

**BROKENSHERE MEMORIAL HOSPITAL, INC., PETITIONER, VS. THE
HONORABLE MINISTER OF LABOR & EMPLOYMENT AND
BROKENSHERE MEMORIAL HOSPITAL EMPLOYEES AND
WORKER'S UNION-FFW REPRESENTED ...**

G.R. No. 74621. February 07, 1990

Ponente: PARAS, J.

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PARAS, J.:

This petition for review by certiorari seeks the annulment or modification of the Order of public respondent Minister of Labor dated December 9, 1985 in a case for non-compliance with Wage Order Nos. 5 and 6 docketed as ROXI-LSER Case No. 14-85 which 1) denied petitioner's Motion for Reconsideration dated February 3, 1986 and 2) affirmed the Order of Regional Director Eugenio I. Sagmit, Jr., Regional Office No. XI Davao City, dated April 12, 1985, the dispositive portion of which reads as follows:

"WHEREFORE, premises considered, respondent Brokenshere Memorial Hospital, Incorporated is hereby ordered to pay the above-named workers, through this Office, within fifteen (15) days from receipt hereof, the total sum of TWO HUNDRED EIGHTY-FOUR THOUSAND SIX HUNDRED TWENTY FIVE (P284,625.00) PESOS representing their living allowance under Wage Order No. 5 covering the period from October 16, 1984 to February 28, 1985 and under Wage Order No. 6 effective November 1, 1984 to February 28, 1985. Respondent is further ordered to pay the employees who are likewise entitled to the claims here presented, but whose names were inadvertently omitted in the list and computation." (Rollo, p. 7)

Petitioner contends that the respondent Minister of Labor and Employment acted without, or in excess of his jurisdiction or with grave abuse of discretion in failing to hold:

"A) That the Regional Director committed grave abuse of discretion in asserting exclusive jurisdiction and in not certifying this case to the Arbitration Branch of the National Labor Relations Commission for a full-blown hearing on the merits;

"B) That the Regional Director erred in not ruling on the counter-claim raised by the respondent (in the labor case, and now petitioner in this case);

"C) That the Regional Director erred in skirting the constitutional and legal issues raised." (Rollo, p. 4)

This case originated from a complaint filed by private respondents against petitioner on September 21, 1984 with the Regional Office of the MOLE, Region XI, Davao City for non-compliance with the provisions of Wage Order No. 5. After due hearing the Regional Director rendered a decision dated November 16, 1984 in favor of private respondents. Judgment having become final and executory, the Regional Director issued a Writ of Execution whereby some movable properties of the hospital (petitioner herein) were levied upon and its operating expenses kept with the bank were garnished. The levy and garnishment were lifted when petitioner hospital paid the claim of the private respondents (281 hospital employees) directly, in the total amount of P163,047.50 covering the period from June 16 to October 15, 1984.

After making said payment, petitioner hospital failed to continue to comply with Wage Order No. 5 and likewise, failed to comply with the new Wage Order No. 6 which took effect on November 1, 1984, prompting private respondents to file against petitioner another complaint docketed as ROXI-LSERD-14-85, which is now the case at bar.

In its answer, petitioner raised the following affirmative defenses:

- 1) That the Regional Office of the Ministry of Labor did not acquire jurisdiction over it for want of allegation that it has the capacity to be sued and
- 2) That Wage Order Nos. 5 and 6 are nonconstitutional and therefore void. Significantly petitioner never averred any counterclaim in its Answer.

After the complainants had filed their reply, petitioner filed a Motion for the Certification of the case to the National Labor Relations Commission for a full-blown hearing on the matter, including the counterclaim interposed that the complainants had unpaid obligations with the Hospital which might be offset with the latter's alleged obligation to the former.

Issues having been joined, the Regional Director rendered a decision on April 12, 1985 in favor of the complainants (private respondents herein) declaring that petitioner (respondent therein) is estopped from questioning the acquisition of jurisdiction because its appearance in the hearing is in itself submission to jurisdiction and that this case is merely a continuance of a previous case where the hospital already willingly paid its obligations to the workers on orders of the Regional Office. On the matter of the constitutionality of the Wage Order Nos. 5 and 6, the Regional Director declared that only the court can declare a law or order unconstitutional and until so declared by the court, the Office of the Regional Director is duly bound to enforce the law or order.

Aggrieved, petitioner appealed to the Office of the Minister of Labor, which dismissed the appeal for lack of merit. A motion for reconsideration was likewise denied by said Office, giving rise to the instant petition reiterating the issues earlier mentioned.

The crucial issue We are tasked to resolve is whether or not the Regional Director has jurisdiction over money claims of workers concurrent with the Labor Arbiter.

