NORKIS FREE AND INDEPENDENT WORKERS UNION, PETITIONER, VS. NORKIS TRADING COMPANY, INC., RESPONDENT.

G.R. NO. 157098. June 30, 2005

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Wage Order No. ROVII-06, issued by the Regional Tripartite Wages and Productivity Board (RTWPB), merely fixed a new minimum wage rate for private sector employees in Region VII; hence, respondent cannot be compelled to grant an across-the-board increase to its employees who, at the time of the promulgation of the Wage Order, were already being paid more than the existing minimum wage.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, seeking to set aside the July 30, 2002 Decision[2] and the January 16, 2003 Resolution[3] of the Court of Appeals (CA) in CA-GR SP No. 54611. The disposition of the assailed Decision reads as follows:

> "ACCORDINGLY, We GRANT the instant petition for certiorari. The Decision of public respondent Voluntary Arbitrator in VA Case No. 374-VII-09-014-98E dated July 8, 1999, and Order dated August 13, 1999, denying petitioner's 'Motion for Reconsideration', are hereby SET ASIDE. Petitioner is hereby declared to have lawfully complied with Wage Order No. ROVII-06. No pronouncement as to costs."[4]

The Decision[5] of Voluntary Arbitrator Perfecto R. de los Reyes III,[6] reversed by the CA, disposed as follows:

> "WHEREFORE, premises considered, this Office hereby decides in favor of Complainant. Respondent is hereby ordered to grant its employees the amount of increases granted under RTWPB Wage Order ROVII-06 in an across-the-board manner retroactive to the dates provided for under the said Wage Order."[7]

The January 16, 2003 Resolution denied petitioner's Motion for Reconsideration.

The Facts

The CA summarized the undisputed factual antecedents as follows:

> "The instant case arose as a result of the issuance of Wage Order No. ROVII-06 by the Regional Tripartite Wages and Productivity Board (RTWPB) increasing the minimum daily wage by P10.00, effective October 1, 1998.
>
> "Prior to said issuance, herein parties entered into a Collective Bargaining Agreement (CBA) effective from August 1, 1994 to July 31, 1999.
>
> 'Sec. 1. Salary Increase. The Company shall grant a FIFTEEN (P15.00) PESOS per day increase to all its regular or permanent employees effective August 1, 1994.'
>
> 'Sec. 2. Minimum Wage Law Amendment. In the event that a law is enacted increasing minimum wage, an

across-the-board increase shall be granted by the company according to the provisions of the law.'

"On January 27, 1998, a re-negotiation of the CBA was terminated and pursuant to which a Memorandum of Agreement was forged between the parties. It was therein stated that petitioner shall grant a salary increase to all regular and permanent employees as follows:

'Ten (10) pesos per day increase effective August 1, 1997; Ten (10) pesos per day increase effective August 1, 1998.'

"Pursuant to said Memorandum of Agreement, the employees received wage increases of P10.00 per day effective August 1, 1997 and P10.00 per day effective August 1, 1998. As a result, the agreed P10.00 re-negotiated salary increase effectively raised the daily wage of the employees to P165.00 retroactive August 1, 1997; and another increase of P10.00, effective August 1, 1998, raising the employees['] daily wage to P175.00.

"On March 10, 1998, the Regional Tripartite Wage Productivity Board (RTWPB) of Region VII issued Wage Order ROVII-06 which established the minimum wage of P165.00, by mandating a wage increase of five (P5.00) pesos per day beginning April 1, 1998, thereby raising the daily minimum wage to P160.00 and another increase of five (P5.00) pesos per day beginning October 1, 1998, thereby raising the daily minimum wage to P165.00 per day.

"In accordance with the Wage Order and Section 2, Article XII of the CBA, [petitioner] demanded an across-the-board increase. [Respondent], however, refused to implement the Wage Order, insisting that since it has been paying its workers the new minimum wage of P165.00 even before the issuance of the Wage Order, it cannot be made to comply with said Wage Order.

"Thus, [respondent] argued that long before the passage of Wage Order ROVII-06 on March 10, 1998, and by virtue of the Memorandum of Agreement it entered with herein [petitioner], [respondent] was already paying its employees a daily wage of P165.00 per day retroactive on August 1, 1997, while the minimum wage at that time was still P155.00 per day. On August 1, 1998, [respondent] again granted an increase from P165.00 per day to P175.00, so that at the time of the effectivity of Wage Order No. 06 on October 1, 1998 prescribing the new minimum wage of P165.00 per day, [respondent's] employees were already receiving P175.00 per day.

"For failure of the parties to settle this controversy, a preventive mediation complaint was filed by herein [petitioner] before the National Conciliation and Mediation Board, pursuant to which the parties selected public respondent Voluntary Arbitrator to decide said controversy.

