



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

DEL MONTE LAND TRANSPORT
BUS, CO.,

G.R. No. 240144

Petitioner,

- versus -

RENANTE A. ARMENTA, RONALD
C. AUSTRIA, ARMANDO V. RAGOS,
VICENTE SUBITO, ROBERT T.
DOMINGO, PAULO B.
PEÑARANDA, MARVIN R. BARBA,
NOEL MONDOZA, ANDY VITERBO,
KEVIN DE LARA, JOSE P. GUINTO,
LOUIE DAHANG, ANTONIO S.
MATIAS, SR., RONALD L.
PANALIGAN, VERGEL A.
MORADO, ROCHEL A.
BACHILLER, EDWIN M. INFANTE,
MICHAEL ALMORFE, ARNOLD P.
AMOGUIS, CHAREDICK RAYALA,
MARNILOU B. SAN JUAN, JESSIE
M. MACASAMOT, JOMAR M. DELA
CERNA, MELCHOR P. JAVIER,
JEFFREY N. MERLE, ROLLY E.
QUINTO, ALDRIN FISCAL,
MICHAEL S. BONGOL, CRISPO
PABALLA, JR., EDWIN M.
MALIHAN, ARVIN SOLIVEN,
DANCRIS G. GRANADA, MICHAEL
E. POLA, FERDINAND I. REYES,

Present:

LEONEN, J.,
Chairperson,
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, J. Y., *JJ.*

RODERICK ACERO, MARK ALVIN
ORTIZ, DANTE A. LOPEZ,
DIOSDADO S. PEROY, JIMUEL
RUBIO, VICTOR SAN ESTEBAN,
ROBERT P. BARING, VIRGILIO
LAGUDA, SONNY BOY A.
MALASMAS, ROMULO A. COSICO,
ERIC D. DELA CRUZ, PAULINO N.
OCBINA, EDWIN R. VELASQUEZ,
ARMANDO F. BESIN, RICHARD R.
EHILLA, FREDDIE B. NOBLADO,
NORIEL BALAYBOA, LOUIE
DAHANG, MICHAEL ANGELO V.
BOGUE, PETER ASHLEY F.
MORALES, MARLON R.
DUMARAOS, EDGARDO M.
TABION, ANTHONY T. MENDOZA,
RAMIL B. PASAHON, MARIO B.
CALDERON, VARISTO D. ARANDA,
JOEMARIE A. CASTILLANO,
EFREN DE GUZMAN, RICO H.
SINOLBA, JESUS G. FORLAJE,
RAYMOND M. VILLARIN, ELISEO
H. QUINTOS, NIXON SORIANO,
MICHAEL B. BUENO, HAROLD V.
BROSAS, GERONIMO CORTIZ,
EDMUND P. GARCIA, CRISPIN R.
DAVAC, WEDDIE G. NAPONE,
FREDDIE U. RAMOS, RODANTE
DELOS REYES, MORRIE B.
FERRER, JINNO E. GALVEZ, JOEL
V. DOMINGO, RICKY VIOLANTA,
ARMANDO C. JAVIER, MARLON
SALARROSA, ALDRINE GARCIA,
NICK ANDREW SALUDES,
THOMPSON T. BONOEN, DONDIE
MALAPAD, JR., SHERWIN
CHRISTIAN M. GOREZ, LORENZO
D. SARMIENTO, WILFREDO Q.
VILLAPANDO, JULIUS R. PAYONG,
PABLITO N. SAYAS, JR., EDWIN
DANICO, FRANKIE B.
FERNANDEZ, REYNANTE T.
TUYOGON, ROMMEL M. RIOJA,
JEFFERSON V. JAVIER,
FREDERICK ABATAYO, JUPITER
D.C. MARTINEZ, JOHNREY I.

**TURA, JESSIE ESCOLASTICO,
HENRY AZAREZ, EDWARD
JAINGA, RONALD C. AUSTRIA,
ARNEL C. ACO and REX B.
DOGTONG,**

Promulgated:

Respondents.

