

**MATERNITY CHILDREN'S HOSPITAL, REPRESENTED BY
ANTERA L. DORADO, PRESIDENT, PETITIONER, VS. THE HONORABLE
SECRETARY OF LABOR AND THE REGIONAL DIRECTOR OF LABOR,
REGION X, RESPOND...**

G.R. No. 78909. June 30, 1989

Ponente: MEDIALDEA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-78909/>

MEDIALDEA, J.:

This is a petition for certiorari seeking the annulment of the Decision of the respondent Secretary of Labor dated September 24, 1986, affirming with modification the Order of respondent Regional Director of Labor, Region X, dated August 4, 1986, awarding salary differentials and emergency cost of living allowances (ECOLAs) to employees of petitioner, and the Order denying petitioner's motion for reconsideration dated May 13, 1987, on the ground of grave abuse of discretion.

Petitioner is a semi-government hospital, managed by the Board of Directors of the Cagayan de Oro Women's Club and Puericulture Center, headed by Mrs. Antera Dorado, as hold-over President. The hospital derives its finances from the club itself as well as from paying patients, averaging 130 per month. It is also partly subsidized by the Philippine Charity Sweepstakes Office and the Cagayan De Oro City government.

Petitioner has forty-one (41) employees. Aside from salary and living allowances, the employees are given food, but the amount spent therefor is deducted from their respective salaries (pp. 77-78, Rollo).

On May 23, 1986, ten (10) employees of the petitioner employed in different capacities/positions filed a complaint with the Office of the Regional Director of Labor and Employment, Region X, for underpayment of their salaries and ECOLAs, which was docketed as ROX Case No. CW-71-86.

On June 16, 1986, the Regional Director directed two of his Labor Standard and Welfare Officers to inspect the records of the petitioner to ascertain the truth of the allegations in the complaints (p. 98, Rollo). Payrolls covering the periods of May, 1974, January, 1985, November, 1985 and May, 1986, were duly submitted for inspection.

On July 17, 1986, the Labor Standard and Welfare Officers submitted their report confirming that there was underpayment of wages and ECOLAs of all the employees by the petitioner, the dispositive portion of which reads:

"IN VIEW OF THE FOREGOING, deficiency on wage and ecola as verified and confirmed per review of the respondent payrolls and interviews with the complainant workers and all other information gathered by the team, it is respectfully recommended to the Honorable Regional Director, this office, that Antera Dorado, President be ORDERED to pay the amount of SIX HUNDRED FIFTY FOUR THOUSAND SEVEN HUNDRED FIFTY SIX & 01/100 (P654,756.01), representing underpayment of wages and ecola to the THIRTY SIX (36) employees of the said hospital as appearing in the attached Annex "F" worksheets and/or

whatever action equitable under the premises." (p. 99, Rollo)

Based on this inspection report and recommendation, the Regional Director issued an Order dated August 4, 1986, directing the payment of P723,888.58, representing underpayment of wages and ECOLAs to all the petitioner's employees, the dispositive portion of which reads:

"WHEREFORE, premises considered, respondent Maternity and Children Hospital is hereby ordered to pay the above-listed complainants the total amount indicated opposite each name, thru this Office within ten (10) days from receipt thereof. Thenceforth, the respondent hospital is also ordered to pay its employees/workers the prevailing statutory minimum wage and allowance.

SO ORDERED." (p. 34, Rollo)

Petitioner appealed from this Order to the Minister of Labor and Employment, Hon. Augusto S. Sanchez, who rendered a Decision on September 24, 1986, modifying the said Order in that deficiency wages and ECOLAs should be computed only from May 23, 1983 to May 23, 1986, the dispositive portion of which reads:

"WHEREFORE, the August 29, 1986 order is hereby MODIFIED in that the deficiency wages and ECOLAs should only be computed from May 23, 1983 to May 23, 1986. The case is remanded to the Regional Director, Region X, for recomputation specifying the amounts due each the complainants under each of the applicable Presidential Decrees." (p. 40, Rollo)

On October 24, 1986, the petitioner filed a motion for reconsideration which was denied by the Secretary of Labor in his Order dated May 13, 1987, for lack of merit (p. 43, Rollo).

