

**D. SUPREME COURT DECISIONS**

**G.R. No. 150326**

12 March 2014

**THE NATIONAL WAGES AND PRODUCTIVITY COMMISSION (NWPC) AND THE REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD (RTWPB)– NCR, *Petitioners,***

vs.

**THE ALLIANCE OF PROGRESSIVE LABOR (APL) AND THE TUNAY NA NAGKAKAISANG MANGGAGAWA SA ROYAL (TNMR–APL), *Respondents.***

*Labor Law; NWPC's Approval or Review of Wage Order. -* The very fact that the validity of the assailed sections of Wage Order No. NCR–07 had been already passed upon and upheld by the NWPC meant that the NWPC had already given the wage order its necessary legal imprimatur. Accordingly, the requisite approval or review was complied with.

*Same; Competence of the Board to Determine Applicable Minimum Wage and Exemption From Coverage. -* In creating the RTWPBs, Congress intended to rationalize wages, firstly, by establishing full time boards to police wages round–the–clock, and secondly, by giving the boards enough powers to achieve this objective. In *Employers Confederation of the Phils. v. National Wages and Productivity Commission*, this Court all too clearly pronounced that Congress meant the RTWPBs to be creative in resolving the annual question of wages without Labor and Management knocking on the doors of Congress at every turn. The RTWPBs are the thinking group of men and women guided by

## NWPC LAW GAZETTE

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G.R. No. 150326

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statutory standards and bound by the rules and guidelines prescribed by the NWPC. In the nature of their functions, the RTWPBs investigate and study all the pertinent facts to ascertain the conditions in their respective regions. Hence, they are logically vested with the competence to determine the applicable minimum wages to be imposed as well as the industries and sectors to exempt from the coverage of their wage orders.

*Same; Presumption of Regularity in the Issuance of Wage Order.* - Wage Order No. NCR-07 is presumed to be regularly issued in the absence of any strong showing of grave abuse of discretion on the part of RTWPB-NCR. The presumption of validity is made stronger by the fact that its validity was upheld by the NWPC upon review.

### **FACTS:**

Pursuant to its authority under R.A. 6727, the Board issued Wage Order No. NCR-07 increasing by P25.50/day the wages of all private sector workers/employees in NCR and pegging the minimum wage rate in the region at P223.50/day. Sections 2 and 9 of the Wage Order exempted certain sectors and industries from its coverage. APL and TNMR, due to their non-coverage of wage adjustment, filed an appeal with the NWPC assailing Sections 2(A) and 9(2) of Wage Order. They contended that neither the NWPC nor the RTWPB-NCR had the authority to expand the non-coverage and exemptible categories under the wage order.

NWPC upheld the validity of Sections 2(A) and 9(2) of the Wage Order on the basis that the RTWPB-NCR's power to determine exemptible categories was adjunct to its wage fixing function conferred by Article 122(e) of the *Labor Code*, as amended by Republic Act No. 6727; such authority of the RTWPB was also recognized in NWPC Guidelines No. 01, Series of 1996; APL and TNMR did not adduce evidence to show any arbitrariness

## NWPC LAW GAZETTE

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G.R. No. 150326

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on the part of the Board when it included in Wage Order No. NCR-07 the disputed exclusionary provisions; and the Board was able to submit strong and justifiable reasons for the inclusion of the exemptible categories in Wage Order No. NCR-07. With regard to the excluded sectors provided for in Section 2(A) of the Wage Order, NWPC took cognizance of the precarious situation in the Philippines in 1997 because of the Asian economic turmoil that had prompted the Board to issue Wage Order No. NCR-06 to prescribe a staggered amount of wage increases for the agricultural workers, cottage/handicraft industry, private hospitals with bed capacity of 100 or less, and retail/service establishments employing 15 or less workers. It noted that the effects of that economic turmoil were still felt in the region when Wage Order No. NCR-07 was issued considering that the unemployment rate was 15.4% in July 1999; the Board thought it wise to defer the implementation of the new wage increase until a future date; and the non-inclusion of some sectors from the coverage of the Wage Order No. NCR-07 was only temporary in character. As regards the exemption granted to the exporting firms, the NWPC considered the nature of the business wherein the exporters would normally enter into forwarding contracts with their principals. It held that the recent adjustment imposed by Wage Order No. NCR-07 could not have been anticipated by the parties at the time they agreed on the price of their forward contract; that the implementation of the wage adjustment would surely result, therefore, into either financial loss or at the very least a marked reduction of profits on the part of the exporters; and that the exemption given to exporting firms was not automatic because the Board had the discretion to ascertain if the exporter had complied with the requirements, and the exemption given was only for a period of one year.

