

MARCOPPER MINING CORPORATION, PETITIONER, VS. THE HONORABLE BLAS OPLE AND AMADO INCIONG, MINISTER AND DEPUTY MINISTER OF LABOR, RESPECTIVELY, AND MARCOPPER EMPLOYEES LABOR UNION...*G.R. No. 51254. June 11, 1981*

Ponente: FERNANDO, C.J.

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It is in pursuance of the constitutional principle of the enjoyment by the people of a decent standard of living^[1] that a Presidential Decree^[2] was issued by way of response to the ravages of world-wide inflation, causing extreme difficulty to laborers and wage-earners. It reads thus: "Section 1. All employers are hereby required to pay all their employees receiving a basic salary of not more than P1,000 a month, regardless of the nature of their employment, a 13th-month pay not later than December 24 of every year. Sec. 2. Employers already paying their employees a 13th-month pay or its equivalent are not covered by this Decree Sec. 3. This Decree shall take effect immediately."^[3] Relying on the above Decree, private respondent Marcopper Employees Labor Union filed a complaint before the National Labor Relations Commission for the payment of the 13th-month salary. Petitioner Marcopper Mining Corporation opposed on the ground that in view of its then existing collective bargaining agreement adopted on October 8, 1977 which granted the employees belonging to private respondent mid-year and year-end bonuses, it was exempt from the operation of such Decree. Its opposition prevailed with a regional director, who, on March 29, 1979, dismissed the complaint. On appeal, then Deputy Minister of Labor, respondent Amado G. Inciong, on July 25, 1979, reversed such order. He explicitly stated that the bonuses under the collective bargaining agreement are "by their very nature of a different character from the 13th month pay ordained by the Decree." He went on to say: "Foremost to consider and in point is, Section 10 of the Rules and Regulations Implementing PD No. 851 which deals on prohibition against reduction or elimination of the benefits provided by the Decree. Said section provides as follows: 'Nothing herein shall be construed to authorize any employer to eliminate, or diminish in any way, supplements, or other employee benefits or favorable practice being enjoyed by the employee at the time of the promulgation of this issuance.' Both the mid-year and year-end bonuses are benefits being enjoyed by complainants at the time of the promulgation of PD 851, hence, covered by the foregoing prohibition. In fact, said benefits were negotiated and re-incorporated in subsequent collective bargaining agreement which gives them a character separate and distinct from the 13th month pay. By reason of the collective bargaining agreement, complainants acquired a vested right over such benefits on a mutual and contractual understanding. Any subsequent grant of benefit, extended by law, will not operate to disturb the existing agreement and to construe otherwise will result to the prejudice of the workers. If we must consider deeper the grant of the bonuses, we will find that it is a voluntary gesture on the part of the respondent irrespective of the amount of salary of the employees and does not form part of their pay. It is likewise conditional in that the same could be availed of only when profit in business has been realized. Once profit is declared, then bonuses must be automatically granted in the amount to be determined by the company. On the other hand, the grant of 13th month pay to employees is mandatory, irrespective of loss or profit by the company."^[4]

Hence this petition. It was alleged that there was a grave abuse of discretion as under the term of the Decree, in relation to a section cited,[5] petitioner is excluded from its coverage and that there was lack of jurisdiction of respondent Inciong. In the answer of public respondents submitted by Solicitor General Estelito Mendoza,[6] the above contentions were characterized as devoid of merit. Reference was made to the inability of petitioner to demonstrate that it clearly falls under the exempting clause of the above Decree, citing not only the section of the implementing rules and regulations relied upon by petitioner, but a later section which reads thus: "Nothing herein shall be construed to authorize any employer to eliminate or diminish in any way, supplements, or other employee benefits or favorable practice being enjoyed by the employee at the time of promulgation of this issuance." [7] The answer discussed the matter further thus: "In the case at bar, the payment of the mid-year and Christmas bonuses in those years when petitioner's operation is profitable is a matter of contractual obligation on the part of the petitioner. It should be noted that the CBA clearly states that petitioner 'shall grant mid-year and end-year bonuses to employees following years in which it had profitable operations.' The only thing that is left to the discretion of petitioner is the amount of such mid-year and end-year bonuses; but there is no question that petitioner has to grant such bonuses. Since said bonuses granted in fulfillment of petitioner's contractual obligations under the CBA are employee benefits enjoyed by petitioner's employees at the time PD 851 took effect and since the payment of such bonuses is obligatory on the part of petitioner, the petitioner does not come under the exempting clause of PD 851 and it has to pay its employees the 13th month pay required under said Decree. In other words, all employee monetary benefits provided in the CBA are in addition to, and may not be taken as substitute for, the employee benefits granted by law, otherwise there would be no reason for the execution of the CBA." [8]