February 3, 2021

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DECISION

HERNANDO, J.:

Challenged in the instant Petition for Review on *Certiorari*¹ are the December 21, 2017 Decision² and June 7, 2018 Amended Decision³ of the Court of Appeals (CA) in CA-G.R. SP No. 144566, which reversed and set aside the September 11, 2015 Decision⁴ of the National Labor Relations Commission (NLRC) in NLRC LAC No. 03-000726-15, and reinstated the Decision⁵ of the Labor Arbiter (LA) dated January 29, 2015 in NLRC NCR Case No. 07-09461-14.

The Facts

To ensure the protection and welfare of drivers and conductors in the public utility bus industry, the Department of Labor and Employment (DOLE), in the exercise of its rule-making power,⁶ issued Department Order No. 118-12 (DO 118-12) on January 13, 2012 providing for a fixed and performance compensation scheme in the computation of public utility bus driver's or conductor's wage. The goal of the issuance was to insure public road transport safety by improving the working conditions, compensation and competence of bus drivers and conductors thereby eliminating their risk-taking behavior.⁷

¹ *Rollo*, Vol. I, pp. 3-27.

² *Id.* at 35-49; penned by Associate Justice Priscilla J. Baltazar-Padilla (now a retired Member of this Court) and concurred in by Associate Justices Victoria Isabel A. Paredes and Maria Elisa Sempio Diy.

³ *Id.* at 51-59.

⁴ *Id.* at 261-275; penned by Commissioner Joseph Gerard E. Mabilog and concurred in by Commissioner Nieves E. Vivar-De Castro. Commissioner Isabel G. Panganiban-Ortiguerra dissented.

⁵ *Id.* at 155-157; penned by Labor Arbiter Eduardo J. Carpio.

⁶ LABOR CODE, Chapter I, Article 5 provides:

Article 5. *Rules and regulations.* — The Department of Labor and other government agencies charged with the administration and enforcement of this Code or any of its parts shall promulgate the necessary implementing rules and regulations. Such rules and regulations shall become effective fifteen days after announcement of their adoption in newspapers of general circulation.

⁷ *Provincial Bus Operators Association of the Philippines v. Department of Labor and Employment*, G.R. No. 202275, July 17, 2018.

On February 12, 2014, the DOLE, through its Regional Director, issued Labor Standards Compliance Certificates (LSCC)⁸ as Bus Transportation to Del Monte Motor Works, Inc. (DMMWI) for having complied with DO 118-12, other labor laws, rules and regulations.⁹ The certificates of compliance were valid for one (1) year from issuance unless earlier revoked or cancelled.¹⁰

On July 28, 2014, a complaint¹¹ for underpayment of wages, non-payment of holiday pay, holiday premium, rest day premium, service incentive leave, 13th month pay, and attorney's fees was filed by the respondents against Del Monte Land Transport Bus, Co., Inc., (DLTB).

DLTB is a domestic corporation established on March 16, 2010¹² with principal office address at 650 EDSA, Malibay, Pasay City, Metro Manila.¹³ It is engaged in the transportation business and duly registered to operate as a common carrier plying the route of Metro Manila to Batangas, Laguna, Bicol, and Visayas and *vice versa*.¹⁴

Respondents, on the other hand, are drivers and conductors who were hired by DLTB on various dates from 2010-2013.¹⁵ They averred that since the start of their employment, they have yet to receive their 13th month pay, holiday pay, five (5) day service incentive leave pay, rest day pay, overtime pay, and ECOLA.¹⁶ They further claimed that their daily salaries were at ₱337.00, below the prevailing daily minimum wage of ₱466.00 at that time in violation of paragraph (a),¹⁷ Section 2, Rule I of DO 118-12.¹⁸

For its part, DLTB alleged that prior to the implementation of DO 118-12 mandating the “fixed wage plus commission” scheme, respondents were paid on a purely commission basis.¹⁹ When DO 118-12 took effect, petitioner asserted that respondents were being paid their salaries based on the number of hours they actually worked plus commission which is at least 1% of the gross revenue for passengers and 2.5% of the gross revenue for baggages

⁸ *Rollo*, Vol. I, pp. 194-203.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 71-81.