The instant petition questions the all-embracing applicability of the award involving salary differentials and ECOLAs, in that it covers not only the hospital employees who signed the complaints, but also those (a) who are not signatories to the complaint, and (b) those who were no longer in the service of the hospital at the time the complaints were filed.

Petitioner likewise maintains that the Order of the respondent Regional Director of Labor, as affirmed with modifications by respondent Secretary of Labor, does not clearly and distinctly state the facts and the law on which the award was based. In its "Rejoinder to Comment," petitioner further questions the authority of the Regional Director to award salary differentials and ECOLAs to private respondents, (relying on the case of Encarnacion vs. Baltazar, G.R. No. L-16883, March 27, 1961, 1 SCRA 860, as authority for raising the additional issue of lack of jurisdiction at any stage of the proceedings, p. 52, Rollo), alleging that the original and exclusive jurisdiction over money claims is properly lodged in the Labor Arbiter, based on Article 217, paragraph 3 of the Labor Code.

The primary issue here is whether or not the Regional Director had jurisdiction over the case and if so, the extent of coverage of any award that should be forthcoming, arising from his visitatorial and enforcement powers under Article 128 of the Labor Code. The matter of whether or not the decision states clearly and distinctly statement of facts as well as the law upon which it is based, becomes relevant after the issue on jurisdiction has been resolved.

This is a labor standards case, and is governed by Art. 128-b of the Labor Code, as amended by E.O. No. 111. Labor standards refer to the minimum requirements prescribed by existing laws, rules, and regulations relating to wages, hours of work, cost of living allowance and other monetary and welfare benefits, including occupational,

safety, and health standards. (Section 7, Rule I, Rules on the Disposition of Labor Standards Cases in the Regional Office, dated September 16, 1987).[1] 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.

Prior to the promulgation of E.O. No. 111 on December 24, 1986, the Regional Director's authority over money claims was unclear. The complaint in the present case was filed on May 23, 1986 when E.O. No. 111 was not yet in effect, and the prevailing view was that stated in the case of Antonio Ong, Sr. vs. Henry M. Parel, et al, G.R. No. 76710, dated December 21, 1987, thus:

"x x x the Regional Director, in the exercise of his visitorial and enforcement powers under Article 128 of the Labor Code, has no authority to award money claims, properly falling within the jurisdiction of the labor arbiter, x x x

"x x x If the inspection results in a finding that the employer has violated certain labor standard laws, then the regional director must order the necessary rectifications. However, this does not include adjudication of money claims, clearly within the ambit of the labor arbiter's authority under Article 217 of the Code."

The Ong case relied on the ruling laid down in *Zambales Base Metals Inc. vs. The Minister of Labor, et al.*, (G.R. Nos. 73184-88, November 26, 1986, 146 SCRA 50) that the "Regional Director was not empowered to share in the original and exclusive jurisdiction conferred on Labor Arbiters by Article 217."

We believe, however, that even in the absence of E.O. No. 111, Regional Directors already had enforcement powers over money claims, effective under P.D. No. 850, issued on December 16, 1975, which transferred labor standards cases from the arbitration system to the enforcement system.

To clarify matters, it is necessary to enumerate a series of rules and provisions of law on the disposition of labor standards cases.

Prior to the promulgation of PD 850, labor standards cases were an exclusive function of labor arbiters, under Article 216 of the then Labor Code (PD No. 442, as amended by PD 570-a), which read in part:

"Art 216. Jurisdiction of the Commission. — The Commission shall have exclusive appellate jurisdiction over all cases decided by the Labor Arbiters and compulsory arbitrators.

"The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving all workers whether agricultural or non-agricultural.

"xxx xxx xxx.

"(c) All money claims of workers, involving non-payment or underpayment of wages, overtime compensation, separation pay, maternity leave and other money claims arising from employee-employer relations, except

claims for workmen's compensation, social security and medicare benefits;

"(d) Violations of labor standard laws;

"x x x." (Italics supplied)

The Regional Director exercised visitorial rights only under then Article 127 of the Code as follows:

"ART. 127. Visitorial Powers. — The Secretary of Labor or his duly authorized representatives, including, but not restricted, to the labor inspectorate, shall have access to employers' records and premises at any time of the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or in aid in the enforcement of this Title and of any Wage Order or regulation issued pursuant to this Code."

