HEIRS OF MANUEL H. RIDAD, APOLINARIO G. BACTOL, EMERITA C. GULINAO AND LYDIA S. JUSAY, PETITIONERS, VS. GREGORIO ARANETA UNIVERSITY FOUNDATION, RESPONDENT.

G.R. No. 188659. February 13, 2013

Ponente: PEREZ, J.

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PEREZ, J.:

For review is the Decision[1] of the Special Former Ninth Division of the Court of Appeals dated 18 December 2008 which annulled and set aside the Decision[2] of the National Labor Relations Commission (NLRC) of 31 August 2004, as well as the Labor Arbiter's Decision[3] dated 30 September 2002.

Three cases[4] had already been brought up to this Court in a span of 3 decades all stemming from the Reorganization, Retrenchment and Restructuring (RRR) Program implemented by respondent Gregorio Araneta University Foundation (GAUF) way back in 1984.

At that time, Cesar Mijares, then President of GAUF, wrote to then Minister of Labor and Employment Blas F. Ople requesting the approval of the RRR Program of GAUF. The latter approved the RRR Program with a reminder that the implementation thereof shall be instituted without prejudice to whatever benefits may have accrued in favor of the employees concerned. The RRR Program took effect on 1 January 1984.

The Court, in all its decisions in the GAUF cases, recognized the adoption of the RRR Program on the ground of serious business losses and financial reverses suffered by GAUF.

As just noted, the instant controversy traces its roots to the same RRR Program adopted by GAUF in 1984.

Petitioners were former officers and employees of GAUF, as below indicated, with the corresponding dates of hiring and retirement, basic salaries, and amount of retirement benefits received, to wit:

Employees

Last Position Held

Date of Hiring

Date of Retirement

Amount Received

Basic Salaries

Manuel Ridad

External Relations Officer

June 1, 1974

Oct. 16, 2000

P193,359.50

P14,217.61

Apolinario Bactol

Head of Engineering Services

Aug. 20, 1969

Jan. 16, 2001

P268,103.49

P16,548.71

Emerita Gulinao

Director of Physical Plant and
Facilities and General Services

June 11, 1973

Nov. 11, 2000

P337,917.97

P24,846.92

Lydia Jusay

Dean of College of Education

June 1967

May 31, 2000

P187,315.57

(none indicated)

It appears that petitioners were retrenched in view of the RRR Program but were re-hired in January 1984. Consequently, GAUF set the reckoning period for the computation of petitioners' retirement benefits to January 1984. Section 374, Article CVI of GAUF's Manual of Policies provided for a computation of the retirement benefits as follows:

> Section 374. In addition to the above privileges and benefits, faculty members and non-academic personnel of the University further enjoy the following:
>
> Gratuity or Retirement - A gratuity or retirement is likewise extended by the University to all faculty members and employees who retire or resign from the University in accordance with the following schedule, the payment of which, shall be subject to availability of funds:
>
> Length of Service Benefits
>
> 7-9 years: 50% of monthly salary per year of service
> 10-12 years: 60% of monthly salary per year of service

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13-15 years: 70% of monthly salary per year of service
16-18 years: 80% of monthly salary per year of service
19-21 years: 90% of monthly salary per year of service
22-24 years: 95% of monthly salary per year of service
25 years and up: 100% of monthly salary per year of service[5]

Petitioners signed individual quitclaims upon receipt of their retirement pay.

Claiming that the computation of their retirement benefits should be reckoned from the date of their original hiring, petitioners filed a Complaint before the Labor Arbiter. Petitioners alleged that they were not paid separation benefits during the implementation of the RRR Program. They likewise sought the inclusion of their monthly honorarium in the computation of their 13th month pay.

In its position paper, GAUF averred that pursuant to the RRR Program, petitioners were all separated from employment in 1984 and paid their separation benefits in the form of off-setting of their outstanding obligations to GAUF such as tuition fees and the value of the lots in the Gonzales Estate area owned by GAUF and sold to petitioners. The said settlement was embodied in a compromise agreement.[6] GAUF added that petitioners were re-employed on 1 January 1984, hence this date should be the reckoning point for the purpose of computing the separation pay.

On 30 September 2002, the Labor Arbiter ruled, thus:

WHEREFORE, judgment is rendered ordering respondent GREGORIO ARANETA FOUNDATION to pay all Complainants the balance of their retirement/separation benefit as follows:
Manuel H. Ridad – P129,784.88
Apolinario G. Bactol – P210,757.93
Emerita C. Gulinao – P273,316.12

The award of complainant Lydia Jusay will be computed the moment she submits proof of her monthly salary.

