

ALBAY I ELECTRIC COOPERATIVE, INC. (ALECO I), PETITIONER, VS. RICARDO S. MARTINEZ, SR., ARNOLD B. BONAGUA AND CONRADO S. BUBAN, RESPONDENTS.

G.R. No. 95559. November 09, 1993

Ponente: BIDIN, J.

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BIDIN, J.:

This special civil action for certiorari seeks the annulment of the Orders dated September 11, 1989 and September 3, 1990 issued by respondent Ricardo Martinez, Sr., Regional Director, Department of Labor and Employment, Regional Office No. 5, Legazpi City, for having been rendered in excess of jurisdiction.

Petitioner avers that on August 15, 1988, private respondents Conrado Buban and Arnaldo Bonagua were designated as acting manager (Commercial Services Department) and supervisor (Service Center), respectively, of Albay I Electric Cooperative, Inc. by Israel Garcia, petitioner's Acting General Manager. Garcia allegedly made the appointments after his own appointment was recalled by the National Electrification Administration (NEA) by virtue of Office Order No. 454 issued on August 10, 1988 effective immediately. (Rollo p. 31)

On August 27, 1988, the Board of Directors of ALECO I considered the midnight appointments of respondents Buban and Bonagua as null and void. In a Memorandum dated June 7, 1989, Romulo Maristaza, Chief of the Legal Service Office of the NEA, considered as defective the appointments of private respondents there being serious doubts as to their validity. (Rollo, p. 14-15)

On August 15, 1989, private respondents filed a complaint with the Office of the Regional Director for the recovery of salary differentials corresponding to their new positions. They also claimed that since they held their respective positions for more than one year, their status should be classified as permanent and they should be paid the corresponding salaries.

Petitioner moved to dismiss the complaint for lack of jurisdiction. Nonetheless, on September 11, 1989, respondent Regional Director issued an Order requiring the petitioner to pay respondents Bonagua and Buban P11,962.31 and P12,593.36, respectively, corresponding to the underpayment of wages for their new positions (Rollo, p. 16).

On September 19, 1989, petitioner filed a notice of appeal and Memorandum of Appeal. Instead of giving due course to the appeal, the Med-Arbiter denied the same and directed the parties to present evidence (Rollo, p. 23). In its position paper, petitioner assailed the Order denying its appeal and further argued that since the amount claimed by private respondents is in excess of P5,000.00, the Regional Director has no jurisdiction to entertain the complaint.

On September 3, 1990, the Regional Director issued another Order, this time requiring petitioner to pay respondent Bonagua the amount of P9,259.72 and respondent Buban P38,243.21 corresponding to their salary differentials and 13th month pay (Rollo p. 32). Public respondent also held that since the complainants (private

respondents) were allowed to discharge their functions for more than one year without objection or adverse action on the part of the petitioner, this amounted to acquiescence and an implied approval of their appointments. Thereafter, a writ of execution was issued on September 26, 1990.

Hence this petition.

Petitioner contends that since each of the money claims of private respondents exceeded P5,000.00, the complaint falls outside the jurisdiction of the respondent Regional Director and should properly be heard by the Labor Arbiter.

Public respondent argues however that under his visitorial power, the P5,000.00 jurisdictional limit does not apply, citing for the purpose *Brokenshire Memorial Hospital Inc. vs. Minister of Labor and Employment* (182 SCRA 5 [1990]), to wit:

"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 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, repeat, be exercised by him where the employer contests the labor regulation officers' findings and raises issues which cannot be resolved without considering the 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" (citing *Briad Agro Development Corp.*).

Public respondent hastens to add that the purpose of the law is to afford to the workers an expeditious delivery of what legally belongs to them; thus, the jurisdictional P5,000.00 limit need not apply. On the other hand, private respondents submit that the Regional director has the power and authority in complaints for inspection cases to hear and decide labor standard cases where employer-employee relationship still exists between the parties. The law does not put a limit as to what should be the minimum claim of the employees in order to seek relief under Article 128 of the Labor Code.

In his Manifestation in Lieu of Comment, the Solicitor General submits that the claims of private respondents for unpaid wages properly fall under the exclusive and original jurisdiction of the Labor Arbiter, mainly because the money claims of private respondents exceed P5,000.00. In addition, the Regional Director ordered the payment of the salary differentials not in connection with his visitorial powers but in the adjudication of the claims or complaints of the private respondents.

Article 129 and Article 217 of the Labor Code, as amended by RA 6715, provide:

"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). x x x."

"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 workers, whether agricultural or non- agricultural:

x x x x x x x x

"(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."