With the promulgation of PD- 850, Regional Directors were given enforcement powers, in addition to visitorial powers. Article-127, as amended, provided in part:

SEC. 10. Article 127 of the Code is hereby amended to read as follows:

Art. 127. Visitorial and enforcement powers. —

xxx xxx xxx;

'(b) The Secretary of Labor or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to issue writs of execution to the appropriate authority for the enforcement of their order.'

"xxx xxx xxx."

Labor Arbiters, on the other hand, lost jurisdiction over labor standards cases. Article 216, as then amended by PD 850, provided in part:

"SEC. 22. Article 216 of the Code is hereby amended to read as follows:.

'Art. 216. Jurisdiction of Labor Arbiters and the Commission. — (a) The Labor Arbiters shall have exclusive jurisdiction to hear and decide the following cases involving all workers, whether agricultural or non-agricultural:

'xxx xxx xxx;

'(3) All money claims of workers involving non-payment or underpayment of wages, overtime or premium compensation, maternity or service incentive leave, separation pay and other money claims arising from employer-employee relations, except claims for employee's compensation, social security and medicare benefits and as otherwise provided in Article 127 of this Code.'

"x x x." (Italics supplied)

Under the then Labor Code therefore (PD 442 as amended by PD 570-a, as further amended by PD 850), there were three adjudicatory units: The Regional Director, the Bureau of Labor Relations and the Labor Arbiter. It became necessary to clarify and consolidate all governing provisions on jurisdiction into one document.[2] On April 23, 1976, MOLE Policy Instructions No. 6 was issued, and provides in part (on labor standards cases) as follows:

"POLICY INSTRUCTIONS NO. 6

TO: All Concerned

SUBJECT: DISTRIBUTION OF JURISDICTION OVER LABOR CASES

"xxx xxx xxx

"1. The following cases are under the exclusive original jurisdiction of the Regional Director.

a) Labor standards case arising from violations of labor standard laws discovered in the course of inspection or complaints where employer-employee relations still exist;

"xxx xxx xxx.

"2. The following cases are under the exclusive original jurisdiction of the Conciliation Section of the Regional Office:

a) Labor standards cases where employer-employee relations no longer exist;

"xxx xxx xxx.

"6. The following cases are certifiable to the Labor Arbiters:

a) Cases not settled by the Conciliation Section of the Regional Office, namely:

1) labor standard cases where employer-employee relations no longer exist;

x x x." (Italics supplied)

MOLE Policy Instructions No. 7 (undated) was likewise subsequently issued, enunciating the rationale for, and the scope of, the enforcement power of the Regional Director, the first and second paragraphs of which provide as follows:

"POLICY INSTRUCTIONS NO. 7

TO: All-Regional Directors

SUBJECT: LABOR STANDARDS CASES

Under PD 850, labor standards cases have been taken from the arbitration system and placed under the enforcement system, except where a) questions of law are involved as determined by the Regional Director, b) the amount involved exceeds P100,000.00 or over 40% of the equity of the employer, whichever is lower, c) the case requires evidentiary matters not disclosed or verified in the normal course of inspection, or d) there is no more employer-employee relationship.

The purpose is clear: to assure the worker the rights and benefits due to him under labor standards laws without having to go through arbitration. The worker need not litigate to get what legally belongs to him. The whole enforcement machinery of the Department of Labor exists to insure its expeditious delivery to him free of charge." (Italics supplied)

Under the foregoing, a complaining employee who was denied his rights and benefits due him under labor standards law need not litigate. The Regional Director, by virtue of his enforcement power, assured "expeditious delivery to him of his rights and benefits free of charge," provided of course, he was still in the employ of the firm.

After PD 850, Article 216 underwent a series of amendments (aside from being re-numbered as Article 217) and with it a corresponding change in the jurisdiction of, and supervision over, the Labor Arbiters:

1. PD 1367 (5-1-78) — gave Labor Arbiters exclusive jurisdiction over unresolved issues in collective bargaining, etc., and those cases arising from employer-employee relations duly indorsed by the Regional Directors. (It also removed his jurisdiction over moral or other damages) In other words, the Labor Arbiter entertained cases certified to him. (Article 228, 1978 Labor Code.)

