual budget is not covered thereby. However, since the PPC charter expressly exempts it from the rules and regulations of the CPCO. Said Board is not required to follow the CPCO's guidelines in formulating a compensation system for the PPC employees.[10]

In other words, the general rule is that the PPC is covered by the Civil Service Law as regards all personnel matters except those affecting the compensation structure and position classification in the corporation which are left to the PPC Board of Directors to formulate in accordance with law. It must be stressed that the Board's discretion on the matter of personnel compensation is not absolute as the same must be exercised in accordance with the standard laid down by law, that is, its compensation system, including the allowances granted by the Board to PPC employees, must strictly conform with that provided for other government agencies under R.A. No. 6758 (Salary Standardization Law) in relation to the General Appropriations Act. To ensure such compliance, the resolutions of the Board affecting such matters should first be reviewed and approved by the Department of Budget and Management pursuant to Section 6 of P.D. No. 1597.

WHEREFORE, premises considered, the petition is hereby DISMISSED and the assailed decision dated November 4, 1997 is AFFIRMED with the following MODIFICATIONS:

- (a) The exemption of the Philippine Postal Corporation from the coverage of the rules and regulations of the Compensation and Position Classification Office includes, not only the fixing of the qualification, position, and salary grade of the Corporation's employees but also the payment of additional benefits, including increases in their Representation and Transportation Allowance;
- (b) The Representation and Transportation Allowance granted to the concerned employees of the Corporation need not be limited to the amounts provided for in the General Appropriations Act, and
- (c) However, the compensation system set up must conform as closely as possible with that provided for other government agencies under R.A. No. 6758 in relation to the General Appropriations Act and must, moreover, be reviewed and approved by the Department of Budget and Management pursuant to Section 6 of P.D. No. 1597.

SO ORDERED.

Davide, Jr., C.J., Bellosillo, Melo, Kapunan, Mendoza, Pardo, Buena, Gonzaga-Reyes, and Ynares-Santiago, JJ., concur.

Puno, Panganiban, Quisumbing, and Purisima, JJ., in the result.

Vitug, J., concur but except from the view that the compensation system requires the approval of DBM.

[1] Rollo, p. 30.

[2] Ibid., p. 31.

[3] Ibid., p. 32.

[4] Ibid., pp. 28-30.

[5] Sec. 35 All acts decrees orders instructions, rules, and regulations, inconsistent with the provisions of this Act are repealed or modified accordingly.

[6] 216 SCRA 500 (1992).

[7] Paat vs. Court of Appeals, 266 SCRA 167 (1997).

[8] Sotto vs. Commission on Elections 76 Phil. 516 (1946).

[9] Sec. 6, Book V Title Subtitle A Revised Administrative Code of 1987.

[10] Sec. 25, R.A. No. 7354.

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