



Republic of the Philippines
Supreme Court
Bacolod City

FIRST DIVISION

THE PHILIPPINE PORTS AUTHORITY, G.R. No. 192836

Petitioner,

- versus -

PAMBANSANG LAKAS NG PANTALAN (PANTALAN), as represented by ANTONIO C. IGNACIO, JR., ALEJANDRO L. TAN, PIO ROMULO N. BALATBAT, and other similarly situated employees of PHILIPPINE PORTS AUTHORITY,

Respondents.

X-----X

SAMAHANG MANGGAGAWA SA PALIPARAN NG PILIPINAS, all represented herein by Ceferino Lopez,

G.R. No. 194889

Present:

Petitioner,

- versus -

MANILA INTERNATIONAL AIRPORT AUTHORITY, THE BOARD OF DIRECTORS OF

GESMUNDO, C.J., Chairperson
HERNANDO,
ZALAMEDA,
ROSARIO,
MARQUEZ,* JJ.

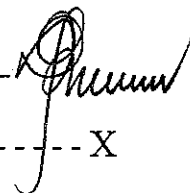
* On official business.

**MANILA INTERNATIONAL
AIRPORT AUTHORITY, namely,
Leandro R. Mendoza, Alfonso G.
Cusi, Joseph D. Durano, Nilo C.
Jatico, Joaquin Lagonera, Alipio
Fernandez, Alexander M. Arevalo,
Raul B. Trinidad and Jerome V.
Paras,**

Respondents.

Promulgated:

NOV 29 2022



X-----X

DECISION

ZALAMEDA, J.:

The policy enshrined in Republic Act No. (RA) 6758¹ is to standardize the compensation and benefits of employees in the public sector, including government-owned and controlled corporations. It aims to provide equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities.² Neither the law nor the Court suggests that the compensation of the employees after the promulgation of RA 6758 would be increased with the addition of the Cost of Living Allowance (COLA) and amelioration allowance into the basic standardized salary.³


¹ Entitled, "AN ACT PRESCRIBING A REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT AND FOR OTHER PURPOSES." Approved 21 August 1989.

² Section 2, Republic Act No. 6758.

x x x x

Section 2. Statement of Policy. – It is hereby declared the policy of the State to provide equal pay for substantially equal work and to base differences in pay upon substantive differences in duties and responsibilities, and qualification requirements of the positions. In determining rates of pay, due regard shall be given to, among others, prevailing rates in the private sector for comparable work. For this purpose, the Department of Budget and Managements (DBM) is hereby directed to establish and administer a unified Compensation and Position Classification System, hereinafter referred to as the System, as provided for in Presidential Decree No. 985, as amended, that shall be applied for all government entities, as mandated by the Constitution.

³ *Republic v. Cortez*, 805 Phil. 294, 335 (2017).



The Case

Before this Court are the consolidated⁴ Petitions for Review⁵ on *certiorari* (petitions) under Rule 45 of the Rules of Court, seeking to reverse and set aside the Decision⁶ dated 29 January 2010 and the Resolution⁷ dated 09 July 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 107730, and the Decision⁸ dated 30 July 2010 and the Resolution⁹ dated 16 December 2010 of the CA in CA-G.R. SP No. 96571.

Antecedents

These consolidated cases stem from separate petitions for *mandamus* filed by [1] Pambansang Tinig at Lakas ng Pantalan (Pantalan) against Philippine Ports Authority (PPA) before the Regional Trial Court (RTC) of Manila¹⁰ and [2] Samahang Manggagawa sa Paliparan ng Pilipinas (SMPP) against Manila International Airport Authority (MIAA), et al., before the RTC of Pasay.¹¹

PPA, petitioner in G.R. No. 192836, is a government instrumentality created by virtue of Presidential Decree No. 857,¹² as amended. Respondent Pantalan is PPA employees' union represented by its officers.¹³ Meanwhile, MIAA, respondent in G.R. No. 194889, is a government entity created by Executive Order No. 778,¹⁴ as amended. Petitioner SMPP is an organization

⁴ *Rollo* (G.R. No. 192836), p. 500. In a Resolution dated 19 September 2011, this Court consolidated G.R. No. 194889 and G.R. No. 192836 in view of the similarity of the subject matter involved and in order to avoid conflicting decisions on related cases and to save the time and resources of this Court.

⁵ *Id.* at 14-48 (G.R. No. 192836) and, *Id.* at 9-47 (G.R. No. 194889).

⁶ *Id.* at 52-61. Penned by Associate Justice Noel G. Tijam (a former Member of this Court) and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Franchito N. Diamante.

⁷ *Id.* at 63-64. Penned by Associate Justice Noel G. Tijam (a former Member of this Court) and concurred in by Associate Justices Apolinario D. Bruselas, Jr. and Franchito N. Diamante.

⁸ *Rollo* (G.R. No. 194889), pp. 75-84. Penned by Associate Justices Amy C. Lazaro-Javier (now a Member of this Court) and concurred in by Associate Justices Rebecca De Guia-Salvador and Sesonando E. Villon.

⁹ *Id.* at 85. Penned by Associate Justices Amy C. Lazaro-Javier (now a Member of this Court) and concurred in by Associate Justices Sesonando E. Villon and Normandie B. Pizarro.

¹⁰ *Rollo* (GR 192836), p. 65-98.

¹¹ *Rollo* (GR 194889), p. 16.