2. PD 1391 (5-29-78) — all regional units of the National Labor Relations Commission (NLRC) were integrated into the Regional Offices Proper of the Ministry of Labor; effectively transferring direct administrative control and supervision over the Arbitration Branch to the Director of the Regional Office of the Ministry of Labor. "Conciliable cases" which were thus previously under the jurisdiction of the defunct Conciliation Section of

the Regional Office for purposes of conciliation or amicable settlement, became immediately assignable to the Arbitration Branch for joint conciliation and compulsory arbitration. In addition, the Labor Arbiter had jurisdiction even over termination and labor-standards cases that may be assigned to them for compulsory arbitration by the Director of the Regional Office. PD 1391 merged conciliation and compulsory arbitration functions in the person of the Labor Arbiter. The procedure governing the disposition of cases at the Arbitration Branch paralleled those in the Special Task Force and Field Services Division, with one major exception: the Labor Arbiter exercised full and untrammelled authority in the disposition of the case, particularly in the substantive aspect, his decisions and orders subject to review only on appeal to the NLRC.[3]

3. MOLE Policy Instructions No. 37 — Because of the seemingly overlapping functions as a result of PD 1391, MOLE Policy Instructions No. 37 was issued on October 7, 1978, and provided in part:

"POLICY INSTRUCTIONS NO. 37

TO: All Concerned

SUBJECT: ASSIGNMENT OF CASES TO LABOR ARBITERS

Pursuant to the provisions of Presidential Decree No. 1391 and to insure speedy disposition of labor cases, the following guidelines are hereby established for the information and guidance of all concerned.

1. Conciliable Cases.

Cases which are conciliable per se, i.e., (a) labor standards cases where employer-employee relationship no longer exists; (b) cases involving deadlock in collective bargaining, except those falling under P.D. 823, as amended; (c) unfair labor practice cases; and (d) overseas employment cases, except those involving overseas seamen, shall be assigned by the Regional Director to the Labor Arbiter for conciliation and arbitration without coursing them through the conciliation section of the Regional Office.

2. Labor Standards Cases.

Cases involving violation of labor standards laws where employer-employee relationship still exists shall be assigned to the Labor Arbiters where:

- a) intricate questions of law are involved; or
- b) evidentiary matters not disclosed or verified in the normal course of inspection by labor regulations officers are required for their proper disposition.

3. Disposition of Cases.

When a case is assigned to a Labor Arbiter, all issues raised therein shall be resolved by him including those which are originally cognizable by the Regional Director to avoid multiplicity of proceedings. In other words, the whole case, and not merely issues involved therein, shall be assigned to and resolved by him.

x x x." (Italics supplied)

4. PD 1691 (5-1-80) — original and exclusive jurisdiction over unresolved issues in collective bargaining and money claims, which includes moral or other damages.

Despite the original and exclusive jurisdiction of labor arbiters over money claims, however, the Regional Director nonetheless retained his enforcement power, and remained empowered to adjudicate uncontested money claims.

5. BP 130 (8-21-81) — strengthened voluntary arbitration. The decree also returned the Labor Arbiters as part of the NLRC, operating as Arbitration Branch thereof.

6. BP 227 (6-1-82) — original and exclusive jurisdiction over questions involving legality of strikes and lock-outs.

The present petition questions the authority of the Regional Director to issue the Order, dated August 4, 1986, on the basis of his visitatorial and enforcement powers under Article 128 (formerly Article 127) of the present Labor Code. It is contended that based on the rulings in the *Ong vs. Parel* (supra) and the *Zambales Base Metals, Inc. vs. The Minister of Labor* (supra) cases, a Regional Director is precluded from adjudicating money claims on the ground that this is an exclusive function of the Labor Arbiter under Article 217 of the present Code.

