IRENE V. CRUZ, LILIA H. GUNGON, LOURDES C. FERNANDEZ, CAROLINNE A. PANALIGAN, AND CONCEPCION C. RUBY, IN THEIR OWN BEHALF AND IN REPRESENTATION OF THEIR CO-EMPLOYEES, NUMBERING ...

G.R. No. 134740. October 23, 2001

Ponente: PARDO, J.

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PARDO, J.:

The Case

The case is an appeal via certiorari from the decision of the Commission on Audit (COA)[1] denying the grant of social amelioration benefits to employees of the Sugar Regulatory Administration hired after October 31, 1989.

The Facts

The Sugar Regulatory Administration (SRA, for brevity) is a government owned corporation. Pursuant to legislative enactments,[2] it adopted various resolutions since 1963 granting the payment of social amelioration benefits (SAB) to all its employees, sourced from its corporate funds.

In 1989, Congress enacted Republic Act No. 6758[3] which took effect on July 1, 1989. Pursuant to Section 23 thereof, the Department of Budget and Management (DBM) issued Corporate Compensation Circular No. 10,[4] the imple- menting rules and regulations of the law.

In May 1994, the Resident Auditor of the Commission on Audit in the SRA, Ms. Juanita A. Villarosa, examined the accounts of SRA. Pursuant to Section 12 of Republic Act No. 6758, which provides that "such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989, not integrated into the standardized rates shall continue to be authorized,"[5] Ms. Villa- rosa questioned the legality of the payment of the SAB to all employees of SRA.

In a letter dated September 8, 1994, the Compensation and Position Classification Bureau, DBM, through its Director, Miguel B. Doctor, stated that there were no conflicting provisions between CCC No. 10 and R. A. No. 6758. The DBM further ruled that the grant of the SAB had no legal basis and was in violation of R. A. No. 6758.[6]

Accordingly, the auditor suspended payment of SAB to SRA employees. The SRA Administrator, Rodolfo A. Gamboa, filed a letter dated September 26, 1994[7] with the COA requesting the lifting of the suspension. In the meantime, the affected SRA employees appealed to the Office of the President for the continued grant of SAB.[8]

On January 18, 1996, COA[9] denied the request for the lifting of suspension of payment of SAB. It claimed that upon the effectivity of R. A. No. 6758, the grant of SAB was no longer allowed unless there was a prior authority from the Department of Budget and Management or Office of the President or a legislative issuance.[10]

On May 11, 1996, the Office of the President, through Executive Secretary Ruben D. Torres, issued a 1[st] Indorsement, granting post facto approval/ratification of the SAB to SRA employees.[11]

On the basis of the 1[st] Indorsement of the Office of the President, the SRA filed a motion for reconsideration with the COA for the lifting of the suspension of payment of SAB to its employees. In its decision[12] dated November 4, 1997, COA set aside Decision No. 96-020. The COA allowed the payment of SAB to SRA employees but only to those hired before October 31, 1989. Other employees remained not entitled to said benefits.

On January 21, 1998, the SRA filed with COA a motion for partial reconsideration claiming that the authority granted by the Office of the President covered all employees of the SRA regardless of the date of hiring.[13] In a resolution dated June 23, 1998,[14] the COA denied with finality the motion for partial reconsideration.[15]

On July 20, 1998, SRA Administrator Nicolas A. Alonso issued a memorandum ordering the lifting of the disallowance of payment of SAB to all employees hired before October 31, 1989. Those employees hired after such date were informed that the SAB granted to them in 1994 "shall be deducted starting September, 1998 thru monthly payroll deduction within a period of four (4) years, or equivalent to 48 monthly installments."[16]

Hence, this petition.[17]

The Issues

The issue to be resolved is whether respondent COA gravely abused its discretion in denying social amelioration benefits to SRA employees hired after October 31, 1989.

