

RED V COCONUT PRODUCTS, LTD., PETITIONER, VS. HON. VICENTE LEOGARDO, JR., IN HIS CAPACITY AS DEPUTY MINISTER OF LABOR, AND FREE WORKERS OF THE COCONUT INDUSTRY – UNITED LUMBER A...

G.R. No. 72247. April 10, 1992

Ponente: PARAS, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-72247/>

PARAS, J.:

Petitioner is a private corporation duly organized and existing under Philippine laws. It is engaged in coconut processing. On the other hand, private respondent Free Workers of the Coconut Industry - United Lumber and General Workers of the Philippines (FWCI-ULGWP) is a labor organization recognized by petitioner as the sole bargaining representative of its rank and file employees at its plant at Talairon, Oroquieta City.

From April 1, 1980 up to October 1, 1983, the rank and file employees of petitioner received wages and living allowances in the following amounts:

DETAIL OF WAGE RATES AND

LIVING ALLOWANCES

Date

Wage Rate

Ecola

Total

Per CBA

April 1, 1980

P13.37

P10.07

P23.44

Per PD #1713 + 2.00 Ecola

August 18/1980

13.37

12.07

25.44

Per PD #1751 + 4.00 on wages & 3.67 on Ecola (integration)

January 1/1981

17.37

8.40

25.77

Wage Order #1 PD #1790 + P2.00 Ecola

March 22/1981

17.37

10.40

27.77

Per CBA + .65 daily wage

April 1/1981

18.02

10.40

28.42

Wage Order #2 phase 1 + 1.50 Ecola & min. wage

18.36

July 6/1983

18.36

11.90

30.26

Wage Order #2 phase 2 + 1.00 Ecola

October 1/1983

18.36

12.90

31.26

(p. 88, Record; p. 86, Rollo)

On October 18, 1983, private respondent labor union, through its president, filed a letter-complaint with the Regional Office No. 10 of the Ministry of Labor & Employment (MOLE) at Cagayan de Oro City, alleging that petitioner company had not been complying with Wage Order No. 2 which provided for wage increases effective on July 6, 1983 and October 1, 1983 and had failed to provide health and safety devices in its premises as well as to its workers (pp. 4-5, Record).

Upon order of the Regional Director, the Labor Standards and Welfare Officers conducted an on-the-spot inspection both of the payrolls and the premises of petitioner company. Subsequently, said officers submitted their report dated January 5, 1984, (p. 6, Record) the pertinent portion of which reads:

"On the inspection of the workplace, the following safety equipments were found wanting, to wit:

I. Hauler Department: V. Electric Grinder:

a) Safety shoes a) Goggles-permanent

b) Gloves

II. Sheller Department: VI. Paring Dryer Department:

a) Goggles a) Blowers

b) Safety shoes

III. Parer Department: VII. Packing Department:

a) Rubber Boots a) Additional Blowers

IV. Nut Checkers: VIII. Engineering Department:

a) Gloves a) Safety Shoes

b) Gloves

c) Goggles

"On the examination of the payrolls, it appears that there was non-compliance of Wage Order No. 2 which took effect on July 6, 1983, partially or totally. As computed from July 6, 1983 to October 19, 1983 =

As to Wage/

Salary P 54,591.85

As to ECOLA 51,436.02

TOTAL P106,027.87

"The management contended that they are not liable to the increase provided under Wage Order No. 2 because they have been paying their workers the Minimum Wage of P18.02 prior to the issuance of Wage Order No. 2. As examined, the worker's wage ranges from P18.02 and up from July 6, 1983 up to date.

"IN VIEW OF THE FOREGOING, it is respectfully forwarded to the Honorable Regional Director with the recommendation that an ORDER be issued directing RED V Coconut Products to pay their workers the total sum of ONE HUNDRED SIX THOUSAND TWENTY SEVEN and 87/100 (P106,027.87) representing Wages/Salaries and Emergency Cost of Living Allowances as reflected in the payrolls of from July 6, 1983 to October 19, 1983, inclusive. And/or whatever action he may deem legal under the premises."