On August 4, 1986, when the order was issued, Article 128(b)[4] read as follows:

"(b) The Minister of Labor or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to issue writs of execution to the appropriate authority for the enforcement of their order, except in cases where the employer contests the findings of the labor regulations officer and raises issues which cannot be resolved without considering evidentiary matters that are not verifiable in the normal course of inspection." (Italics supplied)

On the other hand, Article 217 of the Labor Code as amended by P.D. 1691, effective May 1, 1980; Batas Pambansa Blg. 130, effective August 21, 1981; and Batas Pambansa Blg. 227, effective June 1, 1982, inter alia, provides:

"ART. 217. Jurisdiction of Labor Arbiters and the Commission. — (a) The Labor Arbiters shall have the original and exclusive jurisdiction to hear and decide within thirty (30) working days after submission of the case by the parties for decision, the following cases involving all workers, whether agricultural or non-agricultural:

"1. Unfair labor practice cases;

"2. Those that workers may file involving wages, hours of work and other terms and conditions of employment;

"3. All money claims of workers, including those based on non-payment or underpayment of wages, overtime compensation, separation pay and other benefits provided by law or appropriate agreement, except claims for employees' compensation, social security, medicare and maternity benefits;

"4. Cases involving household services; and

"5. Cases arising from any violation of Article 265 of this Code, including questions involving the legality of strikes and lockouts." (Italics supplied)

The Ong and Zambales cases involved workers who were still connected with the company. However, in the Ong case, the employer disputed the adequacy of the evidentiary foundation (employees' affidavits) of the findings of the labor standards inspectors while in the Zambales case, the money claims which arose from alleged violations of labor standards provisions were not discovered in the course of normal inspection. Thus, the provisions of MOLE Policy Instructions Nos. 6, (Distribution of Jurisdiction Over Labor Cases) and 37 (Assignment of Cases to Labor Arbiters) giving Regional Directors adjudicatory powers over uncontested money claims discovered in the course of normal inspection, provided an employer-employee relationship still exists, are inapplicable.

In the present case, petitioner admitted the charge of underpayment of wages to workers still in its employ; in fact, it pleaded for time to raise funds to satisfy its obligation. There was thus no contest against the findings of the labor inspectors.

Barely less than a month after the promulgation on November 26, 1986 of the Zambales Base Metals case, Executive Order No. 111 was issued on December 24, 1986,[5] amending Article 128(b) of the Labor Code, to read as follows:

"(b) THE PROVISIONS OF ARTICLE 217 OF THIS CODE TO THE CONTRARY NOTWITHSTANDING AND IN CASES WHERE THE RELATIONSHIP OF EMPLOYER-EMPLOYEE STILL EXISTS, the

Minister of Labor and Employment or his duly authorized representatives shall have the power to order and administer, after due notice and hearing, compliance with the labor standards provisions of this Code AND OTHER LABOR LEGISLATION based on the findings of labor regulation officers or industrial safety engineers made in the course of inspection, and to issue writs of execution to the appropriate authority for the enforcement of their orders, except in cases where the employer contests the findings of the labor regulation officer and raises issues which cannot be resolved without considering evidentiary matters that are not verifiable in the normal course of inspection." (Italics supplied)

As seen from the foregoing, EO 111 authorizes a Regional Director to order compliance by an employer with labor standards provisions of the Labor Code and other legislation. It is Our considered opinion however, that the inclusion of the phrase, "The provisions of Article 217 of this Code to the contrary notwithstanding and in cases where the relationship of employer-employee still exists "x x x in Article 128(b), as amended, above-cited, merely confirms/reiterates the enforcement/adjudication authority of the Regional Director over uncontested money claims in cases where an employer-employee relationship still exists.[6]

Viewed in the light of PD 850 and read in coordination with MOLE Policy Instructions Nos. 6, 7 and 37, it is clear that it has always been the intention of our labor authorities to provide our workers immediate access (when still feasible, as where an employer-employee relationship still exists) to their rights and benefits, without being inconvenienced by arbitration/litigation processes that prove to be not only nerve-wracking, but financially burdensome in the long run.

Note further the second paragraph of Policy Instructions No. 7 indicating that the transfer of labor standards cases from the arbitration system to the enforcement system is

"xxx to assure the workers the rights and benefits due to him under labor standard laws, without having to go through arbitration, xxx"

so that

"xxx the workers would not litigate to get what legally belongs to him xxx ensuring delivery xxx free of charge."

Social justice legislation, to be truly meaningful and rewarding to our workers, must not be hampered in its application by long-winded arbitration and litigation. Rights must be asserted and benefits received with the least inconvenience. Labor laws are meant to promote, not defeat, social justice.

This view is in consonance with the present "Rules on the Disposition of Labor Standard Cases in the Regional Offices"[7] issued by the Secretary of Labor, Franklin M. Drilon on September 16, 1987.