¹² *Id.* at 301-302.

¹³ *Id.* at 92.

¹⁴ *Id.*

¹⁵ *Id.* at 105-107.

¹⁶ *Id.* at 107, 111.

¹⁷ SECTION 2. Minimum Benefits. — The public utility bus drivers and conductors are entitled to the following benefits:

a) Wages for all actual work during the normal work hours and days shall not be lower than the applicable minimum wage rates. Wages shall be paid at least once every two weeks or twice a month at intervals not exceeding 16 days;

¹⁸ *Rollo*, Vol. I, p. 108.

¹⁹ *Id.* at 6.

transported by them.²⁰ DLTB thus asserted that respondents' salaries and other monetary benefits were in accordance with law.²¹ In fact, the DOLE issued LSCCs in favor of DMMWI, which owns and operates DLTB, showing its compliance with the labor standards requirements of the Labor Code and its Implementing Rules and Guidelines.²²

In respondents' Reply,²³ they pointed out that the LSCCs were issued to DMMWI and not to herein petitioner, DLTB.²⁴ Respondents added that they would not have filed the complaint for money claims had there been compliance of the mandate of DO 118-12.²⁵

In response, DLTB claimed that respondents are not entitled to receive the statutory minimum wage rates for the National Capital Region (NCR) because they are all assigned in various operations centers of DLTB located in the South Luzon and Visayas regions at the time of the institution of the complaint.²⁶ Moreover, the prevailing minimum wage in the NCR cannot be invoked by respondents since DLTB's office in Manila is a mere transit point.²⁷

Petitioner DLTB thus raised the issue of jurisdiction. It claimed that the LA does not have jurisdiction to render judgment or award on the alleged underpayment of wages claimed by the respondents²⁸ since it is the DOLE which has jurisdiction over their money claims pursuant to Article 128 of the Labor Code.²⁹

Ruling of the Labor Arbiter:

The LA, in taking cognizance of the complaint, held in his January 29, 2015 Decision³⁰ that respondents are entitled to their monetary claims. The LA held that DLTB is domiciled in the NCR with its principal office address at 650 EDSA, Malibay, Pasay City, NCR. Its business starts and ends in its Head Office in Pasay City thereby negating petitioner's claim that Manila is merely a transit point. Such being the case and based on the Rules, DLTB should be covered by the wage order issued by the Regional Tripartite Wage and Productivity Board (RTWPB) of the NCR entitling respondents to salary

²⁰ Id. at 95.

²¹ Id.

²² Id.

²³ Id. at 150-154.

²⁴ Id. at 152.

²⁵ Id.

²⁶ *Rollo*, Vol. II, p. 485.

²⁷ *Rollo*, Vol. I, p. 144.

²⁸ Id. at 145.

²⁹ Id. at 147.

³⁰ Id. at 155-157.

differentials. For failure to prove payment, the LA further held DLTB liable for respondents' 13th month pay, regular holidays, and 5-day service incentive leave citing Section 2, Rule II of DO 118-12. The monetary award totaled ₱16,872,047.97.³¹

Ruling of the National Labor Relations Commission:

In a Decision³² dated September 11, 2015, the NLRC found the LA to have committed grave abuse of discretion in assuming jurisdiction over the case. The NLRC held that the LA disregarded the provisions of DO 118-12 which categorically provided that compliance with minimum wages, wage-related benefits, hours of work and occupational safety and health standards of public utility bus drivers and conductors shall be enforced by the appropriate Regional Office of the DOLE (DOLE-RO) having jurisdiction over the principal office of the owner/operator.