Clearly, the jurisdiction over the instant dispute lies exclusively and originally with the Labor Arbiter, the claims being in excess of P5,000.00 each. Thus, respondents' reliance in *Brokenshire* (supra) is evidently misplaced. For, and in construing the aforequoted provisions, the Court did not confer unlimited jurisdiction on the Regional Director. Rather, it qualified the Regional Director's jurisdiction to hear and decide employee's claims, to wit:

"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 employees compensation, social security, medicare and maternity benefits" (*Brokenshire Memorial Hospital, Inc. vs. Minister of Labor and Employment* supra).

Neither can private respondents successfully invoke the visitatorial power of the Regional Director as provided under Article 128 of the Labor Code. In *Servando's Inc. vs. Secretary of Labor and Employment* (198 SCRA 156 [1991]) the Court ruled:

"To construe the visitatorial power of the Secretary of Labor to order and enforce compliance with labor laws as including the power to hear and decide cases involving employees' claims for wages, arising from employer-employee relations, even if the amount of said claims exceed P5,000.00 for each employee, would, in our considered opinion, emasculate and render meaningless, if not useless, the provisions of Article 217 (a)(6) and Article 129 of the Labor Code which, as above pointed out, confer exclusive jurisdiction on the Labor Arbiter to hear and decide such employee's claims (exceeding P5,000.00 for each employee). To sustain the respondent's position would, in effect, sanction a situation where all employee's claims, regardless of amount, can be heard and determined by the Secretary of Labor under his visitatorial power. This does not however, appear to be the legislative intent.

xxx

"xxx the power to hear and decide employee's claim exceeding P5,000.00 for each employee should be left to the Labor Arbiter as the exclusive repository of the power to hear and decide such claims.

"Nor is this position devoid of sound reason or purpose, because -

"1. The proceedings before the Secretary of Labor (or his agents) exercising his visitatorial powers is summary in nature. On the other hand, proceedings before the Labor Arbiters are more formal and in accord with rules of evidence. When the employee's claim is less than P5,000.00, a summary procedure for its settlement can be justified, but not when a claim is more or less substantial, from the standpoint of both employee and management, for which reason, an employee's claim exceeding P5,000.00 is placed within the exclusive jurisdiction of the Labor Arbiter to hear and decide.

"2. Article 129 of the Labor Code expressly provides that upon complaint of any interested party, the Regional Director (and, consequently, the Secretary of Labor to whom appeals from the Regional Directors are taken) is empowered to hear and decide simple money claims, i.e., those that do not exceed P5,000.00 for each employee, employing for this purpose a summary procedure. If Article 128 (b) of the Labor Code were to be construed as empowering the Secretary of Labor, under his visitatorial power, to hear and decide all types of employee's claims, including those exceeding P5,000.00 for each employee, employing for this purpose a summary procedure, then, Article 129 (limiting the Regional Director's jurisdiction to a claim not exceeding P5,000.00) becomes a useless surplusage in the Labor Code.

Since the amount claimed by each respondent exceeded the P5,000.00 jurisdictional limit conferred upon public respondent, the latter acted without jurisdiction in ordering petitioner to pay private respondents' claims for salary differentials and 13th month pay (*Midland Insurance Corporation v. Secretary of Labor and Employment*, 214 SCRA 578 [1992]).

Furthermore, the fact that petitioner raised the propriety of granting the claimed salary differentials in favor of private respondents should have alerted public respondent to exercise utmost restraint in assuming jurisdiction over the complaint. When the employer contests the findings of the Regional Director, the case must be referred to the Labor Arbiter. This is also a question of fact which cannot be dealt with by the Regional Director view of the summary nature of the proceedings attendant to the exercise of his visitatorial powers (See Art. 128 [b]). It may be argued, however, that respondent Regional Director found that respondents Buban and Bonagua were issued appointment papers on February 9, 1988 and March 22, 1988, respectively. Nevertheless, the fact that each of the private respondents' claim exceeded P5,000.00 ousted respondent Martinez of jurisdiction, by operation of law, to hear and decide complainant's claim for underpayment of wages.

It is a rule that when a tribunal acts in excess or lack of jurisdiction, all decisions, orders and processes emanating therefrom are null and void. Thus, on the issue posed by the petitioner regarding the denial of its appeal, suffice it to say that in taking cognizance of the case at the first instance, the Regional Director already acted beyond the scope of his jurisdiction. Necessarily, all orders and processes subsequently issued by him are without force and effect.

WHEREFORE, the assailed Orders of the Regional Director dated September 11, 1989 and September 3, 1990 including the writ of execution dated September 26, 1990, are hereby SET ASIDE and declared null and void. Each claim of private respondents as regards their salary differentials and 13th month pay is hereby referred to the proper Labor Arbiter for appropriate determination.

SO ORDERED.

Feliciano, (Chairman), Romero, Melo, and Vitug, JJ., concur.

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