Ten percent of the total award as attorney’s fees

Other claims are dismissed for lack of merit.[7]

The Labor Arbiter’s award of retirement pay pertained to the period when petitioners were originally hired until 31 December 1983 because he found that the records were bereft of any proof that the petitioners were paid their retirement benefits before 1 January 1984. The Labor Arbiter merely confirmed the existence of GAUF’s receivables from petitioner consisting of tuition fees of the latter’s dependents and the value of the lots sold by GAUF to respondents in the following amounts:

Name

Value of Lot

Receivables

Total

Manuel Ridad

P1,613.06

P10,788.66

P12,391.72

Apolinario Bactol

11,887.92

9,036.10

20,924.01

Emerita Gulinao

6,478.07

8,517.25

14,995.32

Lydia Jusay

8,878.30

7,883.30

16,781.60[8]

The Labor Arbiter ruled that these receivables should be offset against the retirement benefits due to each employee. The Labor Arbiter also held that the honoraria received by petitioners are not considered as part of the basic salary for the computation of the 13[th] month pay. With respect to the retirement benefits of petitioners from 1 January 1984 until the effectivity of their retirement or separation, the Labor Arbiter approved the amount as computed and submitted by GAUF.

Both parties filed their respective appeals. The NLRC noted that GAUF failed to comply with the compromise agreement which embodied the settlement of all monetary claims of GAUF employees, including the sale of parcels of land owned by GAUF. The NLRC added that the titles of said parcels of land were rescinded by the trial court in a separate litigation. Nevertheless, the NLRC affirmed the Decision of the Labor Arbiter.

GAUF then appealed to the Court of Appeals. In the assailed 18 December 2008 Decision, the appellate court resolved to grant the petition of GAUF:

> WHEREFORE, the petition is GRANTED. Setting aside the NLRC's August 31, 2004 decision as well as the Labor Arbiter's decision dated September 30, 2002, the Complaint below is DISMISSED for being devoid of merit.[9]

The issue that went up to the Court of Appeals is whether or not the petitioners were paid separation benefits for services rendered for the period ending in 1984. Notably, the Court of Appeals pointed out that the Labor Arbiter's ruling on retirement benefits of petitioners from 1 January 1984 until the effectivity of their retirement or separation in 2000's was unassailed, thus, that aspect of the decision has already attained finality. For the service period under question, the appellate court upheld the validity of the compromise agreement. The appellate court emphasized that the Labor Arbiter recognized the compromise agreement when he offset the value of lots from the retirement benefits of petitioners.

Petitioners now seek the review of the Decision of the Court of Appeals, submitting the following grounds for our consideration:

> -A-
> THE COURT OF APPEALS HAS DECIDED NOT IN ACCORD WITH THE APPLICABLE DECISIONS

OF THE SUPREME COURT WHEN IT RULED THAT PETITIONERS WERE DEEMED TO HAVE BEEN SEVERED FROM THEIR EMPLOYMENT UPON THE IMPLEMENTATION OF RRR PROGRAM IN 1984[.]

-B-
THE COURT OF APPEALS HAS SERIOUSLY ERRED IN COMPLETELY DISREGARDING THE FINDINGS OF THE LABOR ARBITER AND THE NATIONAL LABOR RELATIONS COMMISSION THAT PETITIONERS WERE NOT PAID THEIR SEPARATION BENEFITS DURING THE EFFECTIVE DATE OF THE RRR PROGRAM[.]

-C-
THE COURT OF APPEALS HAS GROSSLY MISCONSTRUED THE DECISION OF THE LABOR ARBITER AND MADE AN ERRONEOUS CONCLUSION THAT THE PETITIONERS' CLAIMS FOR THEIR RETIREMENT/BENEFITS IN 1984 WERE MADE SUBJECT OF A COMPROMISE AGREEMENT OR CONTRACT TO SELL.[10]

There is no question about the validity of the RRR Program implemented in 1984. Petitioners however argue that they could not be considered severed from their employment in 1984 because they were not paid separation benefits during the implementation of the RRR program. To the contrary, GAUF insists that petitioners received in full their retirement benefits.

Well-settled is the rule that once the employee has set out with particularity in his complaint, position paper, affidavits and other documents the labor standard benefits he is entitled to, and which he alleged that the employer failed to pay him, it becomes the employer's burden to prove that it has paid these money claims. One who pleads payment has the burden of proving it, and even where the employees must allege non-payment, the general rule is that the burden rests on the employer to prove payment, rather than on the employees to prove non-payment.[11] The reason for the rule is that the pertinent personnel files, payrolls, records, remittances, and other similar documents — which will show that overtime, differentials, service incentive leave, and other claims of the worker have been paid — are not in the possession of the worker but in the custody and absolute control of the employer.[12]

In unison, the Labor Arbiter and the NLRC concluded that petitioners were not paid their separation benefits. The Court of Appeals overturned the factual findings of these labor tribunals and found that petitioners were duly paid their retirement benefits. In view of these conflicting findings, we are constrained to review the facts on record.