(pp. 87-88, Rollo)

Thereafter, meetings were called by the Labor Conciliators for possible conciliation but the parties failed to arrive at a compromise agreement.

In their position papers, respondent labor union claimed that petitioner company had not complied with Wage Order No. 2, and prayed that petitioner company be ordered to pay the employees the amount of P106,027.87 representing deficiencies in their wages and ECOLA covering the period from July 6, 1983 to October 19, 1983 as found by the Labor Standard Inspectors and to comply with the Labor Inspector's Report dated January 5, 1984 regarding Health and Safety provisions for the company premises and its workers. (Position Paper of respondent Labor Union, pp. 76-80, Record). On the other hand, petitioner company alleged that the Regional Director had no jurisdiction over the claims for unpaid wages and allowances: that it was not liable to pay, on across-the-board basis, the P1.00 per day increase in the statutory minimum wage granted under Wage Order No. 2; that it had already complied with the P1.00 (as of July 6, 1983) and P1.50 (as of October 1, 1983) increase in the living allowances mandated by the same wage; and that it was not required by the Occupational Safety and Health Standard to provide its workers and premises with the safety equipments mentioned in the report of the Labor Standard Inspectors (Position Paper of petitioner, pp. 89-96, Record).

On June 4, 1984, Assistant Regional Director Jude T. Bontol, issued an order directing petitioner company as follows:

"PREMISES CONSIDERED, Red V Coconut Products, Ltd. is hereby ordered to provide/pay the following:

‘a) to provide the workers and the work place with the safety equipment above-enumerated;

‘b) to pay the workers/complainants the total sum of FIFTY FOUR THOUSAND FIVE HUNDRED NINETY ONE PESOS AND 85/100 (P54,591.85), representing the efficiency in wages; and

‘c) to pay the workers the total sum of FIFTY ONE THOUSAND FOUR HUNDRED THIRTY-SIX PESOS AND 02/100 (P51,436.02) representing deficiency in allowances, thru this office within ten (10) days from receipt of this order.

"SO ORDERED." (pp. 89-90, Rollo)

The said order was affirmed on appeal by public respondent Deputy Minister of the MOLE, in his Order dated April 18, 1985. The pertinent portion of the said order reads:

"After a careful review of the entire record of the case, taking into consideration the points raised by respondent; we find no compelling reason to warrant a modification or reversal of the disputed Order, it appearing that the same had been amply passed upon in the said Order.

"WHEREFORE, the Order dated June 4, 1984 should be, as it is hereby, affirmed and the subject appeal is dismissed for lack of merit.

"SO ORDERED." (p. 90, Rollo)

Petitioner's motion for reconsideration was denied, hence, the instant petition with a prayer for the issuance of a writ of preliminary injunction and/or restraining order. Petitioner contends that:

I

The public respondent acted without jurisdiction in passing upon the money claims raised in the instant case, the same being within the original and exclusive jurisdiction of the National Labor Relations Commission.

II

The public respondent grossly misinterpreted Wage Order No. 2. While admitting that petitioner was already paying wages beyond the minimum level set by the order, he nonetheless found its payment of the additional P1.00/day provided therein to be mandatory. Corollarily, while admitting that the P1.50 and P1.00 additional daily allowances set by the Order were paid to petitioner's employees, he nonetheless directed the payment of an additional P0.60 daily allegedly pursuant to the Order when the same nowhere provides therefor.

III

The public respondent committed grave abuse of discretion in arbitrarily mandating the installation of various equipment and paraphernalia by petitioner without giving factual nor legal basis therefor, thereby denying petitioner's constitutional right to due process and the equal protection of the laws.