It is worthy of note that the instant case was deliberated upon by this Court at the same time that Briad Agro Development Corporation v. de la Cerna, G.R. No. 82805 and L.M. Camus Engineering Corporation v. Hon. Secretary of Labor, et al. G.R. No. 83225, promulgated on June 29, 1989 and Maternity Children's Hospital vs. Hon. Secretary of Labor, et al., G.R. No. 78909, promulgated 30 June 1989, were deliberated upon; for all three (3) cases raised the same issue of jurisdiction of the Regional Director of the Department of Labor to pass upon money claims of employees. Hence, we will be referring to these cases, most especially the case of Briad Agro which, as will be seen later, was reconsidered by the court.

Contrary to the claim of petitioners that the original and exclusive jurisdiction over said money claims is properly lodged in the Labor Arbiter (relying on the case of Zambales Base Metals Inc. v. Minister of Labor, 146 SCRA 50) and the Regional Director has no jurisdiction over workers' money claims, the Court in the three (3) cases above-mentioned ruled that in view of the promulgation of Executive Order No. 111, the ruling in the earlier case of Zambales Base Metals is already abandoned. In accordance with the rulings in Briad Agro, L.M. Camus, and Maternity Children's Hospital, the Regional Director exercises concurrent jurisdiction with the Labor Arbiter over money claims. Thus,

"xxx. Executive Order No. 111 is in the character of a curative law, that is to say, it was intended to remedy a defect that, in the opinion of the legislative (the incumbent Chief Executive in this case, in the exercise of her

lawmaking power under the Freedom Constitution) had attached to the provision subject of the amendment. This is clear from the proviso: "The provisions of Article 217 to the contrary notwithstanding..." Plainly, the amendment was meant to make both the Secretary of Labor (or the various Regional Directors) and the Labor Arbiter share jurisdiction." (Briad Agro Dev. Corp. v. Sec. of Labor, supra).

"Under the present rules, a Regional Director exercises both visitorial and enforcement power over labor standards cases; and is therefore empowered to adjudicate money claims, provided there still exists an employer-employee relationship, and the findings of the regional office is not contested by the employer concerned." (Maternity Children's Hospital v. Sec. of Labor, supra).

However, it is very significant to note, at this point, that the decision in the consolidated cases of Briad Agro Development Corp. and L. M. Camus Engineering Corp. was reconsidered and set aside by this Court in a Resolution promulgated on November 9, 1989. In view of the enactment of Republic Act No. 6715, approved on March 2, 1989, the Court found that reconsideration was proper.

RA 6715 amended Art. 129 and Art. 217 of the Labor Code, to read as follows:

"ART. 129. Recovery of wages, simple money claims and other benefits. -- Upon complaint of any interested party, the Regional Director of the Department of Labor and Employment or any of the duly authorized hearing officers of the Department is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interest, owing to an employee or person employed in domestic or household service or househelper under this code, arising from employer-employee relations. Provided, That such complaint does not include a claim for reinstatement; Provided, further, That the aggregate money claims of each employee or househelper do not exceed five thousand pesos (P5,000.00). The Regional Director or hearing officer shall decide or resolve the complaint within thirty (30) calendar days from the date of the filing of the same...

"Any decision or resolution of the Regional Director or hearing officer pursuant to this provision may be appealed on the same grounds provided in Article 223 of this Code, within five (5) calendar days from receipt of a copy of said decision or resolution, to the National Labor Relations Commission which shall resolve the appeal within ten (10) calendar days from the submission of the last pleading required or allowed under its rules."

"ART. 217. Jurisdiction of Labor Arbiters and the Commission. -- Except as otherwise provided under this code, the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

"(1) Unfair labor practice cases;

"(2) Termination disputes;

"(3) If accompanied with a claim of reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment.

"(4) Claims for actual, moral exemplary and other forms of damages arising from the employer-employee relation;

"(5) Cases arising from any violation of Article 264 of this Code, including questions involving the legality of strikes and lockouts; and

"(6) Except claims for employees compensation, social security, medicare and maternity benefits, all other claims arising from employer-employee relations, including those of persons in domestic or household service,

involving an amount exceeding five thousand pesos (P5,000.00), whether or not accompanied with a claim for reinstatement."

It will be observed that what in fact conferred upon Regional Directors and other hearing officers of the Department of Labor (aside from the Labor Arbiters) adjudicative powers, i.e., the power to try and decide, or hear and determine any claim brought before them for recovery of wages, simple money claims, and other benefits, is Republic Act 6715, provided that the following requisites concur, to wit:

- 1) The claim is presented by an employee or person employed in domestic or household service, or househelper under the code;
- 2) The claimant, no longer being employed, does not seek reinstatement; and
- 3) The aggregate money claim of the employee or househelper does not exceed five thousand pesos (P5,000.00).

In the absence of any of the three (3) requisites, the Labor Arbiters have exclusive original jurisdiction over all claims arising from employer-employee relations, other than claims for employee's compensation, social security, medicare and maturity benefits.

