

EMPLOYERS CONFEDERATION OF THE PHILIPPINES, PETITIONER VS. NATIONAL WAGES AND PRODUCTIVITY COMMISSION AND REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD-NCR, TRADE UNION CONGR...

G.R. No. 96169. September 24, 1991

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

The petition is given due course and the various pleadings submitted being sufficient to aid the Court in the proper resolution of the basic issues raised in this case, we decide it without further ado.

The Employers Confederation of the Philippines (ECOP) is questioning the validity of Wage Order No. NCR-0-A dated October 23, 1990 of the Regional Tripartite Wages and Productivity Board, National Capital Region, promulgated pursuant to the authority of Republic Act. No. 6727, "AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS THEREFOR. AMENDING FOR THE PURPOSE ARTICLE 99 OF AND INCORPORATING ARTICLES 120, 121, 122, 123, 124, 126, AND 127 INTO PRESIDENTIAL DECREE NO. 442 AS AMENDED. OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING NEW WAGE RATES PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES," was approved by the President on June 9, 1989. Aside from providing new wage rates,[1] the "Wage Rationalization Act" also provides, among other things, for various Regional Tripartite Wages and Productivity Boards in charge of prescribing minimum wage rates for all workers in the various regions[2] and for a National Wages and Productivity Commission to review among other functions, wage levels determined by the boards.[3]

On October 15, 1990, the Regional Board of the National Capital Region issued Wage Order No. NCR-01, increasing the minimum wage by P17.00 daily in the National Capital Region.[4] The Trade Union Congress of the Philippines (TUCP) moved for reconsideration; so did the Personnel Management Association of the Philippines (PMAP).[5] ECOP opposed.

On October 23, 1990, the Board issued Wage Order No. NCR-01-A, amending Wage Order No. NCR-01, as follows:

Section 1. Upon the effectivity of this Wage Order, all workers and employees in the private sector in the National Capital Region already receiving wages above the statutory minimum wage rates up to one hundred and twenty-five pesos (P125.00) per day shall also receive an increase of seventeen pesos (P17.00) per day.

ECOP appealed to the National Wages and Productivity Commission. On November 6, 1990, the Commission promulgated an Order, dismissing the appeal for lack of merit. On November 14, 1990, the Commission denied reconsideration.

The Orders of the Commission (as well as Wage Order No. NCR-01-A) are the subject of this petition, in which ECOP assails the board's grant of an "across-the-board" wage increase to workers already being paid more than existing minimum wage rates (up to P125.00 a day) as an alleged excess of authority, and alleges that under the Republic Act No. 6727, the boards may only prescribe "minimum wages," not determine "salary ceilings." ECOP likewise claims that Republic Act No. 6727 is meant to promote collective bargaining as the primary mode of settling wages, and in its opinion, the boards can not preempt collective bargaining agreements by establishing ceilings. ECOP prays for the nullification of Wage Order No. NCR-01-A and for the "reinstatement" of Wage Order No. NCR-01.

The Court directed the Solicitor General to comment on behalf of the Government, and in the Solicitor General's opinion, the Board, in prescribing an across-the-board hike did not, in reality, "grant additional or other benefits to workers and employees, such as the extension of wage increases to employees and workers already receiving more than minimum wages. . ."[6] but rather, fixed minimum wages according to the "salary-ceiling method."

ECOP insists, in its reply, that wage-fixing is a legislative function and Republic Act No. 6727 delegated to the Regional boards no more "than the power to grant minimum wage adjustments"[7] and in the absence of clear statutory authority,"[8] the boards may no more than adjust "floor wages." [9]

The Solicitor General, in his rejoinder, argues that Republic Act No. 6727 is intended to correct "wage distortions" and the salary-ceiling method (of determining wages) is meant, precisely, to rectify wage distortions.[10]

The Court is inclined to agree with the Government. In the National Wages and Productivity Commission's Order of November 6, 1990 the Commission noted that the determination of wages has generally involved two methods, the "floor-wage" method and the "salary-ceiling" method. We quote:

Historically, legislation involving the adjustment of the minimum wage made use of two methods. The first method involves the fixing of determinate amount that would be added to the prevailing statutory minimum wage. The other involves "the salary-ceiling method" whereby the wage adjustment is applied to employees receiving a certain, denominated salary ceiling. The first method was adopted in the earlier wage orders, while the latter method was used in R.A. Nos. 6640 and 6727. Prior to this, the salary-ceiling method was also used in no less than eleven issuances mandating the grant of cost-of-living allowances (P.D. Nos. 525, 1123, 1614, 1634, 1678, 1713 and Wage Order Nos. 1, 2, 3, 5 and 6). The shift from the first method to the second method was brought about by labor disputes arising from wage distortions, a consequence of the implementation of the said wage orders. Apparently, the wage order provisions that wage distortions shall be resolved through the grievance procedure was perceived by legislators as ineffective in checking industrial unrest resulting from wage order implementations. With the establishment of the second method as a practice in minimum wage fixing, wage distortion disputes were minimized.[11]

As the Commission noted, the increasing trend is toward the second mode, the salary-cap method, which has reduced disputes arising from wage distortions (brought about, apparently, by the floor-wage method). Of course, disputes are appropriate subjects of collective bargaining and grievance procedures, but as the Commission observed and as we are ourselves agreed, bargaining has helped very little in correcting wage distortions. Precisely, Republic Act No. 6727 was intended to rationalize wages, first, by providing for full-time boards to police wages round-the-clock, and second, by giving the boards enough powers to achieve this objective. The Court is of the opinion that Congress meant the boards to be creative in resolving the annual question of wages without labor and management knocking on the legislature's door at every turn. The Court's opinion is that if Republic No. 6727 intended the boards alone to set floor wages, the Act would have no need for a board but an Accountant to keep track of the latest consumer price index or better, would have Congress done it as the need

arises as the legislature, prior to the Act, has done so for years. The fact of the matter is that the Act sought a "thinking" group of men and women bound by statutory standards. We quote:

ART. 124. Standards/Criteria for Minimum Wage Fixing.—The regional minimum wages to be established by the Regional Board shall be as nearly adequate as is economically feasible to maintain the minimum standards of living necessary for the health, efficiency and general well-being of the employees within the framework of the national economic and social development program. In the determination of such regional minimum wages, the Regional Board shall, among other relevant factors, consider the following:

- "(a) The demand for living wages;
- "(b). Wage adjustment vis-a-vis the consumer price index;
- "(c) The cost of living and changes or increases therein;
- "(d) The needs of workers and their families;
- "(e) The need to induce industries to invest in the countryside;
- "(f.) Improvements in standards of living;
- "(g) The prevailing wage levels;
- "(h) Fair return of the capital invested and capacity to pay of employers;
- "(i) Effects of employment generation and family income; and
- "(j) The equitable distribution of income and wealth along the imperatives of economic and social development.”[12]

The Court is not convinced that the Regional Board of the National Capital Region, in decreeing an across-the-board hike, performed an unlawful act of legislation. It is true that wage-fixing, like rate-fixing, constitutes an act Congress;^[13] it is also true, however, that Congress may delegate the power to fix rates^[14] provided that, as in all delegations cases. Congress leaves sufficient standard. As this Court has indicated, it is impressed that the above-quoted standards are sufficient, and in the light of the floor-wage method's failure, the Court believes that the Commission correctly upheld the Regional Board of the National Capital Region.

Apparently, ECOP is of the mistaken impression that Republic Act No. 6727 is .meant to "get the Government out of the industry" and leave labor and management alone in deciding wages. The Court does not think that the law intended to deregulate the relation between labor and capital for several reasons: (1) The Constitution calls upon the State to protect the rights of workers and promote their welfare;^[15] (2) the Constitution also makes it a duty of the State "to intervene when the common goal so demands" in regulating property and property relations;^[16] (3) the Charter urges Congress to give priority to the enactment of measures, among other things, to diffuse the wealth of the nation and to regulate the use of property;^[17] (4) the Charter recognizes the just share of labor in the fruits of production;^[18] (5) under the Labor Code, the State shall regulate the relations between labor and management;^[19] (6) under Republic Act No. 6727 itself the State is interested in seeing that workers receive fair and equitable wages;^[20] and (7) the Constitution is primarily a document of social justice, and although it has recognized the importance of the private sector,^[21] it has not embraced fully the concept of laissez faire^[22] or otherwise, relied on pure market forces to govern economy. We can not give to the Act a meaning or intent that will conflict with these basic principles.

It is the Court's thinking, reached after the Court's own study of the Act, that the Act is meant to rationalize wages, that is, by having permanent boards to decide wages rather than leaving wage determination to Congress year after year and law after law. The Court is not of course saying that the Act is an effort of Congress to pass the buck, or worse, to abdicate its duty, but simply, to leave the question of wages to the expertise of experts. As Justice Cruz observed, "[w]ith the proliferation or specialized activities and their attendant peculiar problems, the national legislature has found it more necessary to entrust to administrative agencies the power of subordinate legislation as it is called.”^[23]

The Labor Code defines "wage" as follows:

"Wage" paid to any employee shall mean the remuneration or earnings, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece, or commission basis, or other method of calculating the same, which is payable by an employer to an employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the Secretary of Labor of board, lodging, or other facilities customarily furnished by the employer to the employee. "Fair and reasonable value" shall not include any profit to the employer or to any person affiliated with the employer.[24]

The concept of "minimum wage" is however, a different thing, and certainly, it means more than setting a floor wage to upgrade existing wages, as ECOP takes it to mean. "Minimum wages" underlies the effort of the State, as Republic Act No. 6727 expresses it, "to promote productivity-improvement and gain-sharing measures to ensure a decent standard of living for the workers and their families; to guarantee the rights of labor to its just share in the fruits of production; to enhance employment generation in the countryside through industry dispersal; and to allow business and industry reasonable returns on investment, expansion and growth,"[25] and as the Constitution expresses it, to affirm "labor as a primary social economic force." [26] As the Court indicated, the statute would have no need for a board if the question were simply "how much". The State is concerned, in addition, that wages are not distributed unevenly, and more important that social justice is subserved.

It is another question, to be sure, had Congress created "roving" boards, and were that the case, a problem of undue delegation would have ensued; but as we said, we do not see a Board (National Capital Region) "running riot" here, and Wage Order No. NCR-01-A as an excess of authority.

It is also another question whether the salary-cap method utilized by the Board may serve the purposes of Republic Act No. 6727 in future cases and whether that method is after all, a lasting policy of the Board; however, it is a question on which we may only speculate at the moment. At the moment, we find it to be reasonable policy (apparently, it has since been Government policy); and if in the future it would be perceptibly unfair to management, we will take it up then.

WHEREFORE, premises considered, the petition is DENIED. No pronouncement as to cost.

IT IS SO ORDERED.

Melencio-Herrera, (Chairman), Padilla and Regalado, JJ., concur.

Paras, J., no part.

[1] Rep. Act No. 6727, Sec. 4(a).

[2] Supra, art. 3

[3] Supra.

[4] Wage Order No. NCR-01 (RTWPB) (DOLE), October 15, 1990; the Order exempts, of course, domestics and other household servants.

[5] Wage Order No. NCR-01-A (RTWPB) (DOLE), October 23, 1990.

[6] Id., 76.

[7] Id., 91.

[8] Id.,

[9] Id.,

[10] Id., 122.

[11] Id., 27,

[12] Rep. Act No. 6727, supra.

[13] Shreveport Rate Case, 234, U.S. 342 (1914). But see Philippine Communication Satellite Corporation v. Alcuaz, G.R. 84818, December 18, 1989, 180 SCRA 218, on when rate-fixing is quasi-judicial for purposes of determining compliance with due process.

[14] Supra.

[15] CONST., art. II, sec. 18.

[16] Supra, art. XII, sec. 6.

[17] Supra, art. XIII, sec. 1.

[18] Supra, sec. 3.

[19] Pres. Decree No. 442, art. 3.

[20] Rep. Act No. 6727, supra.

[21] e.g., CONST., art II, sec. 20.

[22] Philippine Association of Service Exporters v. Drilon, G.R. No. 81958, June 30, 1988, 163 SCRA 386.

[23] CRUZ, PHILIPPINE POLITICAL LAW 96 (1987).

[24] Pres. Decree No. 442, art 97 (f).

[25] Rep. Act. 6727, supra, sec. 1.

[26] CONST., art II, sec. 18, supra.

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