The NLRC also ruled that the LA merely brushed aside the fact that five (5) months prior to the filing of respondents' complaint, or on February 12, 2014, the Regional Director of DOLE-NCR issued several LSCCs in favor of DMMWI, the operator of DLTB, for having complied with DO 118-12.³³

The labor tribunal pointed out that based on the visitorial and enforcement powers of the Secretary of Labor and Employment under Article 128 of the Labor Code, the Regional Director has the authority to ensure compliance with the labor standards provisions of the Labor Code and other labor legislation and its Rules. Since the LA did not have jurisdiction over the complaint from the start, he should have dismissed it and referred the respondents to the DOLE-NCR for the proper dispensation of their claims.³⁴

The NLRC reversed the findings of the LA and disposed thus:

WHEREFORE, premises considered, the appeal is granted. The decision of Labor Arbiter Eduardo J. Carpio dated January 29, 2015 is **REVERSED AND SET ASIDE**. The complaint is hereby dismissed for lack of jurisdiction. This Decision is without prejudice to complainants' available recourse for relief through the appropriate remedy in the proper forum.

SO ORDERED.³⁵ (Emphasis in the original)

³¹ Id. at 158-161.

³² Id. at 261-275.

³³ Id. at 272-273.

³⁴ Id. at 273-274.

³⁵ Id. at 274.

A Motion for Reconsideration with Motion for Inhibition³⁶ was subsequently filed but it was denied by the NLRC in its Resolution³⁷ dated December 29, 2015 for lack of merit.

Ruling of the Court of Appeals:

The appellate court, in a Decision³⁸ dated December 21, 2017, reversed the ruling of the NLRC and held that the LA correctly took cognizance of the present case. The CA noted that the primary cause of action of respondents involved underpayment of wages and non-payment of other employee benefits, hence within the jurisdiction of the LA and NLRC pursuant to Article 224 of the Labor Code, as amended. Jurisdiction over the subject matter of a case is determined by the allegations made in the complaint regardless of whether the complainant is entitled to his claim which is a matter resolved only after a trial. The matter of jurisdiction is not dependent upon the defenses put up by respondent.

The CA decreed:

WHEREFORE, the instant petition is hereby **GRANTED**. The impugned Decision and Resolution of the NLRC are **REVERSED** and **SET ASIDE**. The Decision of the Labor Arbiter is accordingly **REINSTATED**.

SO ORDERED.³⁹ (Emphasis in the original)

Upon motion for reconsideration, the appellate court modified the challenged Decision but only to extricate Atty. Narciso O. Morales from liability.⁴⁰

Hence, the present petition.

Issues

The petition is anchored on the following grounds:⁴¹

I

THE COURT OF APPEALS DECIDED NOT IN ACCORD WITH LAW AND THE APPLICABLE DECISIONS OF THE SUPREME COURT IN REVERSING AND SETTING ASIDE THE RULING OF

³⁶ Id. at 277-298.

³⁷ Id. 318-327.

³⁸ Id. at 35-49.

³⁹ Id. at 49.

⁴⁰ Id. at 51-59. *See* Amended Decision of the NLRC dated June 7, 2018.

⁴¹ Id. at 17.

THE NLRC THAT THE LABOR ARBITER LACKS JURISDICTION OVER THE COMPLAINT SINCE SECTION 1, RULE VIII OF D.O. NO. 118-12 PROVIDES THAT THE DEPARTMENT OF LABOR AND EMPLOYMENT REGIONAL OFFICE HAS JURISDICTION OVER THE CONTROVERSY.

II

THE COURT OF APPEALS DECIDED NOT IN ACCORD WITH LAW WHEN IT RULED THAT THERE IS UNDERPAYMENT OF WAGES, IN THAT IT FAILED TO PROPERLY APPLY THE PROVISIONS OF DEPARTMENT ORDER NO. 118-12.

Simplified, the pith of the controversy is which between the Labor Arbiter and the DOLE has jurisdiction over the labor standards claims of respondents public utility bus drivers and conductors.

Our Ruling

The petition is impressed with merit.

At inception, it must be emphasized that jurisdiction over the subject matter or authority to try a certain case is conferred by law and not by the whims, consent or acquiescence of the interested parties⁴² nor by the erroneous belief of the court or tribunal that it exists.⁴³ It should be exercised precisely by the person in authority or body in whose hands it has been placed by the law;⁴⁴ otherwise, acts of the court or tribunal shall be void and with no legal consequence. As reiterated by the Court in *Bilag v. Ay-ay*:⁴⁵

“[J]urisdiction is defined as the power and authority of a court to hear, try, and decide a case. In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter. It is axiomatic that jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong; it is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists. Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action.” Perforce, it is important that a court or tribunal should first determine whether or not it has jurisdiction over the subject matter presented before it, considering that any act that it performs without jurisdiction shall be null and void, and without any binding legal effects.⁴⁶ (Citation omitted.)