The petition must be dismissed. Such a conclusion is unavoidable in the light of the mandatory language of the Presidential Decree, the conditional character of the contractual obligation under the collective bargaining agreement, and on the construction that should be fastened on statutes or decrees intended to promote social and economic rights.

1. The Decree is specific and mandatory. Employers, without exception, are required to pay their employees receiving a basic salary of not more than P1,000 a month irrespective of the nature of employment, a 13th-month pay not later than December 24 of every year. That is the plain and specific command. That is an obligation imposed by law and must be obeyed. Where the employers, however, actually grant such for the 13th-month pay, they could be exempted from the operation of the Decree. To fall within the exempting clause, it must be shown that there is such actual payment. There is no such showing here. Instead, reliance of petitioner corporation is on a clause in the existing bargaining contract which in its opinion amounts to the fulfillment of its duty under the Decree. The memorandum of Solicitor General Mendoza makes clear why such a submission is unwarranted. Thus: "In the case at bar, the payment of mid-year and Christmas bonuses in the years when petitioner's operation is profitable is a matter of contractual obligation on the part of the petitioner. The only thing that is left to the discretion of petitioner is the amount of such mid-year and end-year bonuses; but there is no question that petitioner has to grant such bonuses. Since said bonuses granted in fulfillment of petitioner's contractual obligations under the CBA are employee benefits enjoyed by petitioner's employees at the time PD No. 851 took effect and since the payment of such bonuses is obligatory on the part of the petitioner, then the petitioner does not come under the exempting clause of PD No. 851 and it has to pay its employees the 13th month pay required under said Decree. On the other hand, if the company earns no profit in a particular year, then it is not obligated, under the CBA, to grant bonuses to its employees. If it grants bonuses notwithstanding the fact that it is not in profitable operation, the grant thereof is a purely voluntary gesture on the part of the company, and the company is then entitled to credit the same as the 13th month salary under the Decree. In other words, all employee monetary benefits provided in the CBA are in addition to, and may not be taken as substitute for, the employee benefits granted by law, otherwise there would be no reason for the execution of the CBA." [9] The Solicitor

General then went on to state that a bonus under the collective bargaining agreement and the 13th-month pay are of different category. For while the former is an obligation created by contract, the other is created by law; while the former is contractual in character, only if there are profits, the latter is absolute and mandatory on the part of the employer; while the former benefits only those earning P1,000 or less a month, the latter applies to all rank and file workers. It is clear, therefore, that a 13th-month pay is in the nature of wages while the bonuses provided for are mere supplements or fringe benefits. Further the memorandum continues: "The 13th month pay is, by its nature and purpose, part of wages, considering the express recitals in PD No. 851 that 'it is necessary to protect the level of real wages from the ravage of world-wide inflation' and 'there has been no increase in the legal minimum wage rates since 1970' * * * CBA bonuses and benefits are not part of wages but merely supplements or fringe benefits." [10] On the authority of *Atok-Big Wedge Association v. Atok-Big Wedge Co.* [11] it is contended, and correctly, by the Solicitor General that clearly "the bonuses and other benefits granted to the employees by the petitioner under the current CBA are 'supplements' and do not form part of wages." [12]