"Submitted for arbitral resolution is the sole issue of whether or not [respondent] has complied with Wage Order No. ROVII-06, in relation to the CBA provision mandating an across-the-board increase in case of the issuance of a Wage Order.

"In his decision, public respondent arbitrator found herein [respondent] not to have complied with the wage order, through the following dispositions:

'The CBA provision in question (providing for an across-the-board increase in case of a wage order) is worded and couched in a vague and unclear manner.

'x x x In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered (Art. 1371, New Civil Code). Thus, this Office x x x required the parties to submit additional evidence in order to be able to know and interpret the parties working intent and application of Wage Order No. 06 issued by the Regional Tripartite Wages and Productivity Board, Regional Office VII in relation to Section 2, Article XII provided for in the parties['] existing CBA.

'x x x Viewed from the foregoing facts and evidence, the working intent and application of RTWPB Wage Order ROVII-06 in relation to Section 2, Article XII of the parties['] existing CBA is clearly established. The

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> evidence submitted by the parties, all point to the fact that their true intention on how to implement existing wage orders is to grant such wage orders in an across-the-board manner in relation to the provisions of Section 2, Article XII of their existing CBA. Respondent in this case [has] failed to comply with its contractual obligation of implementing the increase under RTWPB Wage Order ROVII-06 in an across-the-board manner as provided in Section 2, Article XII of its CBA with [petitioner].
>
> 'x x x x x x x x x'"[8]

Respondent elevated the case to the CA via a Petition for Certiorari and Prohibition under Rule 65 of the Rules of Court.

Ruling of the Court of Appeals

The CA noted that the grant of an across-the-board increase, provided under Section 2 of Article XII of the CBA, was qualified by the phrase "according to the provisions of the law." It thus stressed the necessity of determining the import of Wage Order No. ROVII-06, the law involved in the present controversy. Taking into consideration the opinion of the RTWPB, Region VII, the appellate court held that respondent had sufficiently complied with Wage Order No. ROVII-06. The Board had opined that "since adjustments granted are only to raise the minimum wage or the floor wage as a matter of policy, x x x wages granted over the above amount set by this Board is deemed a compliance."

The CA added that the policy and intent of the Wage Order was to cushion the impact of the regional economic crisis upon both the workers and the employers, not to enrich the employees at the expense of the employers. Further, it held that to compel respondent to grant an across-the-board wage increase, notwithstanding that it was already paying salaries to its employees above the minimum wage, would be to penalize generous employers and effectively make them "wait for the passage of a new wage order before granting any increase. This would be counter-productive [insofar] as securing the interests of labor is concerned."[9]

The appellate court said that the Wage Order exempted from compliance those enterprises already paying salaries equal to or more than the prescribed minimum wage; thus, the Order effectively made the previous voluntary increases given by respondent to its employees creditable against the law-mandated increase. Consequently, there was no need for the Collective Bargaining Agreement (CBA) to provide expressly for such creditability.

Finally, the CA sustained respondent's explanation that the across-the-board increases provided in the CBA was required only when a minimum wage law caused a distortion in the wage structure.

Hence, this Petition.[10]

Issues

In its Memorandum, petitioner submits the following issues for our consideration:

> "I. Whether or not the Honorable Court of Appeals gravely abused its discretion in setting aside the decision and resolution of the honorable voluntary arbitrator[.]
>
> II. Whether or not the Honorable Court of Appeals gravely abused its discretion in considering the Supplemental Memorandum of respondent and giving merit to evidence presented for the first time on appeal and filed after the lapse of the non[-]extendible period of time to file memorandum and despite an extension granted to respondent[.]
>
> III. Whether or not the Honorable Court of Appeals gravely abused its discretion in disregarding established jurisprudence on statutory construction."[11]

The main issue is whether respondent violated the CBA in its refusal to grant its employees an across-the-board increase as a result of the passage of Wage Order No. ROVII-06. Also raised is the procedural issue relating to the propriety of the admission by the CA of RTWPB's letter-opinion, which was attached to respondent's Supplemental Memorandum submitted to that court on August 30, 2000, beyond the July 17, 2000 extended deadline.

The Court's Ruling

The Petition lacks merit.

Main Issue:Effect of Wage Order No. ROVII-06on the Parties' CBA

Petitioner insists that respondent should have granted to the employees the increase stated in Wage Order No. ROVII-06. In addition to the increases both parties had mutually agreed upon, the CBA supposedly imposed upon respondent the obligation to implement the increases mandated by law without any condition or qualification. To support its claim, petitioner repeatedly invokes Section 2 of Article XII of the CBA, which reads:

> "SECTION 2. Minimum Wage Law Amendment. In the event that a law is enacted increasing minimum wage, an across-the-board increase shall be granted by the Company according to the provisions of the law."