⁴² *Tiger Construction and Development Corporation v. Abay*, 627 Phil. 530-542 (2010).

⁴³ *Foronda-Crystal v. Son*, 821 Phil. 1033 (2017).

⁴⁴ *Tiger Construction and Development Corporation v. Abay*, supra.

⁴⁵ 809 Phil. 236 (2017).

⁴⁶ *Id.* at 243.

Respondents, insisting that the LA has jurisdiction, allege that the very issue in the present labor dispute is the recovery of wage differentials resulting from the continuing underpayment of their wages⁴⁷ since the year 2012.⁴⁸ They maintain that their ₱337.00 daily rate instead of the minimum daily rate mandated by National Capital Regional Wage Board (NCRWB) was not compliant with the wage order in relation to DO 118-12.⁴⁹

Moreover, they assert that their money claims fall within the cases covered by Article 217⁵⁰ as it exceeded the aggregate amount of ₱5,000.00. Hence, the authority to hear and decide said cases is vested on the LA, to the exclusion of all other courts or quasi-judicial bodies or tribunals.⁵¹

Respondents further argue that no complaint was filed before the DOLE for the latter to exercise its jurisdiction over their claim.⁵² Neither was there any inspection conducted at DLTB as the LSCCs in question was issued for the alleged compliance of DMMWI, a separate and distinct corporation.⁵³ They add that what the DOLE exercised in the issuance of the LSCCs was its visitorial and compliance powers under Article 128 (b) and not its enforcement and adjudicatory powers under Article 129 of the Labor Code.⁵⁴

To resolve the issue of jurisdiction requires an examination of DO 118-12, or the Rules and Regulations Governing the Working Conditions of Drivers and Conductors in the Public Utility Bus Transport Industry, issued by the DOLE in the exercise of its quasi-legislative powers pursuant to Article 5⁵⁵ of the Labor Code. Section 1, Rule VIII of DO118-12 provides:

RULE VIII
Compliance and Enforcement

SECTION 1. *Enforcement of Labor Standards.* — Compliance with minimum wages, wage-related benefits, hours of work and occupational safety and health standards shall be enforced by **the appropriate DOLE-RO** having jurisdiction over the principal office of the bus owner/operator in accordance with the prescribed rules and regulations.

⁴⁷ *Rollo*, Vol. II, pp. 605, 614.

⁴⁸ *Id.* at 620.

⁴⁹ *Id.* at 621.

⁵⁰ Article 217 is now Article 224 as renumbered by DOLE Department Advisory No. 1, Series of 2015.

⁵¹ *Rollo*, Vol. II, p. 615.

⁵² *Id.* at 617.

⁵³ *Id.*

⁵⁴ *Id.* at 619.

⁵⁵ LABOR CODE, Chapter I, Article 5 provides:

Article 5. *Rules and regulations.* — The Department of Labor and other government agencies charged with the administration and enforcement of this Code or any of its parts shall promulgate the necessary implementing rules and regulations. Such rules and regulations shall become effective fifteen days after announcement of their adoption in newspapers of general circulation.

Consistent with Article 128 (Visitorial and Enforcement Power) of the Labor Code, as amended, **the Regional Director through his/her duly authorized representatives**, shall conduct routine inspection of the workplace and shall also have access to employer's records and premises at any time of the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or which may aid in the enforcement of the Labor Code and of any labor law, wage order, or rules and regulations issued pursuant thereto.

The findings of the duly authorized representative shall be referred to the **Regional Director** for appropriate action as provided for in Article 128, and shall be furnished the collective bargaining agent, if any.

