

Title:

****People's Homesite and Housing Corporation vs. Court of Industrial Relations et al.****

Facts:

Background:

1. ****1967****: The Philippine government, through the People's Homesite and Housing Corporation (PHHC), in collaboration with the World Food Program (WFP), initiated a self-help project involving the construction of earth dams, roads, and drainage systems in the Sapang Palay resettlement area.
2. ****Project Implementation****: The project aimed to provide substantial employment and address the land and housing needs of squatter families in the resettlement area.
3. ****Participation****: Families residing in the area were recruited to participate in this project. They received food rations and a nominal cash incentive of Php0.50 per day.
4. ****Work Conditions****: Participants were required to accomplish time sheets for the work done, which was not fully implemented according to the agreement. Tools and equipment were supplied by PHHC, and a PHHC employee supervised the work.

Dispute Arises:

1. ****Complaints****: Participants expressed displeasure about their work conditions and compensation, leading them to approach the Department of Labor.
2. ****Department of Labor Findings****: Secretary Ople, after conducting an investigation, found violations of labor laws and recommended that workers be paid according to the Minimum Wage Law (Php6.00 per day).

Procedural Posture:

1. ****PHHC Response****: PHHC subsequently suspended the project work.
2. ****Legal Action****: Participants filed a case in the Court of Industrial Relations (CIR) against PHHC, seeking payment of wage differentials (difference between Php6.00 and Php0.50), overtime pay, and reinstatement.
3. ****PHHC Defense****:
 - Claimed governmental functions exemption.
 - Denied employer-employee relationship with the participants.
 - Asserted CIR's lack of jurisdiction over both the subject matter and itself as a government-controlled entity.

4. **CIR Decision**: Initially dismissed for lack of jurisdiction, but on reconsideration, the CIR en banc reversed and ordered PHHC to pay the wage differentials, although reinstatement and overtime compensation were denied.

Supreme Court Review:

1. **Petition**: PHHC elevated the CIR decision to the Supreme Court on certiorari.

Issues:

1. **Jurisdiction Over PHHC**: Whether CIR has jurisdiction over a government-owned and/or controlled corporation performing governmental functions.
2. **Existence of Employer-Employee Relationship**: Whether an employer-employee relationship existed between PHHC and the project participants.
3. **Jurisdiction Over Mere Money Claims**: Whether CIR has jurisdiction over cases involving mere money claims without reinstatement.
4. **Categorization of Work**: Whether the work categorization by PHHC falls under labor disputes eligible for CIR adjudication.

Court's Decision:

Jurisdiction of CIR Over Governmental Entities:

1. **Governmental vs. Proprietary Functions**: The PHHC argued that it performed governmental functions which exempted it from CIR jurisdiction. The Court reiterated that disputes involving entities performing proprietary functions fall under CIR, not those performing governmental ones.
2. **PHHC's Function Classification**: The Court examined Commonwealth Act No. 648 and noted that PHHC's activities, including housing and resettlement, were governmental in nature. Similar to National Housing Corporation (NHC), a government instrumentality, PHHC executed sovereign activities focused on broader social objectives.
3. **Specific Cases Cited**: Drawing parallels with prior cases like *GSIS v. Castillo* and *National Housing Corporation v. Juco*, the Court affirmed that entities like PHHC involved in essential public services and social programs functioned gubernatorially.

Employer-Employee Relationship:

1. **Nature of Engagement**: Determining that the participants were involved voluntarily under a compensatory and humanitarian scheme rather than a standard employment

framework negated the employer-employee relationship.

Jurisdiction Over Money Claims:

1. **Non-Reinstatement Factor**: Because the participants sought purely monetary benefits without reinstatement requests, the CIR's jurisdiction was further scrutinized and found lacking for such solitary claims.

Outcome:

The Supreme Court set aside the CIR's resolution, granting PHHC's petition and confirming the lack of jurisdiction over PHHC's governmental activities and non-standard employment engagement.

Doctrine:

- **Jurisdiction Limitation**: The CIR lacks jurisdiction over government-owned/control corporations strictly performing governmental, not proprietary functions.
- **Functional Classification**: Housing and resettlement programs executed by entities like PHHC/NHC constitute governmental functions aiming at broad social betterment, exempt from CIR adjudication.
- **Employer Identification**: Voluntary, humanitarian project participation, compensated minimally and in kind (rations), does not constitute formal employer-employee relations warranting labor dispute categories.

Class Notes:

- **Jurisdictional Boundaries**: Distinguishing proprietary vs. governmental functions for CIR jurisdiction.
- **Governmental Program Participation**: Analyzing the nature of employment and its judicial implications.
- **Statute Referencing**: Commonwealth Act No. 648 defining PHHC's objectives and functions.
- **Key Cases**: *GSIS v. Castillo*, *University of the Philippines and Anonas v. CIR*, *National Housing Corporation v. Juco*, elucidating public vs. proprietary function distinctions.

Historical Background:

The case occurs within a broader context of the Philippine government's mid-20th century initiatives to resolve socio-economic issues such as slum proliferation and inadequate

housing. The launch of mass resettlement and low-cost housing programs is reflective of post-World War II reconstruction efforts and social justice ideologies permeating policy decisions of the era, emphasizing state intervention for economic redistributive justice.