2. There is no vagueness in the Decree. At the most, there could be ambiguity by the use of the word "equivalent" in Section 2 thereof. If it were a 13th-month pay, then obviously petitioner is entitled to be exempted. Thus it is understandable why it made much of Section 3 of the implementing rules and regulations, referring, as already noted, to a Christmas bonus as well as a mid-year bonus. That would be, though, as was pointed out by the Solicitor General, to ignore an even clearer provision in the implementing rules, namely Section 10 thereof. Thus: "Nothing herein shall be construed to authorize any employer to eliminate or diminish in any way, supplements, or other employee benefits or favorable practice being enjoyed by the employee at the time of promulgation of this issuance." [13] The purpose that animated the Decree is thus rendered even clearer. It was issued in the expectation that "whatever employee benefits or favorable practice being enjoyed by the employee" when it was promulgated should not be eliminated or diminished. If it were otherwise, it would lose its character as a measure intended to cope with the problems that the low salaried employees face in view of the inflationary state of the economy. The situation, instead of improving, has grown worse the past six years, the Decree being issued in 1975. It would be, therefore, to defeat the purpose of the Decree if the contention urged by petitioner would be sustained.

3. The conclusion reached by the Court receives an even more compelling justification from the Constitution. The 1935 Constitution enshrined the concepts of social justice [14] and protection to labor. [15] Even then, there was a realization of their importance in vitalizing a regime of liberty not just as immunity from governmental restraint but as the assumption by the State of an obligation to assure a life of dignity for all, especially the poor and the needy. The expanded social justice [16] and protection to labor provisions [17] of the present Constitution lend added emphasis to the concern for social and economic rights. The memorandum of the Solicitor General quoted this excerpt from *La Mallorca v. Workmen's Compensation Commission*: [18] "A decisive consideration, much more compelling in character, precludes acceptance of the view now pressed by petitioner. Time and time again, we have stressed that statutes intended to benefit labor should be accorded the most hospitable scope to attain their dominant purpose. Thereby fidelity is manifested to the constitutional policy embodied in the principle of social justice and the mandate of protection to labor. They cannot be made to yield a meaning that would emasculate their terms or allow evasion. To do so could even give rise to serious constitutional questions, for the legislative body would then be deemed to have enacted measures which, rather than translate into reality such worthy constitutional objective, would frustrate it. Such an approach certainly cannot find any favor with courts, if the oft-repeated doctrine that no interpretation is allowable that would bring doubts as to the validity of any statutory provision for repugnancy to the fundamental law were to be, as it should be, respected." [19] That was so under the 1935 Constitution. Such an approach is even more valid now. As a matter of fact, in the first case after the applicability of the 1973 Constitution where social and economic rights were involved, this Court in

Alfanta v. Noe,[20] through Justice Antonio, stated: "In the environment of a new social order We can do no less. Thus, under the new Constitution, property ownership has been impressed with a social function. This implies that the owner has the obligation to use his property not only to benefit himself but society as well. Hence, it provides under Section 6 of Article II thereof, that in the promotion of social justice, the State 'shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits.' The Constitution also ensures that the worker shall have a just and living wage which should assure for himself and his family an existence worthy of human dignity and give him opportunities for a better life." [21] Such a sentiment finds expression in subsequent opinions.[22]

4. The second point raised in the petition is the allegation that respondent Deputy Minister was without jurisdiction. This contention on its face clearly lacks support in law. As far back as Philippine American Management & Financing Co., Inc. v. Management & Supervisors Association of the Philippine-American Management & Financing Co., Inc.,[23] decided in 1972, this Court left no doubt as to the labor tribunal, then the Court of Industrial Relations, being vested with competence to pass upon a declaratory relief petition for the interpretation of a collective bargaining agreement, not a Court of First Instance. There is no justification for a departure from the principle which was announced in the light of a careful study of previous decisions and precisely enunciated to settle all doubts on the matter.[24] The allegation that this is a money claim falsifies reality. What is involved here and what persuaded this Court to give due course to this petition is that a serious question of the applicability of Presidential Decree No. 851 was raised in the light of the stipulation in the collective bargaining contract between petitioner and respondent union as to the mid-year and Christmas bonus.

WHEREFORE, the petition is dismissed for lack of merit. No costs.