Based on the visitorial and enforcement power of the **Secretary of Labor and Employment** in Article 128 (a), (b), (c), and (d), the Regional Director shall issue compliance orders to give effect to the labor standards provisions of the Labor Code, other labor legislation, and this Rules. (Emphasis supplied)

In relation to the afore-quoted provision, a review of the extent of the visitorial and enforcement powers of the DOLE found in Articles 128 (a) (b) (c) and (d) and 129 of the Labor Code, as amended by Republic Act No. 7730 (RA 7730)⁵⁶ in conjunction with the scope of the jurisdiction of the Labor Arbiter as provided in Article 224⁵⁷ of the Labor Code, as amended and renumbered, is necessary.

Article 128 of the Labor Code, as amended reads:

Article 128. *Visitorial and Enforcement Power.* — (a) **The Secretary of Labor and Employment or his duly authorized representatives**, including labor regulation officers, shall have access to employer's records and premises at any time of the day or night whenever work is being undertaken therein, and the right to copy therefrom, to question any employee and investigate any fact, condition or matter which may be necessary to determine violations or which may aid in the enforcement of this Code and of any labor law, wage order or rules and regulations issued pursuant thereto.

(b) **Notwithstanding the provisions of Articles 129 and 217 of this Code to the contrary, and in cases where the relationship of employer-employee still exists, the Secretary of Labor and Employment or his duly authorized representatives** shall have the power to issue compliance orders to give effect to the labor standards provisions of this Code and other labor legislation based on the findings of labor employment and enforcement officers or industrial safety engineers made in the course of inspection. **The Secretary or his duly authorized representatives** shall issue writs of execution to the appropriate authority for the enforcement of their

⁵⁶ Entitled "AN ACT FURTHER STRENGTHENING THE VISITORIAL AND ENFORCEMENT POWERS OF THE SECRETARY OF LABOR AND EMPLOYMENT, AMENDING FOR THE PURPOSE ARTICLE 128 OF P.D. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES," dated June 2, 1994.

⁵⁷ Article 224 was formerly Article 217, before it was renumbered by DOLE Department Advisory No. 1, Series of 2015.

orders, except in cases where the employer contests the findings of the labor employment and enforcement officer and raises issues supported by documentary proofs which were not considered in the course of inspection.

An order issued by the duly authorized representative of the Secretary of Labor and Employment under this Article may be appealed to the latter. In case said order involves a monetary award, an appeal by the employer may be perfected only upon the posting of a cash or surety bond issued by a reputable bonding company duly accredited by the Secretary of Labor and Employment in the amount equivalent to the monetary award in the order appealed from.

(c) The **Secretary of Labor and Employment** may likewise order stoppage of work or suspension of operations of any unit or department of an establishment when non-compliance with the law or implementing rules and regulations poses grave and imminent danger to the health and safety of workers in the workplace. Within twenty-four hours, a hearing shall be conducted to determine whether an order for the stoppage of work or suspension of operations shall be lifted or not. In case the violation is attributable to the fault of the employer, he shall pay the employees concerned their salaries or wages during the period of such stoppage of work or suspension of operation.

(d) It shall be unlawful for any person or entity to obstruct, impede, delay or otherwise render ineffective the orders of **the Secretary of Labor and Employment or his duly authorized representatives** issued pursuant to the authority granted under this Article, and no inferior court or entity shall issue temporary or permanent injunction or restraining order or otherwise assume jurisdiction over any case involving the enforcement orders issued in accordance with this Article.

x x x x (Citation omitted and emphasis supplied)

The letter of DO 118-12 could not be any clearer. Section 1 thereof categorically provides that issues concerning compliance with the minimum wages and wage-related benefits of public utility bus drivers and conductors is conferred with **DOLE-Regional Officer** having jurisdiction over the principal office of the bus owner/operator. Again, jurisdiction over the subject matter is conferred by law. It is also determined by the averments in the complaint and the nature of the reliefs being sought.⁵⁸

In the present case, the Regional Director of DOLE-NCR issued several Labor Standard Compliance Certificates⁵⁹ dated February 12, 2014, certifying petitioner's compliance with the labor standards requirements of the law. Five months after or on July 28, 2014, respondents filed the instant case before the LA for underpayment of wages and non-payment of other benefits alleging violation of the requirements of DO 118-12 in their Affidavit-Position Paper.⁶⁰

⁵⁸ *De Guzman-Fuerte v. Sps. Estomo*, 830 Phil. 653, 660-661(2018).