On *certiorari* in the CA, the Court declared null and void Sections 2A and 9(2) of the Wage Order on the ground that the powers and functions of the NWPC and Board as set forth in

## NWPC LAW GAZETTE

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G.R. No. 150326

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Republic Act No. 6727 did not include the power to grant additional exemptions from the adjusted minimum wage; an administrative rule or regulation must be in harmony with the enabling law; and the statutory grant of power could not be extended by implication beyond what was necessary for their just and reasonable execution. CA also denied NWPC and RTWPB's motion for reconsideration due to lack of approval by NWPC.

Hence, NWPC and RTWPB-NCR filed a petition for review on certiorari with the SC.

### ISSUES:

1. WHETHER OR NOT THE BOARD HAD THE AUTHORITY TO PROVIDE ADDITIONAL EXEMPTIONS FROM THE MINIMUM WAGE ADJUSTMENTS EMBODIED IN WAGE ORDER NO. NCR-07; AND
2. WHETHER OR NOT WAGE ORDER NO. NCR-07 COMPLIED WITH THE REQUIREMENTS SET BY NWPC GUIDELINES NO. 01, SERIES OF 1996.

### RULING:

The SC in ruling the case in favor of NWPC and RTWPB-NCR declared that the wage orders issued by the RTWPBs could be reviewed by the NWPC *motu proprio* or upon appeal. Any party aggrieved by the wage order issued by the RTWPBs could appeal. Here, APL and TNMR appealed on October 26, 1999, submitting to the NWPC precisely the issue of the validity of the Section 2(A) and Section 9(2) of Wage Order No. NCR-07. The NWPC, in arriving at its decision, weighed the arguments of the parties and ruled that the RTWPB-NCR had substantial and justifiable reasons in exempting the sectors and establishments enumerated in Section

## NWPC LAW GAZETTE

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*G.R. No. 150326*

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2(A) and Section 9(2) based on the public hearings and consultations, meetings, social-economic data and information gathered prior to the issuance of Wage Order No. NCR-07. The very fact that the validity of the assailed sections of Wage Order No. NCR-07 had been already passed upon and upheld by the NWPC meant that the NWPC had already given the wage order its necessary legal imprimatur. Accordingly, the requisite approval or review was complied with.

In creating the RTWPBs, Congress intended to rationalize wages, firstly, by establishing full time boards to police wages round-the-clock, and secondly, by giving the boards enough powers to achieve this objective. In *Employers Confederation of the Phils. v. National Wages and Productivity Commission*, this Court all too clearly pronounced that Congress meant the RTWPBs to be creative in resolving the annual question of wages without Labor and Management knocking on the doors of Congress at every turn. The RTWPBs are the thinking group of men and women guided by statutory standards and bound by the rules and guidelines prescribed by the NWPC. In the nature of their functions, the RTWPBs investigate and study all the pertinent facts to ascertain the conditions in their respective regions. Hence, they are logically vested with the competence to determine the applicable minimum wages to be imposed as well as the industries and sectors to exempt from the coverage of their wage orders.

Wage Order No. NCR-07 is presumed to be regularly issued in the absence of any strong showing of grave abuse of discretion on the part of RTWPB-NCR. The presumption of validity is made stronger by the fact that its validity was upheld by the NWPC upon review.

Petition for review on certiorari GRANTED; The decision promulgated on June 15, 2001 and resolution promulgated on

**NWPC LAW GAZETTE**

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*G.R. No. 150326*

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September 11, 2001 by the Court of Appeals SET ASIDE; The decisions rendered on February 28, 2000 and July 17, 2000 by the National Wages and Productivity Commission REINSTATED; and DIRECTED the respondents to pay the costs of suit.

*Bersamin, J., ponente.*

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