

LEPANTO CONSOLIDATED MINING COMPANY, PETITIONER, VS. LEPANTO LOCAL STAFF UNION, RESPONDENT.

G.R. No. 161713. August 20, 2008

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

Before the Court is a petition for review[1] assailing the 22 July 2003 Decision[2] and 20 January 2004 Resolution[3] of the Court of Appeals in CA-G.R. SP No. 60644.

The Antecedent Facts

Lepanto Consolidated Mining Company[4] (petitioner) is a domestic mining corporation. Lepanto Local Staff Union (respondent) is the duly certified bargaining agent of petitioner's employees occupying staff positions.

On 28 November 1998, petitioner and respondent entered into their fourth Collective Bargaining Agreement (4[th] CBA) for the period from 1 July 1998 to 30 June 2000. The 4[th] CBA provides:

ARTICLE VIII - NIGHT SHIFT DIFFERENTIAL

Section 3. Night Differential pay. - The Company shall continue to pay nightshift differential for work during the first and third shifts to all covered employees within the bargaining unit as follows:

For the First Shift (11:00 p.m. to 7:00 a.m.), the differential pay will be 20% of the basic rate. For the Third Shift (3:00 p.m. to 11:00 p.m.), the differential pay will be 15% of the basic rate.

However, for overtime work, which extends beyond the regular day shift (7:00 a.m. to 3:00 p.m.), there [will] be no night differential pay added before the overtime pay is calculated.

ARTICLE XII - RIGHTS, PRIVILEGES AND OTHER BENEFITS

Section 9. Longevity pay - The company shall grant longevity pay of P30.00 per month effective July 1, 1998 and every year thereafter.[5]

On 23 April 2000, respondent filed a complaint with the National Conciliation and Mediation Board, Cordillera Administrative Region (NCMB-CAR) alleging that petitioner failed to pay the night shift differential and longevity pay of respondent's members as provided in the 4[th] CBA. Petitioner and respondent failed to amicably settle the dispute. They agreed to submit the issues to Voluntary Arbitrator Norma B. Advincula (Voluntary Arbitrator) for resolution.

The Ruling of the Voluntary Arbitrator

In a Decision dated 26 May 2000,[6] the Voluntary Arbitrator ruled in favor of respondent as follows:

WHEREFORE, foregoing considered, this Office holds and so orders respondent Lepanto Consolidated Mining Corporation (LCMC) to grant complainant Lepanto Local Staff Union (LLSU) the following benefits:

Longevity pay of P30.00 per month which shall be reckoned from July 1, 1998 and every year thereafter in consonance with their contract; and

Night shift differential pay of 15% of the basic rate for hours of work rendered beyond 3:00 p.m. for the following shifts: 7:00 A.M. to 4:00 P.M., 7:30 A.M. to 4:30 P.M. and 8:00 A.M. to 5:00 P.M. to be reckoned from the date of the effectivity of the 4th CBA which was on July 1, 1998.

SO ORDERED.[7]

The Voluntary Arbitrator ruled that petitioner had the legal obligation to pay longevity pay of P30 per month effective 1 July 1998. The Voluntary Arbitrator rejected petitioner's contention that "effective" should be understood as the reckoning period from which the employees start earning their right to longevity pay, and that the longevity pay should be paid only on 1 July 1999. The Voluntary Arbitrator ruled that 1 July 1998 was the reckoning date that indicated when the amounts due were to be given.

The Voluntary Arbitrator agreed with respondent that surface workers on the second shift who performed work after 3:00 p.m. should be given an additional night shift differential pay equivalent to 15% of their basic rate. Interpreting paragraph 3, Section 3, Article VIII of the 4th CBA, the Voluntary Arbitrator ruled that it only meant that an employee who extends work beyond the second shift shall receive overtime pay which shall be computed before the night shift differential pay. In other words, it excludes the night shift differential in the computation of overtime pay.

The Voluntary Arbitrator ruled that the inclusion of paragraph 3, Section 3, Article VIII of the 4th CBA disclosed the intent of the parties to grant night shift differential benefits to employees who rendered work beyond the regular day shift. The Voluntary Arbitrator ruled that if the intention were otherwise, paragraph 3 would have been deleted.

Finally, the Voluntary Arbitrator ruled that the respondent's claim for night shift differential arising from the 1st, 2nd, and 3rd CBAs had already prescribed.

Petitioner filed a motion for reconsideration. In her Resolution dated 5 August 2000,[8] the Voluntary Arbitrator denied the motion for reconsideration for lack of merit.

Petitioner filed a petition for review before the Court of Appeals.

The Ruling of the Court of Appeals

In its 22 July 2003 Decision, the Court of Appeals affirmed the Voluntary Arbitrator's Decision.

The Court of Appeals ruled that paragraph 3, Section 3, Article VIII was clear and unequivocal. It grants night shift differential pay to employees of the second shift for work rendered beyond their regular day shift. However, the night shift differential was excluded in the computation of the overtime pay.