Thus, Sections 2 and 3 of Rule II on "Money Claims Arising from Complaint Routine Inspection," provide as follows:

"Section 2. Complaint inspection. — All such complaints shall immediately be forwarded to the Regional Director who shall refer the case to the appropriate unit in the Regional Office for assignment to a Labor Standards and Welfare Officer (LSWO) for field inspection. When the field inspection does not produce the desired results, the Regional Director shall summon the parties for summary investigation to expedite the disposition of the case, x x x

"Section 3. Complaints where no employer-employee relationship actually exists. — Where employer-employee relationship no longer exists by reason of the fact that it has already been severed, claims for payment of monetary benefits fall within the exclusive and original jurisdiction of the labor arbiters, x x x" (Italics supplied)

Likewise, it is also clear that the limitation embodied in MOLE Policy Instructions No. 7 to amounts not exceeding P100,000.00 has been dispensed with, in view of the following provisions of pars, (b) and (c), Section 7 on "Restitution," the same Rules, thus:

"xxx xxx xxx

"(b) Plant-level restitutions may be effected for money claims not exceeding Fifty Thousand (P50,000.00).
xxx.

"(c) Restitutions in excess of the aforementioned amount shall be effected at the Regional Office or at the worksite subject to the prior approval of the Regional Director."

which indicate the intention to empower the Regional Director to award money claims in excess of P100,000.00; provided of course the employer does not contest the findings made, based on the provisions of Section 8 thereof:

"Section 8. Compromise agreement. —Should the parties arrive at an agreement as to the whole or part of the dispute, said agreement shall be reduced in writing and signed by the parties in the presence of the Regional Director or his duly authorized representative."

E.O. No. 111 was issued on December 24, 1986 or three (3) months after the promulgation of the Secretary of Labor's decision upholding private respondents' salary differentials and ECOLAs on September 24, 1986. The amendment of the visitorial and enforcement powers of the Regional Director (Article 128-b) by said E.O. 111 reflects the intention enunciated in Policy Instructions Nos. 6 and 37 to empower the Regional Directors to resolve uncontested money claims in cases where an employer-employee relationship still exists. This intention must be given weight and entitled to great respect. As held in *Progressive Workers' Union, et al. vs. F.P. Aguas, et al.*, G.R. No. 59711-12, May 29, 1985, 150 SCRA 429:

"x x x The interpretation by officers of laws which are entrusted to their administration is entitled to great respect. We see no reason to detract from this rudimentary rule in administrative law, particularly when later events have proved said interpretation to be in accord with the legislative intent, x x x"

The proceedings before the Regional Director must, perforce, be upheld on the basis of Article 128(b) as amended by E.O. No. 111, dated December 24, 1986, this executive order "to be considered in the nature of a curative statute with retrospective application." (*Progressive Workers' Union, et al. vs. Hon. FP Aguas, et al.* (supra); *M. Garcia vs. Judge A. Martinez, et al.*, G.R. No. L-47629, May 28, 1979, 90 SCRA 331).

We now come to the question of whether or not the Regional Director erred in extending the award to all hospital employees. We answer in the affirmative.

The Regional Director correctly applied the award with respect to those employees who signed the complaint, as

well as those who did not sign the complaint, but were still connected with the hospital at the time the complaint was filed. (See Order, p. 33 dated August 4, 1986 of the Regional Director, Pedrito de Susi, p. 33, Rollo).

The justification for the award to this group of employees who were not signatories to the complaint is that the visitorial and enforcement powers given to the Secretary of Labor is relevant to, and exercisable over establishments, not over the individual members/employees, because what is sought to be achieved by its exercise is the observance of, and/or compliance by, such firm/establishment with the labor standards regulations. Necessarily, in case of an award resulting from a violation of labor legislation by such establishment, the entire members/employees should benefit therefrom. As aptly stated by then Minister of Labor Augusto S. Sanchez:

"x x x. It would be highly derogatory to the rights of the workers, if after categorically finding the respondent hospital guilty of underpayment of wages and ECOLAs, we limit the award to only those who signed the complaint to the exclusion of the majority of the workers who are similarly situated. Indeed, this would be not only render the enforcement power of the Minister of Labor and Employment nugatory, but would be the pinnacle of injustice considering that it would not only discriminate but also deprive them of legislated benefits.

