325 Phil. 618

[SYLLABUS]

[G.R. No. 103525, March 29, 1996]

MARCOPPER MINING CORPORATION, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND NATIONAL MINES AND ALLIED WORKERS' UNION (NAMAWU-MIF), RESPONDENTS.

D E C I S I O N

KAPUNAN, J.:

Social justice and full protection to labor guaranteed by the fundamental law of this land is not some romantic notion, high in rhetoric but low in substance. The case at bench provides yet another example of harmonizing and balancing the "right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth."[1]

In this petition for certiorari and prohibition under Rule 65 of the Revised Rules of Court, Marcopper Mining Corporation impugns the decision rendered by the National Labor Relations Commission (NLRC) on 18 November 1991 in RAB-IV-12-2588-88 dismissing petitioner's appeal, and the resolution issued by the said tribunal dated 20 December 1991 denying petitioner's motion for reconsideration.

There is no disagreement as to the following facts:

On 23 August 1984, Marcopper Mining Corporation, a corporation duly organized and existing under the laws of the Philippines, engaged in the business of mineral prospecting, exploration and extraction, and private respondent NAMAWU-MIF, a labor federation duly organized and registered with the Department of Labor and Employment (DOLE), to which the Marcopper Employees Union (the exclusive bargaining agent of all rank-and-file workers of petitioner) is affiliated, entered into a Collective Bargaining Agreement (CBA) effective from 1 May 1984 until 30 April 1987.

Sec. 1, Art. V of the said Collective Bargaining Agreement provides:

Section 1. The COMPANY agrees to grant general wage increase to all employees within the bargaining unit as follows:

Effectivity	Increase per day on the Basic Wage
May 1,1985	5%
May 1,1986	5%

> It is expressly understood that this wage increase shall be exclusive of any increase in the minimum wage and/or mandatory living allowance that may be promulgated during the life of this Agreement.[2]

Prior to the expiration of the aforestated Agreement, on 25 July 1986, petitioner and private respondent executed a Memorandum of Agreement (MOA) wherein the terms of the CBA, specifically on matters of wage increase and facilities allowance, were modified as follows:

> 1. The COMPANY hereby grants a wage increase of 10% of the basic rate to all employees and workers within the bargaining units (sic) as follows:
>
> (a) 5% effective May 1,1986.
>
> This will mean that the members of the bargaining unit will get an effective increase of 10% from May 1, 1986.
>
> (b) 5% effective May 1,1987.
>
> 2. The COMPANY hereby grants an increase of the facilities allowance from P50.00 to P100.00 per month effective May 1, 1986.[3]

In compliance with the amended CBA, petitioner implemented the initial 5% wage increase due on 1 May 1986.[4]

On 1 June 1987, Executive Order (E.O.) No. 178 was promulgated mandating the integration of the cost of living allowance under Wage Orders Nos. 1, 2, 3, 5 and 6 into the basic wage of workers, its effectivity retroactive to 1 May 1987.[5] Consequently, effective on 1 May 1987, the basic wage rate of petitioner's laborers categorized as non-agricultural workers was increased by P9.00 per day.[6]

Petitioner implemented the second five percent (5%) wage increase due on 1 May 1987 and thereafter added the integrated COLA.[7]

Private respondent, however, assailed the manner in which the second wage increase was effected. It argued that the COLA should first be integrated into the basic wage before the 5% wage increase is computed.[8]

Consequently, on 15 December 1988, the union filed a complaint for underpayment of wages before the Regional Arbitration Branch IV, Quezon City.

On 24 July 1989, the Labor Arbiter promulgated a decision in favor of the union. The dispositive part reads, thus:

> WHEREFORE, consistent with the tenor hereof, judgment is rendered directing respondent company to pay the wage differentials due its rank-and-file workers retroactive to 1 May 1987.

SO ORDERED.[9]

The Labor Arbiter ruled in this wise:

First and foremost, the written instrument and the intention of the parties must be brought to the fore. And talking of intention, we conjure to sharp focus the provision embossed in Section 1, Article V of the collective agreement, viz:

xxx xxx xxx.

It is expressly understood that this wage increase shall be exclusive of increase in the minimum wage and/or mandatory living allowance that may be promulgated during the life of this Agreement. (Italics ours.)

The foregoing phrase albeit innocuously framed offers the cue. This ushers us to the inner sanctum of what really was the intention of the parties to the contract. Treading along its lines, it becomes readily discernible that this portion of the contract is the "stop-lock" gate or known in its technical term as the "non-chargeability" clause. There can be no quibbling that on the strength of this provision, the wage/allowance granted under this accord cannot be credited to similar form of benefit that may be thereafter ordained by the government through legislation. That the parties therefore were consciously aware at the time of the conclusion of the agreement of the never-ending rise in the cost of living is a logical corollary. And while this upward trend may not be a welcome phenomenon, there was the intention to yield and comply in the event of an imposition. Of course, there cannot likewise be any rivalry that if the Executive Order were to retroact to 2 May 1987 or a day after the last contractual increase, this question will not arise. It is in this sense of fairness that we cannot allow this "one (1) day" to be an insulating medium to deny the workers the benediction endowed by Executive Order No. 178.[10]

Petitioner appealed the Labor Arbiter's decision and on 18 November 1991 the NLRC rendered its decision sustaining the Labor Arbiter's ruling. The dispositive portion states:

WHEREFORE, in view of the foregoing, the Decision of the Labor Arbiter is hereby AFFIRMED and the appeal filed is hereby DISMISSED for lack of merit.

SO ORDERED.[11]

The NLRC declared:

x x x Increments to the laborers' financial gratification, be they in the form of salary increases or changes in the salary scale are aimed at one

thing -improvement of the economic predicament of the laborers. As such, they should be viewed in the light of the State's avowed policy to protect labor. Thus, having entered into an agreement with its employees, an employer may not be allowed to renege on its obligation under a collective bargaining agreement should, at the same time, the law grants the employees the same or better terms and conditions of employment. Employee benefits derived from law are exclusive of benefits arrived at through negotiation and agreement unless otherwise provided by the agreement itself or by law. (Meycauayan College v. Hon. Franklin N. Drilon, 185 SCRA 50).[12]

Petitioner's motion for reconsideration was denied by the NLRC in its resolution dated 20 December 1991.

In the present petition, Marcopper challenges the NLRC decision on the following grounds:

I

PUBLIC RESPONDENT NLRC ACTED WITH GRAVE ABUSE OF DISCRETION IN AFFIRMING THE DECISION OF LABOR ARBITER JOAQUIN TANODRA DIRECTING MARCOPPER TO PAY WAGE DIFFERENTIALS DUE ITS RANK-AND-FILE EMPLOYEES RETROACTIVE TO 1 MAY 1987 CONSIDERING THAT SANS EO 178, THE FUNDAMENTAL MEANING OF THE BASIC WAGE IS CLEARLY DIFFERENT FROM, AND DOES NOT INCLUDE THE COLA AT THE TIME THE CBA WAS ENTERED INTO. THUS, PUBLIC RESPONDENT'S READING OF THE CBA, AS AMENDED BY THE MEMORANDUM OF AGREEMENT DATED 25 JULY 1986, ULTIMATELY DISREGARDED THE ORDINARY MEANING OF THE PHRASE 'BASIC WAGE,' OTHERWISE INTENDED BY THE PARTIES DURING THE TIME THE CBA WAS EXECUTED.

II

THE LABOR ARBITER AND PUBLIC RESPONDENT NLRC'S RELIANCE ON THE LAST PARAGRAPH OF SECTION 1, ARTICLE V OF THE CBA WHICH STATES: 'IT IS EXPRESSLY UNDERSTOOD THAT THIS WAGE INCREASE SHALL BE EXCLUSIVE OF ANY INCREASE IN THE MINIMUM WAGE AND/OR MANDATORY LIVING ALLOWANCE THAT MAY BE PROMULGATED DURING THE LIFE OF THIS AGREEMENT' IS MISPLACED AND WITHOUT BASIS BECAUSE SAID PROVISION HARDLY OFFERS A HINT AS TO WHAT BASIC WAGE THE PARTIES HAD IN MIND AT THE TIME THEY EXECUTED THE CBA AS AMENDED BY THE MEMORANDUM OF AGREEMENT.

III

PETITIONER COMPUTED THE 5% WAGE INCREASE BASED ON THE UNINTEGRATED BASIC WAGE IN ACCORDANCE WITH THE INTENT AND

TERMS OF THE CBA, AS AMENDED BY THE MEMORANDUM OF AGREEMENT. THIS WAS IN FULL ACCORD AND IN FAITHFUL COMPLIANCE WITH EO 178. HENCE, PETITIONER DID NOT COMMIT ANY UNDERPAYMENT.

IV

THE DOCTRINE OF LIBERAL INTERPRETATION IN FAVOR OF LABOR IN CASE OF DOUBT IS NOT APPLICABLE TO THE INSTANT CASE.[13]

Stripped of the non-essentials, the question for our resolution is what should be the basis for the computation of the CBA increase, the basic wage without the COLA or the so-called "integrated" basic wage which, by mandate of E.O. No. 178, includes the COLA.

It is petitioner's contention that the basic wage referred to in the CBA pertains to the "unintegrated" basic wage. Petitioner maintains that the rules on interpretation of contracts, particularly Art. 1371 of the New Civil Code which states that:

Art. 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.

should govern. Accordingly, applying the aforequoted provision in the case at bench, petitioner concludes that it was clearly not the intention of the parties (petitioner and private respondent) to include the COLA in computing the CBA/MOA mandated increase since the MOA was entered into a year before E.O. No. 178 was enacted even though their effectivity dates coincide. In other words, the situation "contemporaneous" to the execution of the amendatory MOA was that there was yet no law requiring the integration of the COLA into the basic wage.[14] Petitioner, therefore, cannot be compelled to undertake an obligation it never assumed or contemplated under the CBA or MOA.

Siding with the petitioner, the Solicitor General opines that for the purpose of complying with the obligations imposed by the CBA, the integrated COLA should not be considered due to the exclusivity of the benefits under the said CBA and E.O. No. 178. He explains thus:

A collective bargaining agreement is a contractual obligation. It is distinct from an obligation imposed by law. The terms and conditions of a CBA constitute the law between the parties. Thus, employee benefits derived from either the law or a contract should be treated as distinct and separate from each other. (Meycauayan College vs. Drilon, supra.)

xxx xxx xxx.

Very clearly, the CBA and E.O. 178 provided for the exclusiveness of the benefits to be given or awarded to the employees of petitioner. Thus, when petitioner computed the 5% wage increase based on the