Barredo, Makasiar, Fernandez, Guerrero, Abad Santos, and De Castro, JJ., concur.

Teehankee, Aquino, and Melencio-Herrera, JJ., reserve their vote.

Concepcion, Jr., J., on leave.

[1] According to Article II, Sec. 7 of the Constitution: "The State shall establish, maintain, and ensure adequate social services in the field of education, health, housing, employment, welfare, and social security to guarantee the enjoyment by the people of a decent standard of living."

[2] Presidential Decree No. 851 (1975).

[3] Ibid.

[4] Memorandum, 6-7.

[5] Sec. 3 of the Rules and Regulations Implementing Presidential Decree No. 851.

[6] He was assisted by Assistant Solicitor General Ruben Agpalo and Solicitor Deusdedit Quijano.

[7] Sec. 10 of the Rules and Regulations Implementing Presidential Decree No. 851.

[8] Answer, 7-8.

[9] Memorandum, 8-9.

[10] Ibid, 10.

[11] L-7349, July 19, 1955, 51 SCRA 3432.

[12] Memorandum, 11.

[13] Sec. 10 of the Rules and Regulations Implementing Presidential Decree No. 851.

[14] According to Article II, Sec. 5 of the 1935 Constitution: "The promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State."

[15] According to Article XIV, Sec. 6 of the 1935 Constitution: "The State shall afford protection to labor, especially to working women and minors, and shall regulate the relation between landowner and tenant, and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration."

[16] According to Article II, Sec. 6 of the present Constitution: "The State shall promote social justice to ensure the dignity, welfare, and security of all the people. Towards this end, the State shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits."

[17] According to Article II, Sec. 9 of the present Constitution: "The State shall afford protection to labor, promote full employment and equality in employment, ensure equal work opportunities regardless of sex, race, or creed, and regulate the relations between workers and employers. The State shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work. The State may provide for compulsory arbitration."

[18] L-29315, November 28, 1969, 30 SCRA 613.

[19] Ibid, 618-619.

[20] L-32362, September 19, 1973, 53 SCRA 76.

[21] Ibid, 84-85.

[22] Cf. Chavez v. Zobel, L-25009, January 17, 1974, 55 SCRA 26; Herald Delivery Carriers Union v. Herald Publications, L-29966, February 28, 1974, 55 SCRA 713; Philippine Air Lines Inc. v. Philippine Airlines Employees Association, L-24626, June 28, 1974, 57 SCRA 489; Almira v. B.F. Goodrich Philippines Inc., L-34974, July 25, 1974, 58 SCRA 120; Radio Communications of the Philippines v. Philippine Communications Workers Federation, L-37662, August 30, 1974, 58 SCRA 762; Firestone Employees Asso. v. Firestone Tire and Rubber Co. of the Philippines, L-37952, December 10, 1974, 61 SCRA 338; E. Lim and Sons Manufacturing Co. v. Court of Industrial Relations, L-39117, September 25, 1975, 67 SCRA 124.

[23] L-27953, November 29, 1972, 48 SCRA 187.

[24] Cf. Allied Free Workers Union v. Apostol, 102 Phil. 292 (1957); Bay View Hotel Inc. v. Manila Hotel Workers Union, L-21803, December 17, 1966, 18 SCRA 946; Republic Savings Bank v. Court of Industrial Relations, L-20303, September 27, 1967, 21 SCRA 226; Seno v. Mendoza, L-20565, November 29, 1967, 21 SCRA 1124; Security Bank Employees Union v. Security Bank and Trust Company, L-28536, April 30, 1968, 23 SCRA 503; Manila Hotel Co. v. Pines Hotel Employees Asso., L-24314, September 28, 1970, 35 SCRA 96; Alhambra Industries, Inc. v. Court of Industrial Relations, L-25984, October 30, 1970, 35 SCRA 550; Espanilla v. La Carlota Sugar Central, L-23722, March 31, 1971, 38 SCRA 186; Mindanao Rapid Co., Inc. v. Omandam, L-23058, November 27, 1971, 42 SCRA 250.

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