"xxx."(PP. 38-39,Rollo)

This view is further bolstered by the provisions of Sec. 6, Rule II of the "Rules on the Disposition of Labor Standards cases in the Regional Offices" (supra) presently enforced, viz:

"SECTION 6. Coverage of complaint inspection. — A complaint inspection shall not be limited to the specific allegations or violations raised by the complainants/workers but shall be a thorough inquiry into and verification of the compliance by employer with existing labor standards and shall cover all workers similarly situated." (Italics supplied)

However, there is no legal justification for the award in favour of those employees who were no longer connected with the hospital at the time the complaint was filed, having resigned therefrom in 1984, viz:

1. Jean (Joan) Venzon (See Order, p. 33, Rollo)
2. Rosario Paclijan
3. Adela Peralta
4. Mauricio Nagales
5. Consesa Bautista
6. Teresita Agcopra
7. Felix Monleon
8. Teresita Salvador
9. Edgar Cataluna; and
10. Raymond Manija (p. 7, Rollo)

The enforcement power of the Regional Director cannot legally be upheld in cases of separated employees. Article 129 of the Labor Code, cited by petitioner (p. 54, Rollo) is not applicable as said article is in aid of the enforcement power of the Regional Director; hence, not applicable where the employee seeking to be paid underpayment of wages is already separated from the service. His claim is purely a money claim that has to be the

subject of arbitration proceedings and therefore within the original and exclusive jurisdiction of the Labor Arbiter.

Petitioner has likewise questioned the order dated August 4, 1986 of the Regional Director in that it does not clearly and distinctly state the facts and the law on which the award is based.

We invite attention to the Minister of Labor's ruling thereon, as follows:

'Finally, the respondent hospital assails the order under appeal as null and void because it does not clearly and distinctly state the facts and the law on which the awards were based. Contrary to the pretensions of the respondent hospital, we have carefully reviewed the order on appeal and we found that the same contains a brief statement of the (a) facts of the case; (b) issues involved; (c) applicable laws; (d) conclusions and the reasons therefor; (e) specific remedy granted (amount awarded)." (p. 40, Rollo)

ACCORDINGLY, this petition should be dismissed, as it is hereby DISMISSED, as regards all persons still employed in the Hospital at the time of the filing of the complaint, but GRANTED as regards those employees no longer employed at that time.

SO ORDERED.

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

Melencio-Herrera, J., with separate concurring opinion.

Sarmiento, J., subject to his opinion in G.R. Nos. 82805 and 83205.

[1] Cited in J. Nollado, Labor Code of the Philippines, Ann., 1988 Rev. Ed. p. 217.

[2] (See Critical Areas in the Administration of Labor Justice) (Proceedings of the 16th Annual Institute on Labor Relations Law — 1979, U.P. Law Center, p. 5).

[3] Ibid.

[4] as amended by Section 2, PD 1691.

[5] EO 111 expressly declared that its provisions would become effective fifteen (15) days after publication in the Official Gazette. The executive order was published on February 16, 1987 (83 O.G. No. 7, p. 5770) and therefore became effective on March 3, 1987.

[6] A present exception may be found in Section 2 of RA 6715, effective March 20, 1989 which gives Regional Director, "through summary proceeding, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, x x x to an employee or person employed in domestic or household service or househelper x x x arising from employee-employer 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) xxx.

[7] Cited in J. Nollado, Labor Code of the Philippines, Ann., 1988 Rev. Ed., p. 216.

CONCURRING OPINION

MELENCIO-HERRERA, J.:

I concur, with the observation that even as reconciled, it would seem inevitable to state that the conclusion in the Zambales and Ong cases that, prior to Executive Order No. III, Regional Directors were not empowered to share the original and exclusive jurisdiction conferred on Labor Arbiters over money claims, is now deemed modified, if not superseded.

It may not be amiss to state either that under Section 2, Republic Act No. 6715, which amends further the Labor Code of the Philippines (PD No. 442), Regional Directors have also been granted adjudicative powers, albeit limited, over monetary claims and benefits of workers, thereby settling any ambiguity on the matter. Thus:

"SEC. 2. Article 129 of the Labor Code of the Philippines, as amended, is hereby further amended 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 x x x."

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.