The Court of Appeals further ruled that the records of the case revealed that during the effectivity of the 4th CBA, petitioner voluntarily complied with paragraph 3, Section 3, Article VIII by paying night shift differential to employees for hours worked beyond 3:00 p.m. Petitioner's act disclosed the parties' intent to include employees in the second shift in the payment of night shift differential. The Court of Appeals rejected petitioner's claim that the payment was due to error and mere inadvertence on the part of petitioner's accounting employees. The Court of Appeals noted that the records revealed that petitioner still continued to pay night shift differential for hours

worked beyond 3:00 p.m. after the Voluntary Arbitrator rendered the 26 May 2000 Decision. Thus, petitioner is estopped from claiming erroneous payment.

Petitioner filed a motion for reconsideration. In its 20 January 2004 Resolution, the Court of Appeals denied the motion for lack of merit.

Hence, the petition before this Court.

The Issue

The sole issue in this case is whether the Court of Appeals erred in affirming the Voluntary Arbitrator's interpretation of the 4[th] CBA that the employees in the second shift are entitled to night shift differential.

The Ruling of this Court

The petition has no merit.

The terms and conditions of a collective bargaining contract constitute the law between the parties.[9] If the terms of the CBA are clear and have no doubt upon the intention of the contracting parties, the literal meaning of its stipulation shall prevail.[10]

The disputed provision of the 4[th] CBA provides:

ARTICLE VIII - NIGHT SHIFT DIFFERENTIAL

Section 3. Night Differential pay. - The Company shall continue to pay nightshift differential for work during the first and third shifts to all covered employees within the bargaining unit as follows:

For the First Shift (11:00 p.m. to 7:00 a.m.), the differential pay will be 20% of the basic rate. For the Third Shift (3:00 p.m. to 11:00 p.m.), the differential pay will be 15% of the basic rate.

However, for overtime work, which extends beyond the regular day shift (7:00 a.m. to 3:00 p.m.), there [will] be no night differential pay added before the overtime pay is calculated.

There is no question that workers are entitled to night shift differential of 20% of the basic rate for work performed during the first shift from 11:00 p.m. to 7:00 a.m. Workers are also entitled to night shift differential of 15% of the basic rate for work performed during the third shift from 3:00 p.m. to 11:00 p.m. The issue is whether workers are entitled to night shift differential for work performed beyond the regular day shift, from 7:00 a.m. to 3:00 p.m.

We sustain the interpretation of both the Voluntary Arbitrator and the Court of Appeals. The first paragraph of Section 3 provides that petitioner shall continue to pay night shift differential to workers of the first and third shifts. It does not provide that workers who performed work beyond the second shift shall not be entitled to night shift differential. The inclusion of the third paragraph is not intended to exclude the regular day shift workers from receiving night shift differential for work performed beyond 3:00 p.m. It only provides that the night shift differential pay shall be excluded in the computation of the overtime pay.

It is settled that in order to ascertain the intention of the contracting parties, the Voluntary Arbitrator shall principally consider their contemporaneous and subsequent acts as well as their negotiating and contractual history and evidence of past practices.[11] In this case, the Voluntary Arbitrator and the Court of Appeals both found that the provision in question was contained in the 1[st], 2[nd], and 3[rd] CBAs between petitioner and respondent. During the effectivity of the first three CBAs, petitioner paid night shift differentials to other workers

who were members of respondent for work performed beyond 3:00 p.m. Petitioner also paid night shift differential for work beyond 3:00 p.m. during the effectivity of the 4th CBA. Petitioner alleges that the payment of night shift differential for work performed beyond 3:00 p.m. during the 4th CBA was a mistake on the part of its accounting department. However, the Court of Appeals correctly ruled that petitioner failed to present any convincing evidence to prove that the payment was erroneous. In fact, the Court of Appeals found that even after the promulgation of the Voluntary Arbitrator's decision and while the case was pending appeal, petitioner still paid night shift differential for work performed beyond 3:00 p.m. It affirms the intention of the parties to the CBA to grant night shift differential for work performed beyond 3:00 p.m.

WHEREFORE, we DENY the petition. We AFFIRM the 22 July 2003 Decision and 20 January 2004 Resolution of the Court of Appeals in CA-G.R. SP No. 60644. Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, Azcuna, and Leonardo-De Castro, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 46-54. Penned by Associate Justice Ruben T. Reyes (now a member of this Court) with Associate Justices Elvi John S. Asuncion and Lucas P. Bersamin, concurring.

[3] Id. at 56.

[4] Referred to as Lepanto Consolidated Mining Corporation by the Voluntary Arbitrator.

[5] CA rollo, p. 25.

[6] Id. at 24-30.

[7] Id. at 30.

[8] Id. at 31-34.

[9] Holy Cross of Davao College, Inc. v. Holy Cross of Davao Faculty Union-KAMAPI, G.R. No. 156098, 27 June 2005, 461 SCRA 319.

[10] United Kimberly-Clark Employees Union/Philippine Transport General Workers' Organization v. Kimberly-Clark Phils., Inc., G.R. No. 162965, 6 March 2006, 484 SCRA 187.

[11] Id.

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