On December 22, 1998, the Solicitor General filed a manifestation, in lieu of comment, recommending the reversal of COA Decision Nos. 97-689 and 98-256.[18]

The Court's Ruling

We grant the petition.

The classification of COA as to who were entitled to the SAB and excluding therefrom those employees hired after October 31, 1989, has no legal basis.

The date of hiring of an employee can not be considered as a substantial distinction. The employees, based on the title or position they were holding, were exposed to the same type of work, regardless of the date they were hired. The date of hiring is not among the factors that shall be taken into consideration in fixing compensation or granting of benefits. R. A. No. 6758, Section 2 provides, thus:

> "Sec. 2. Statement of Policy. - It is hereby declared the policy of the State to provide equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities, and qualification requirements of the positions. xxx"

Evidently, any distinction among employees must be based on substantial differences, that is, level or rank, degree of difficulty and amount of work. To discriminate against some employees on the basis solely of date of hiring is to run against the progressive and social policy of the law.

The Commission on Audit, in COA Decision No. 96-020, ruled that the board resolutions of the Sugar Regulatory Administration could no longer be considered as the "prior authority" for the release of the social amelioration benefits as per R. A. No. 6758 and CCC No. 10. It further ruled that such benefits may be granted if there was a prior authority from the Office of the President. Yet, when the SRA employees were finally able to secure a post facto approval/ratification from the Office of the President,[19] the COA declared, by a sweeping statement, that

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only those hired before October 31, 1989, were entitled to the SAB. It did not mention any legal basis or justification for the distinction.

R. A. No. 6758 and CCC No. 10 do not make any distinction between those hired before and after October 31, 1989. Neither did the 1[st] Indorsement of the Office of the President make any such distinction. The legal maxim that "when the law does not distinguish, neither should the court"[20] apply in this case.

The Fallo

WHEREFORE, we GRANT the petition. We SET ASIDE COA Decision No. 97-689 and No. 98-256. The Sugar Regulatory Administration shall cease implementing the payroll deduction per Memorandum dated July 20, 1998,[21] and the deductions made since September 1998, until the present shall be reimbursed to petitioners.

No costs.

SO ORDERED.

Davide, Jr., CJ., Bellosillo, Melo, Puno, Kapunan, Mendoza, Panganiban, Quisumbing, Buena, Ynares-Santiago, De Leon, Jr., and Sandoval-Gutierrez, JJ., concur.
Vitug, J., on official leave.

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[1] COA Decision No. 97-689 dated November 4, 1997 and COA Decision No. 98-256 dated June 23, 1998, denying the motion for reconsideration of COA Decision No. 97-689.

[2] R. A. No. 632 (the law creating PHILSUGIN); P. D. 388 (the law creating PHILSUCOM), as amended by P. D. 1192; P. D. 775; and P. D. 985.

[3] Compensation and Position Classification Act of 1989, commonly known as the Salary Standardization Law.

[4] Dated October 2, 1989, but which took effect retroactively on July 1, 1989.

[5] Rollo, p. 52.

[6] Rollo, pp. 50-51.

[7] Rollo, pp. 55-57.

[8] Rollo, pp. 62-66.

[9] In COA Decision No. 96-020 (Rollo, pp. 58-61).

[10] Rollo, p. 60; emphasis supplied.

[11] Rollo, pp. 67-69.

[12] COA Decision No. 97-689 (Rollo, pp. 74-75).

[13] Rollo, pp. 80-83.

[14] Denominated as COA Decision No. 98-256.

[15] Rollo, p. 84.

[16] Rollo, p. 85.

[17] Rollo, pp. 8-33. On August 10, 1999, we gave due course to the petition (Rollo, pp. 116-117).

[18] Rollo, pp. 97-104.

[19] 1[st] Indorsement dated May 11, 1996 (Rollo, pp. 67-69).

[20] Salonga v. The Executive Secretary, G. R. No. 138698, October 10, 2000.

[21] Rollo, p. 85.

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