⁵⁹ *Rollo*, Vol. I, pp. 194-203.

⁶⁰ *Id.* at 104-115.

This fact should have prompted the LA to refer the case to the DOLE as it was evident that the respondents' money claims are beyond his jurisdiction. In addition, respondents' categorical statement that they would not have filed the instant case for money claims had there been real compliance of the mandate of DO 118-12 shows that the claims were the offshoot of the DOLE Regional Officer's issuance of the certificates of compliance.⁶¹ This constituted a challenge by the respondents on the certificates of compliance issued by the DOLE Regional Officer relative to the labor standard requirements under DO 118-12 which should have been lodged before the DOLE.

Respondents' argument that jurisdiction over their claims is vested with the LA given that the aggregate amount subject of this case exceeded ₱5,000.00, fails to persuade.

Article 128 of the Labor Code speaks of the jurisdiction of the DOLE Secretary and his representatives over labor standards violations based on findings made in the course of visitation and inspection of the business premises of an employer. Prior to its amendment, Article 128 was subjected to the provisions of Article 129⁶² putting a limitation on the jurisdiction of the DOLE or his authorized representative to money claims not exceeding ₱5,000.00. Thus, under the old rule, matters involving recovery of wages and other monetary claims and benefits where the aggregate amount exceeds ₱5,000.00 fell within the jurisdiction of the LA pursuant to Articles 129 and 224 of the Labor Code.⁶³

⁶¹ Id. at 152.

⁶² LABOR CODE, Chapter IV, Article 129 provides:

Article 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 does not exceed Five thousand pesos (P5,000.00).** The Regional Director or hearing officer shall decide or resolve the complaint within thirty (30) calendar days from the date of the filing of the same. Any sum thus recovered on behalf of any employee or househelper pursuant to this Article shall be held in a special deposit account by, and shall be paid on order of, the Secretary of Labor and Employment or the Regional Director directly to the employee or househelper concerned. Any such sum not paid to the employee or househelper because he cannot be located after diligent and reasonable effort to locate him within a period of three (3) years, shall be held as a special fund of the Department of Labor and Employment to be used exclusively for the amelioration and benefit of workers.

Any decision or resolution of the Regional Director or hearing officer pursuant to this provision may be appealed on the same grounds provided in Article 223 of this Code, within five (5) calendar days from receipt of a copy of said decision or resolution, to the National Labor Relations Commission which shall resolve the appeal within ten (10) calendar days from the submission of the last pleading required or allowed under its rules.

The Secretary of Labor and Employment or his duly authorized representative may supervise the payment of unpaid wages and other monetary claims and benefits, including legal interest, found owing to any employee or househelper under this Code. (As amended by Section 2, Republic Act No. 6715, March 21, 1989)

⁶³ LABOR CODE, Chapter II, Article 224 provides:

The issuance of RA 7730 on June 2, 1994, however, effectively removed the jurisdictional limitations brought about by the threshold amount found in Articles 129 and 224 of the Labor Code insofar as the exercise of the visitorial and enforcement powers of the DOLE Secretary are concerned.⁶⁴ As it stands now, the authority under Article 128 may be exercised by the DOLE regardless of the amount of the award claimed for provided there exists employer-employee relationship.

This Court notes the different views espousing the proposition that the mode and fora by which the action has been initiated determine jurisdiction. The issue has been settled in *People's Broadcasting Service v. Secretary of the Department of Labor and Employment (People's Broadcasting Service)*,⁶⁵ where this Court *En Banc* pronounced:

There is a view that despite Art. 128 (b) of the Labor Code, as amended by RA 7730, there is still a threshold amount set by Arts. 129 and 217 of the Labor Code when money claims are involved, i.e., that if it is for PhP5,000 and below, the jurisdiction is with the regional director of the DOLE, under Art. 129, and if the amount involved exceeds PhP5,000, the jurisdiction is with the labor arbiter, under Art. 217. The view states that despite the wording of Art. 128 (b), this would only apply in the course of regular inspections undertaken by the DOLE, as differentiated from cases under Arts. 129 and 217, which originate from complaints. There are several cases, however, where the Court has ruled that Art. 128 (b) has been amended to expand the powers of the DOLE Secretary and his duly authorized representatives by RA 7730. In these cases, the Court resolved that the DOLE had the jurisdiction, despite the amount of the money claims involved. Furthermore, in these cases, the inspection held by the DOLE regional director was prompted specifically by a complaint. Therefore, the initiation of a case through a complaint does not divest the DOLE Secretary or his duly authorized representative of jurisdiction under Art. 128 (b).

To recapitulate, if a complaint is brought before the DOLE to give effect to the labor standards provisions of the Labor Code or other labor legislation, and there is a finding by the DOLE that there is an

Article 224. Jurisdiction of the 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 all workers, whether agricultural or non-agricultural:

x x x x

If accompanied with a claim for reinstatement, those cases that workers may file involving wages, rates of pay, hours of work and other terms and conditions of employment;

x x x x

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) regardless of whether accompanied with a claim for reinstatement.

The Commission shall have exclusive appellate jurisdiction over all cases decided by Labor Arbiters.

⁶⁴ *Foronda-Crystal v. Son*, supra note 43.

⁶⁵ 683 Phil. 509 (2012).

existing employer-employee relationship, the DOLE exercises jurisdiction to the exclusion of the NLRC. If the DOLE finds that there is no employer-employee relationship, the jurisdiction is properly with the NLRC. If a complaint is filed with the DOLE, and it is accompanied by a claim for reinstatement, the jurisdiction is properly with the Labor Arbiter, under Art. 217 (3) of the Labor Code, which provides that the Labor Arbiter has original and exclusive jurisdiction over those cases involving wages, rates of pay, hours of work, and other terms and conditions of employment, if accompanied by a claim for reinstatement. **If a complaint is filed with the NLRC, and there is still an existing employer-employee relationship, the jurisdiction is properly with the DOLE.** The findings of the DOLE, however, may still be questioned through a petition for certiorari under Rule 65 of the Rules of Court.⁶⁶ (Emphasis supplied)

Thus, the rules governing jurisdiction on labor standards claims, as set in *People's Broadcasting Service*⁶⁷ may be summed up as follows:

1. If the claim involves labor standards benefits mandated by the Labor Code or other labor legislation regardless of the amount prayed for and provided that there is an existing employer-employee relationship, jurisdiction is with the DOLE regardless of whether the action was brought about by the filing of a complaint or not.
2. If the claim involves labor standards benefits mandated by the Labor Code or other labor legislation regardless of the amount prayed for and there is no existing employer-employee relationship or the claim is coupled with a prayer for reinstatement, jurisdiction is with the LA/NLRC.


Undeniably, the issues surrounding the money claims of respondents public utility bus drivers and conductors, as well as questions pertaining to the Labor Standard Compliance Certificates dated February 12, 2014 raised in the instant case, are within the purview of the jurisdiction of the DOLE pursuant to Article 128 and the provisions of DO 118-12. The CA therefore erred in affirming the LA's assumption of jurisdiction.

WHEREFORE, the petition is **GRANTED**. The challenged December 21, 2017 Decision and June 7, 2018 Amended Decision of the Court of Appeals in CA-G.R. SP No. 144566 are hereby **REVERSED** and **SET ASIDE**. The complaint is hereby **DISMISSED** for lack of jurisdiction. No pronouncement as to costs.


⁶⁶ Id. at 520-521.

⁶⁷ Id.

SO ORDERED.


RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson


HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice


JHOSEP L. LOPEZ
Associate Justice

ATTESTATION

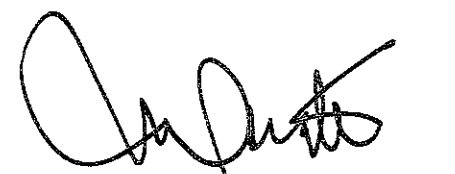
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice