

**THE PHILIPPINE POSTAL SAVINGS BANK AND FRANCISCO V. LOPEZ,
SUPERINTENDENT OF THE PHILIPPINE POSTAL SAVINGS BANK,
PETITIONERS, VS. COURT OF INDUSTRIAL RE-LATIONS AND
PHILIPPINE C...**

G.R. No. 24572. December 20, 1967

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

This is a petition for review by certiorari of an order and a resolution of the Court of Industrial Relations, hereinafter referred to as CIR, although the petition states that it may, also, be "considered as a petition for certiorari under rule 65, Rules of Court."

The record shows that, on or about August 24, 1964, the Philippine Communications, Electronics and Electricity Workers Federation filed, with the CIR, a petition docketed therein as Case No. 1409-MC, praying that said Federation be certified as the exclusive bargaining representative of all the employees of the Philippine Postal Savings Bank. The latter moved to dismiss the petition upon the ground of lack of jurisdiction of the CIR to hear and decide it, upon the ground that the Bank is a mere division and, hence, an integral part of the Bureau of Posts, which performs governmental functions and is not subject to the provisions of Republic Act No. 875. After conducting a preliminary hearing, Judge Bugayong of the CIR issued an order dated March 4, 1965, denying the motion to dismiss, and directing that the case be set for hearing on the merits. A reconsideration of this order having been denied by the CIR, sitting en banc, in a resolution dated April 8, 1965, the Bank and its Superintendent, Francisco V. Lopez, filed the present petition for review by certiorari to set aside the aforementioned order and resolution of March 4 and April 8, 1965.

Section 11 of Republic Act No. 875 provides:

"Prohibition Against Strikes in the Government. - The terms and conditions of employment in the Government, including any political subdivision or instrumentality thereof, are governed by law and it is declared to be the policy of this Act that employees therein shall not strike for the purpose of securing changes or modification in their terms and conditions of employment. Such employees may belong to any labor organization which does not impose the obligation to strike or join in strike. Provided, however, That this section shall apply only to employees employed in governmental functions and not to those employed in proprietary functions of the Government including but not limited to governmental corporations."

This section permits government employees to join labor organizations, as well as upholds their right to self-organization. In connection therewith, they are divided into two (2) groups, namely, those employed in governmental functions, and those engaged in proprietary functions. Those belonging to the first class may not belong to labor organizations which "impose the obligation to strike or join in strike;" but, those pertaining to the second class are not subject to such restriction. In other words, they may join said labor organizations and may strike "for the purpose of securing changes or modification in their terms and condition of employment."

Needless to say, this power to strike necessarily implies that they may, likewise, resort to the peaceful and non-violent means of collective bargaining to achieve said objective. Hence, the jurisdiction of the CIR to hear and decide disputes affecting employees engaged in proprietary functions is well-settled.[1] The issue for our determination is whether or not the members of respondent Federation are employed in proprietary functions.

Petitioners herein maintain that they are not, because the Bank is merely a division of the Bureau of Posts, which has no personality of its own, independently of that of the Government, and cannot be sued, therefore, without the latter's consent. The cases cited by petitioners herein[2] in support of this pretense are not decisive of the issue before us.

The METRAN Case was decided on January 12, 1948, or several years before the passage of Republic Act No. 875, on June 17, 1963. The employees involved therein did not have, therefore, the benefit of Section 11 of said Act. Moreover, as a mere office of the Government, the METRAN was an integral part thereof. This was, also, the ratio decidendi in the cases of Metropolitan Waterworks¹ and National Airports Corporation.² It is true that, in the case of the Angat River Irrigation System,³ it was held that, being an agency of the Government, this System could not be sued. Indeed, the System was but a Section of the Division of Irrigation of the Bureau of Public Works, which is under the direct control of the President, through the Secretary of Public Works and Communications; the expenditures of the System were defrayed by the National Government; the appropriation for the System was included in the General Appropriations Act; and the salaries and wages of the officials and employees of the System were itemized in said Act, just like the compensation of other officials and employees of the Government.

Petitioner Bank is not in the same situation. It operates separately from the Bureau of Posts. It keeps a set of books of account distinct from those of said Bureau. Although the latter advances the Bank's operational expenses, the same are refunded by the Bank out of its earnings and reserve funds. These earnings do not accrue to the general funds. They remain with the Bank and are invested by it. The properties acquired in the course of the operation of the Bank are invested in, and managed by, the same, for its own benefit. Hence, in *Government of the Philippine Islands vs. China Banking Corporation*,⁴ this Court held:

"x x x while it is true that the Postal Savings Bank is a division of the Bureau of Posts (sec. 1986, Administrative Code), which is, in turn, under the Department of Commerce and Communications of the Philippine Government (Sec. 86, Adm. Code), and although the board of directors of said bank is made up of Government officials (sec. 1989, Adm. Code) still property acquired by said bank is its own particular property (sec. 2033), and its reserve fund is not revenue fund in the sense of section 614 of said Code, but a trust fund to be used 'for no other purpose than to meet deficits In those years after its establishment in which the earnings of the bank are not sufficient to pay the expenses of the bank' (sec. 2035, Adm. Code), which expenses, however, though for the time paid by the Bureau of Posts, are to be repaid to said bureau at the end of each fiscal year (sec. 2037, Adm. Code.)

"From this it follows that the funds of the Postal Savings Bank cannot be termed Insular Government funds, and debts contracted in favor of said bank in its ordinary operations as provided by law are not to be held debts in favor of the Insular Government, but in its own name and behalf and for its own benefit, as may be implied from the law on the matter. In such a loan, therefore, the Insular Government is not the lender or the creditor; and hence, the debt is contracted not in its favor but in favor of the Postal Savings Bank, which has a personality of its own."¹

We hold, therefore, that the Bank performs proprietary functions.

Besides, the right of a Government employee to fully enjoy the benefits of Republic Act No. 875, is dependent, not on whether the office in which he works is engaged in governmental or proprietary functions, but on the

nature of the work for which his services have been engaged. For this reason, the above-quoted section 11 provides that the restriction contained therein does not apply "to those employed in proprietary functions including but not limited to government corporations." This implies that even those employed in an office of the government which, not being a corporation, with a personality distinct and separate from the government, is an integral part thereof, may avail of the provisions of Republic Act No. 875, if they in particular — as distinguished from the office, in general — are employed or engaged in proprietary functions.

At any rate, on October 28, 1965, the President of the Philippines certified the issue between the parties herein to the CIR, pursuant to Sec. 10 of Republic Act No. 875, as a dispute affecting an industry indispensable to the national interest, thus leaving no room for doubt on the jurisdiction of the CIR to settle such dispute. What is more, on November 21, 1966, petitioner asked the CIR to order the Federation and its members to return to work. After a conference called by the CIR, both parties reached an agreement pursuant to which the respondents undertook to return to work and the petitioners bound themselves to deposit in Court P83,000.00 in payment of salary increases and overtime differentials, and to make specified promotional appointments. Thus, petitioners have not only submitted themselves to the jurisdiction of the Court. They have, also, invoked the authority thereof to avail themselves of the benefit of Republic Act No. 875.

WHEREFORE, the order and the resolution appealed from are hereby affirmed, without special pronouncement as to costs.

IT IS SO ORDERED.

Reyes, JBL, Dizon, Makalintal, Bengzon, Zaldivar, Sanchez, Ruiz Castro, Angeles, and Fernando, JJ., concur.

[1] Manila Hotel Employees Association v. Manila Hotel Co., et al., 73 Phil., 374 (1941); Metropolitan Water District v. CIR, 91 Phil., 840(1952); NARIC v. NARIC Workers' Union, 98 Phil., 563 (1956); GSIS v. Hon. Modesto Castillo, 98 Phil., 876 (1956); Price Stabilization Corporation v. CIR, 102 Phil., 515 (1957); Manila Port Service v. CIR, L-16994, June 30, 1961; Social Security System Employees Association (PAFLU) v. Judge E. Soriano, etc., et al., G.R. No. L-18081, April 30, 1963; and Associated Workers Union, et. al. v. Bu. of Customs as arrastre operator, et al., L-21397, August 3, 1963, 59 O.G. 8055.

[2] Metropolitan Transportation Service (METRAN) v. Paredes, 79 Phil. 819; National Airports Corp. v. Yanson, 89 Phil., 745 (1951); Angat River Irrigation System v. Angat River Workers Union L-10943, Dec. 28, 1957; Roldan v. Philippine Veterans Board, 57 O.G. 8293 (1959); University of the Philippines v. CIR, G.R. L-15416, April 28, 1960; Dept. of Public Services Labor Union v. CIR, G.R. No. L-15458, Jan. 28, 1961; Bu. of Printing v. Bu. of Printing Employees Ass'n., et al. L-15751, Jan. 28, 1961; Mo-bil Philippines Exploration Inc. vs. Customs Arrastre Service, L-23139, Dec. 17, 1966; and Manila Electric Company v. Customs Arrastre Service, L-25515, July 24, 1967.

1 91 Phil., 840. Likewise, decided in 1952, or before the passage of Republic Act No. 875.

2 89 Phil., 745 (1951).

3 L-10943, Dec. 28, 1957.

4 54 Phil., 845, 847 (1930).

1 See, also, Joseph A. Stiver vs. Paciano Dizon, 76 Phil., 725, 729; Leoquimco v. Postal Savings Bank, 47 Phil., 772; and Robinson v. Sackermann, 46 Phil., 539.

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