Interestingly, petitioner disregards altogether in its argument the qualifying phrase "according to the provisions of the law" and merely focuses its attention on the "across-the-board increase" clause. Given the entire sentence, it is clear that the above-quoted CBA provision does not support the unyielding view of petitioner that the issuance of Wage Order No. ROVII-06 entitles its members to an across-the-board increase, absolutely and without any condition.

Stipulations in a contract must be read together,[12] not in isolation from one another. When the terms of its clauses are clear and leave no room for doubt as to the intention of the contracting parties, it would not be necessary to interpret those terms, whose literal meanings should prevail.[13]

The CA correctly observed that the import of Wage Order No. ROVII-06 should be considered in the implementation of the government-decreed increase. The present Petition makes no denial or refutation of this finding, but merely an averment of the silence of the CBA on the creditability of increases provided under the Agreement against those in the minimum wage under a wage order. It insists that the parties intended no such creditability; otherwise, they would have expressly stated such intent in the CBA.

We hold that the issue here is not about creditability, but the applicability of Wage Order No. ROVII-06 to respondent's employees. The Wage Order was intended to fix a new minimum wage only, not to grant across-the-board wage increases to all employees in Region VII. The intent of the Order is indicated in its title, "Establishing New Minimum Wage Rates," as well as in its preamble: the purpose, reason or justification for its enactment was "to adjust the minimum wage of workers to cushion the impact brought about by the latest economic crisis not only in the Philippines but also in the Asian region."

In Cagayan Sugar Milling Company v. Secretary of Labor and Employment [14] and Manila Mandarin Employees Union v. NLRC,[15] the Wage Orders that were the subjects of those cases were substantially and similarly worded as Wage Order No. ROVII-06. In those cases, this Court construed the Orders along the same line that it follows now: as providing for an increase in the prevailing statutory minimum wage rates of workers. No across-the-board increases were granted.

Parenthetically, there are two methods of adjusting the minimum wage. In Employers Confederation of the Phils. v. National Wages and Productivity Commission,[16] these were identified as the "floor wage" and the

"salary-ceiling" methods. The "floor wage" method involves the fixing of a determinate amount to be added to the prevailing statutory minimum wage rates. On the other hand, in the "salary-ceiling" method, the wage adjustment was to be applied to employees receiving a certain denominated salary ceiling. In other words, workers already being paid more than the existing minimum wage (up to a certain amount stated in the Wage Order) are also to be given a wage increase.

A cursory reading of the subject Wage Order convinces us that the intention of the Regional Board of Region VII was to prescribe a minimum or "floor wage"; not to determine a "salary ceiling." Had the latter been its intention, the Board would have expressly provided accordingly. The text of Sections 2 and 3 of the Order states:

> "Section 2. AMOUNT AND MANNER OF INCREASE. Upon the effectivity of this Order, the daily minimum wage rates for all the workers and employees in the private sector shall be increased by Ten Pesos (P10.00) per day to be given in the following manner:
>
> i. Five Pesos (P5.00) per day effective April 1, 1998, and
> ii. Additional Five Pesos (P5.00) per day effective October 1, 1998.
>
> "Section 3. UNIFORM WAGE RATE PER AREA CLASSIFICATION. To effect a uniform wage rate pursuant to Section 1 hereof, the prescribed minimum wage after full implementation of this Order for each area classification shall be as follows:
>
> Area Classification Non-Agriculture Sector Agriculture Sector
> Class A 165.00 150.00
> Class B 155.00 140.00
> Class C 145.00 130.00
> Class D 135.00 120.00"

These provisions show that the prescribed minimum wage after full implementation of the P10 increase in the Wage Order is P165 for Class A private non-agriculture sectors. It would be reasonable and logical, therefore, to infer that those employers already paying their employees more than P165 at the time of the issuance of the Order are sufficiently complying with the Order.

Further supporting this construction of Wage Order No. ROVII-06 is the opinion of its drafter, the RTWPB Region VII. In its letter-opinion[17] answering respondent's queries, the Board gave a similar interpretation of the essence of the Wage Order: to fix a new floor wage or to upgrade the wages of the employees receiving lower than the minimum wage set by the Order.

Notably, the RTWPB was interpreting only its own issuance, not a statutory provision. The best authority to construe a rule or an issuance is its very source,[18] in this case the RTWPB. Without a doubt, the Board, like any other executive agency, has the authority to interpret its own rules and issuances; any phrase contained in its interpretation becomes a part of those rules or issuances themselves.[19] Therefore, it was proper for the CA to consider the letter dated June 13, 2000, written by the RTWPB to explain the scope and import of the latter's own Order, as such interpretation is deemed a part of the Order itself. That the letter was belatedly submitted to that Court is not fatal in the determination of this particular case.