(pp. 10-11, Rollo)

The Court's recent resolution in the case of *Servando's Incorporated vs. the Secretary of Labor and Employment*, (G.R. No. 85840, June 5, 1991, 198 SCRA 156) reiterated in *Aboitiz Shipping Corporation vs. de la Serna*, (G.R. No. 88538, July 25, 1991, 199 SCRA 568) is controlling in the present case, particularly on the issue of jurisdictions of Labor Arbiters and Regional Directors over money claims of employees against employers. In these said cases, the Court ruled that the original and exclusive jurisdiction to hear and decide employee's money claims arising from employer-employee relations exceeding the aggregate amount of P5,000 for each employee is vested in the Labor Arbiter (Art. 217 (a), (b), Labor Code as amended) and this is confirmed by the provisions of Art. 129 of the same Code, which excludes from the jurisdiction of the Regional Director or any hearing officer of the Department of Labor and Employment (DOLE) the power to hear and decide claims of employees arising from employer-employee relations exceeding the amount of P5,000.00 for each employee.

In the case at bar, the aggregate claim of the workers is P106,027.87, but the claim of each of the more than thirty (30) workers does not exceed P5,000.00. This being the case, the jurisdiction to decide the claim properly belongs to the Regional Director. The only instance when the Regional Director may be divested of such jurisdiction is when under Art. 128 (b) of the Labor Code, the following three (3) circumstances concur, to wit:

- (a) the petitioner (employer) contests the findings of the labor regulations officer and raises issues thereon;
- (b) that in order to resolve such issue, there is a need to examine evidentiary matters; and
- (c) that such matters are not verifiable in the normal course of inspection. (*SSK Parts Corp. v. Camas*, G.R. No. 85934, Jan. 30, 1990, 181 SCRA 675)

The Regional Director required the payment of petitioner of a one peso (P1.00) across-the-board increase to its employees. Petitioner contended that in so doing, the Regional Director misinterpreted and misapplied Wage Order No. 2 because even before the passage of the said order, the minimum wage obtaining in petitioner's company was already more than the minimum wage level set by Wage Order No. 2.

On the matter of living allowances, it is admitted that the petitioner did actually give the required P1.50 and P1.00 cost of living allowance provided for by Wage Order No. 2. What the Regional Director maintains, however, is that since the total amount of allowances is less by P0.60 if we compare the same with the aggregate sum of allowance provided for by the various Presidential issuances, the proper implementation of Wage Order No. 2 must require petitioner to grant the difference. For its part, petitioner argues that what the Wage Order mandates is the grant of an additional P1.50 and P1.00 daily in living allowances effective July 6, 1983 and October 1, 1983, respectively, and nothing more.

In his Comment to the Petition, the Solicitor General opined that the Regional Director and public respondent have no jurisdiction over the subject money claims since petitioner contests the findings of the Labor Standard Inspectors and presents intricate questions of law (p. 12, Comment; p. 95, Rollo).

We agree with the Solicitor General. The case before Us clearly falls within the exception. (Article 128 (b) of the Labor Code). The issue presented by petitioner - how Wage Order No. 2 should be interpreted and applied, will necessitate the examination of evidentiary matters not verifiable in the normal course of inspection.

We, however, sustain the action of the Regional Director and the public respondent in ordering petitioner to provide the safety equipment and paraphernalia mentioned in the report of the labor inspectors.

The contention of petitioner that there was no finding by the labor inspectors or the Assistant Regional Director as to the hazardous nature of its business is untenable.

The labor inspectors conducted an on-the-spot inspection of the premises of petitioner and actually discovered that various safety equipment as enumerated in their report are wanting. This implies that the workers are exposed to hazards necessitating the installation of those equipment and paraphernalia. This is within the scope of the visitorial and enforcement power of the MOLE under Sec. 1, Rule X, Book III of the Rules and Regulations Implementing the Labor Code as well as Policy Instruction No. 6.

WHEREFORE, the assailed Order is SET ASIDE in so far as it makes an award for alleged deficiency in wages and allowances, the Regional Director not having jurisdiction to make the same, but AFFIRMED insofar as it requires installation or provision of health and safety devices in petitioner's premises. The claim for deficiency in wages and allowances is REFERRED to the Labor Arbiter for proper proceedings.

SO ORDERED.

Narvasa, C.J., Melencio-Herrera, Gutierrez, Jr., Cruz, Padilla, Bidin, Grino-Aquino, Medialdea, Regalado, Davide, Jr., Romero and Nocon, JJ., concur.

Feliciano and Bellosillo, JJ., on leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.