We underscore the fact that there are supposed to be two (2) payments in the form of retirement/separation pay made by GAUF to petitioners—first, in 1984 and second, in 2000-2001. The first payment is the subject of the instant petition.

The retirement pay of petitioners in 1984 should be reckoned from the date of their hiring and computed in accordance with Section 374, Article CVI of GAUF's Manual of Policies. Moreover, the basic pay of petitioners should be based on the amount of their last pay in 31 December 1983. The correct computation should be: Retirement/Separation Pay = Basic Pay (Percentage depending on the years of service) x Years of Service.

To illustrate:

Basic Pay (1983)

%

Years
of Service

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Retirement /Separation Pay

Manuel Ridad

P1,237

50%

9

P5556.50

Apolinario Bactol

P1,486

70%

13

P13522.60

Emerita Gulinao

P1,486

60%

10

P8,916.00

Lydia Jusay

P2,132

50%

7

P7,462.00

GAUF claims to have paid the following amounts to the petitioners:

Retirement / Separation
Pay under the law

Amount given by GAUF

Manuel Ridad

P5,556.50

P7,422.00

Apolinario Bactol

P13,522.60

P14,562.80

Emerita Gulinao

P8,916.00

P9,807.60

Lydia Jusay

P7,462.00

P16,781.60

The actual amounts given by GAUF were clearly more than the amounts mandated by law. As to whether these amounts were given to petitioners, GAUF insisted that they have in fact fully settled these obligations through offsetting of receivables in accordance with the compromise agreement. While this agreement bears the seal of judicial approval, the enforcement of this agreement is another matter. The NLRC uncovered that matters pertaining to settlement in kind which involved several parcels of lands were not complied with because the titles to said lands were subject of then ongoing litigation and was later on rescinded by the trial court. Therefore, these amounts relating to receivables on parcel of lands cannot be given credit.

However, the receivables pertaining to tuition fees remain uncontested. Petitioners never questioned these amounts and in fact, they argued before the Labor Arbiter that the tuition fees of their dependents "have been applied to their money claims, such as wage increases, but which were never paid."[13] Thus, these tuition fee receivables can be offset to the separation pay due to the employees. They are as follow:

Receivables

Manuel Ridad

P10,788.66

Apolinario Bactol

P9,036.10

Emerita Gulinao

P8,517.25

Lydia Jusay

P7,883.30[14]

It is therefore evident that GAUF had granted petitioners their separation pay in amounts more than what they are entitled to receive under the law. Thus, there was full compliance with the RRR Program for the payment of separation pay.

The amounts adjudged by the Labor Arbiter were clearly arbitrary. He did not provide a detailed computation as to how the monetary awards were arrived at. GAUF was correct in surmising that the amounts were more or less computed on the basis of their actual and latest salaries in 2000, less the amount of receivables, which is a clear error.

WHEREFORE, premises considered, the petition is DENIED. The assailed Decision and Resolution of the Court of Appeals are AFFIRMED.

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SO ORDERED.

Carpio, (Chairperson), Brion, Del Castillo, and Perlas-Bernabe, JJ., concur.

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[1] Penned by Associate Justice Vicente S.E. Veloso with Associate Justices Amelita G. Tolentino and Monina Arevalo-Zenarosa, concurring. Rollo, pp. 29-47.

[2] Penned by Presiding Commissioner Lourdes C. Javier with Commissioners Tito F. Genilo and Ernesto C. Verceles, concurring. Id. at 245-254.

[3] Presided by Labor Arbiter Ermita T. Abrasaldo-Cuyuca. Id. at 198-212.

[4] Callangan v. National Labor Relations Commission, 251 Phil. 791 (1989); Lantion v. National Labor Relations Commission, 260 Phil. 548 (1990); Blancaflor v. National Labor Relations Commission, G.R. No. 101013, 2 February 1993, 218 SCRA 366.

[5] As quoted in the Position Paper of Petitioners before the Labor Arbiter. Rollo, p. 59.

[6] Id. at 189-194.

[7] Id. at 211-212.

[8] Id. at 208[-A].

[9] Id. at 47.

[10] Id. at 17.

[11] De Guzman v. National Labor Relations Commission, G.R. No. 167701, 12 December 2007, 540 SCRA 21, 35 citing Mayon Hotel & Restaurant v. Adana, 497 Phil. 892, 923-924 (2005) citing further Sevillana v. I.T. (International) Corp., 408 Phil. 570, 588 (2001).

[12] E.G. & I. Construction Corporation v. Sato, G.R. No. 182070, 16 February 2011, 643 SCRA 492, 501 citing Agabon v. National Labor Relations Commission, 485 Phil. 248, 289 (2004).

[13] See Reply (To Respondents; Position Paper). CA rollo, p. 139.

[14] See Labor Arbiter’s Decision dated 30 September 2002. Id. at 186.

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