We cannot sustain petitioner, even if we assume that its contention is right and that the implementation of any government-decreed increase under the CBA is absolute. The CBA is no ordinary contract, but one impressed with public interest.[20] Therefore, it is subject to special orders on wages,[21] such as those issued by the RTWPB. Capitol Wireless v. Bate[22] is squarely in point. The union in that case claimed that all government-mandated increases in salaries should be granted to all employees across-the-board without any qualification whatsoever, pursuant to the CBA provision that any government-mandated wage increases should be

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over and above the benefits granted in the CBA. The Court denied such claim and held that the provisions of the Agreement should be read in harmony with the Wage Orders. Applying that ruling to the present case, we hold that the implementation of a wage increase for respondent's employees should be controlled by the stipulations of Wage Order No. ROVII-06.

At the risk of being repetitive, we stress that the employees are not entitled to the claimed salary increase, simply because they are not within the coverage of the Wage Order, as they were already receiving salaries greater than the minimum wage fixed by the Order. Concededly, there is an increase necessarily resulting from raising the minimum wage level, but not across-the-board. Indeed, a "double burden" cannot be imposed upon an employer except by clear provision of law.[23] It would be unjust, therefore, to interpret Wage Order No. ROVII-06 to mean that respondent should grant an across-the-board increase. Such interpretation of the Order is not sustained by its text.[24]

In the resolution of labor cases, this Court has always been guided by the State policy enshrined in the Constitution: social justice[25] and the protection of the working class.[26] Social justice does not, however, mandate that every dispute should be automatically decided in favor of labor. In every case, justice is to be granted to the deserving and dispensed in the light of the established facts and the applicable law and doctrine.[27]

WHEREFORE, the Petition is DENIED, and the assailed Decision and Resolution AFFIRMED. Costs against petitioner.

SO ORDERED.

Sandoval-Gutierrez, Corona, Carpio-Morales, and Garcia, JJ., concur.

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[1] Rollo, pp. 3-24.

[2] Annex "A" of Petition; id., pp. 26-39. Penned by Justice Eriberto U. Rosario Jr. and concurred in by Justices Oswaldo D. Agcaoili (chairman, Special Fifteenth Division) and Danilo B. Pine (member).

[3] Annex "B" of Petition; id., p. 42. Penned by Justice Danilo B. Pine and concurred in by Justices Romeo A. Brawner (acting chairman, Special Former Special Fifteenth Division) and Oswaldo D. Agcaoili.

[4]CA Decision, p. 13; rollo, p. 38.

[5]Annex "G" of Petition; id., pp. 117-129.

[6]Office of the Voluntary Arbitrator, Cebu City.

[7] Annex "T" of Petition, p. 6; rollo, p. 114.

[8] CA Decision, pp. 1-5; id., pp. 26-30.

[9]Id., pp. 11 & 36.

[10] This case was deemed submitted for decision on December 22, 2003, upon this Court's receipt of petitioner's Memorandum, signed by Atty. Armando M. Alforque. Respondent's Memorandum -- signed by Attys. Anastacio T. Muntuerto Jr., Arturo C. Fernan, Deolito L. Alvarez and Arlan Richard S. Alvarez -- was received by this Court on December 1, 2003.

[11] Petitioner's Memorandum, p. 7; rollo, p. 421. Original in uppercase.

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[12]Article 1374, New Civil Code.

[13] Article 1370, New Civil Code.

[14] 284 SCRA 150, January 15, 1998.

[15] 264 SCRA 320, November 19, 1996.

[16] 201 SCRA 759, September 24, 1991.

[17] Rollo, p. 249.

[18] Bocobo v. Commission on Elections, 191 SCRA 576, November 21, 1990.

[19] City Government of Makati v. Civil Service Commission, 426 Phil. 631, February 6, 2002.

[20] Samahang Manggagawa sa Top Form Manufacturing v. NLRC, 356 Phil. 480, September 7, 1998.

[21] Article 1700 of the Civil Code provides: “The relation between capital and labor are not merely contractual. They are so impressed with public interest that labor contracts must yield to the common good. Therefore, such contracts are subject to the special laws on labor unions, collective bargaining, strikes and lockouts, closed shop, wages, working conditions, hours of labor and similar subjects.

[22] 246 SCRA 289, July 14, 1995.

[23] Vassar Industries, Inc. v. Vassar Industries Employees Union, 177 SCRA 323, September 7, 1989.

[24] Cagayan Sugar Milling Company v. Secretary of Labor and Employment, 284 SCRA 150, January 15, 1998.

[25] Section 10, Article II, 1987 Constitution.

[26] Section 18, Article II, 1987 Constitution.

[27]Lawin Security Services, Inc. v. NLRC, 339 Phil. 330, June 9, 1997.

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