We hereby adopt the view taken by Mr. Justice Andres Narvasa in his Separate Opinion in the case of Briad Agro Dev. Corp., as reconsidered, a portion of which reads:

"In the resolution, therefore, of any question of jurisdiction over a money claim arising from employer-employee relations, the first inquiry should be into whether the employment relation does indeed still exist between the claimant and the respondent.

"If the relation no longer exists, and the claimant does not seek reinstatement, the case is cognizable by the Labor Arbiter, not by the Regional Director. On the other hand, if the employment relation still exists, or reinstatement is sought, the next inquiry should be into the amount involved.

"If the amount involved does not exceed P5,000.00, the Regional Director undeniably has jurisdiction. But even if the amount of the claim exceeds P5,000.00, the claim is not on that account necessarily removed from the Regional Director's competence. In respect thereof, he may still exercise the visitorial and enforcement powers vested in him by Article 128 of the Labor Code, as amended, *supra*; that is to say, he may still direct his labor regulations officers or industrial safety engineers to inspect the employer's premises and examine his records; and if the officers should find that there have been violations of labor standards provisions, the Regional Director may, after due notice and hearing, order compliance by the employer therewith and issue a writ of execution to the appropriate authority for the enforcement thereof. However, this power may not, to repeat, be exercised by him where the employer contests the labor regulation officers' findings and raises issues which cannot be resolved without considering evidentiary matters not verifiable in the normal course of inspection. In such an event, the case will have to be referred to the corresponding Labor Arbiter for adjudication, since it falls within the latter's exclusive original jurisdiction."

Anent the other issue involved in the instant case, petitioner's contention that the constitutionality of Wage Order Nos. 5 and 6 should be passed upon by the National Labor Relations Commission, lacks merit. The Supreme Court is vested by the Constitution with the power to ultimately declare a law unconstitutional. Without such declaration, the assailed legislation remains operative and can be the source of rights and duties especially so in the case at bar when petitioner complied with Wage Order No. 5 by paying the claimants the total amount of P163,047.50, representing the latter's minimum wage increases up to October 16, 1984, instead of questioning immediately at that stage before paying the amount due, the validity of the order on grounds of constitutionality. The Regional Director is plainly without the authority to declare an order or law unconstitutional and his duty is

merely to enforce the law which stands valid, unless otherwise declared by this Tribunal to be unconstitutional. On our part, We hereby declare the assailed Wage Orders as constitutional, there being no provision of the 1973 Constitution (or even of both the Freedom Constitution and the 1987 Constitution) violated by said Wage Orders, which Orders are without doubt for the benefit of labor.

Based on the foregoing considerations, it is our shared view that the findings of the labor regulations officers may not be deemed uncontested as to bring the case at bar within the competence of the Regional Director, as duly authorized representative of the Secretary of Labor, pursuant to Article 128 of the Labor Code, as amended. Considering further that the aggregate claims involve an amount in excess of P5,000.00, we find it more appropriate that the issue of petitioner hospital's liability therefor, including the proposal of petitioner that the obligation of private respondents to the former in the aggregate amount of P507,237.57 be used to offset its obligations to them, be ventilated and resolved, not in a summary proceeding before the Regional Director under Article 128 of the Labor Code, as amended, but in accordance with the more formal and extensive proceeding before the Labor Arbiter. Nevertheless, it should be emphasized that the amount of the employer's liability is not quite a factor in determining the jurisdiction of the Regional Director. However, the power to order compliance with labor standards provisions may not be exercised where the employer contends or questions the findings of the labor regulation officers and raises issues which cannot be determined without taking into account evidentiary matters not verifiable in the normal course of inspection, as in the case at bar.

Viewed in the light of RA 6715 and read in consonance with the case of Briad Agro Development Corp., as reconsidered, We hold that the instant case falls under the exclusive original jurisdiction of the Labor Arbiter. RA 6715 is in the nature of a curative statute. Curative statutes have long been considered valid in our jurisdiction, as long as they do not affect vested rights. In this case, We do not see any vested right that will be impaired by the application of RA 6715. Inasmuch as petitioner had already paid the claims of private respondents in the amount P163,047.50 pursuant to the decision rendered in the first complaint, the only claim that should be deliberated upon by the Labor Arbiter should be limited to the second amount given by the Regional Director in the second complaint together with the proposal to offset the obligations.

WHEREFORE, the assailed decision of the Regional Director dated April 12, 1985, is SET ASIDE. The case is REFERRED, if the respondents are so minded, to the Labor Arbiter for proper proceedings.

SO ORDERED.

Fernan, C.J., Narvasa, Melencio-Herrera, Gutierrez, Jr., Cruz, Feliciano, Gancayco, Padilla, Bidin, Sarmiento, Cortes, Griño-Aquino, Medialdea, and Regalado, JJ., concur.

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