¹² Entitled "PROVIDING FOR THE REORGANIZATION OF PORT ADMINISTRATIVE AND OPERATION FUNCTIONS IN THE PHILIPPINES, REVISING PRESIDENTIAL DECREE NO. 505 DATED JULY 11, 1974, CREATING THE PHILIPPINE PORT AUTHORITY, BY SUBSTITUTION, AND FOR OTHER PURPOSES" Approved 23 December 1975.

¹³ *Rollo* (G.R. No. 192836), pp. 16-17.

¹⁴ Entitled, "CREATING THE MANILA INTERNATIONAL AIRPORT AUTHORITY, TRANSFERRING EXISTING ASSETS OF THE MANILA INTERNATIONAL AIRPORT TO THE AUTHORITY, AND VESTING THE AUTHORITY WITH POWER TO ADMINISTER AND OPERATE THE MANILA INTERNATIONAL AIRPORT." Approved 04 March 1984.

of MIAA's employees.¹⁵

Prior to the last quarter of 1989, both PPA and MIAA had been paying its officials and employees COLA and amelioration allowance. Thereafter, PPA and MIAA discontinued the payment of said allowances pursuant to the Department of Budget and Management (DBM) Corporate Compensation Circular (CCC) No. 10, series of 1989¹⁶ (DBM CCC No. 10) prescribing the implementing rules and regulations of RA 6758,¹⁷ or the Compensation and Position Classification Act of 1989.¹⁸

However, in *De Jesus v. Commission On Audit*¹⁹ (*De Jesus*), We declared DBM-CCC No. 10 ineffective and unenforceable due to non-publication. Consequently, PPA and MIAA paid their employees their COLA and amelioration allowance backpay from the time the same were withheld.²⁰

On 16 March 1999, the DBM caused the required publication of DBM-CCC No. 10.²¹ Hence, on 17 July 1999, PPA and MIAA again stopped paying their respective employees' COLA and amelioration allowance. Further, MIAA issued Board Resolution No. 2005-061 denying the request of its employees to continue paying COLA and amelioration allowance on the ground that these allowances are already deemed integrated into their employees' basic salaries, pursuant to law.²²

This prompted Pantalan and SMPP to file their respective petitions for *mandamus*. Pantalan alleged that PPA failed to "actually integrate" the COLA and amelioration allowance into their basic salary.²³ On the other hand, SMPP claimed that after the effectivity of DBM-CCC No. 10, their COLA and amelioration allowance "simply disappeared."²⁴ Both Pantalan and SMPP claimed that from July 1999 to date, PPA and MIAA failed to pay the COLA and amelioration allowance on top of their basic salary.²⁵

For their part, PPA and MIAA posited that with the enactment of DBM-CCC No. 10, the COLA and amelioration allowance were deemed

¹⁵ *Rollo* (G.R. No. 194889), pp. 53, 76.

¹⁶ *Id.* at 76-77.

¹⁷ Entitled "AN ACT PRESCRIBING A REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT AND FOR OTHER PURPOSES" Approved: 21 August 1989.

¹⁸ *Rollo* (G.R. No. 192836), pp. 53-54; *Rollo* (G.R. No. 194889), pp. 76-77..

¹⁹ 355 Phil. 584 (1998).

²⁰ *Rollo* (G.R. No. 192836), p. 53 *Rollo* (G.R. No. 194889), pp. 76-77.

²¹ Rules and Regulations for the implementation of the Revised Compensation and Position Classification System Prescribed Under R.A. No. 6758 for Government-Owned and/or Controlled Corporations (GOCCs) and Financial Institutions (GFIs).

²² *Rollo* (G.R. No. 192835) pp. 52-61; *Rollo* (G.R. No. 194889), pp. 75-84.

²³ *Id.*

²⁴ *Rollo* (G.R. No. 194889), p. 28.

²⁵ *Rollo* (G.R. No. 192836), p. 82; *Rollo* (G.R. No. 194889), pp. 9-48.

integrated in the salaries of their employees pursuant to RA 6758, and as such, there is no need for “any separate, independent and further act of integrating” COLA and amelioration allowance.²⁶

PPA likewise asserted that Pantalan’s petition for *mandamus* is premature because the latter failed to exhaust administrative remedies and to pay the required docket fees considering that the case is actually one for sum of money.²⁷ By way of counterclaim, PPA claimed that it is entitled to exemplary damages, litigation expenses, and attorney’s fees.²⁸ Meanwhile, MIAA alleged that the DBM is a real party in interest and should be impleaded.²⁹

Ruling of the RTC

G.R. No. 192836

On 04 June 2008, the RTC issued its Decision³⁰ in SP. Civil Action No. 08-118633. The dispositive portion reads:

WHEREFORE, the petition is hereby GRANTED. As prayed for, respondent is hereby mandated to ACTUALLY INTEGRATE the COLA and [amelioration allowance] of the petitioners as of July 17, 1999 into their basic salaries and pay the corresponding differentials therefor and pay lawful attorney’s fees of at least 10% of such differentials.

The counterclaim is DENIED for lack of merit.

SO ORDERED.³¹

According to the RTC, DBM-CCC No. 10 mandates that in appropriating the remuneration of its employees, PPA should include the COLA and amelioration allowance, which its employees used to receive separately, in the basic salary. The court *quo* disagreed with PPA’s position that a separate, independent, and further act of integrating COLA and amelioration allowance is *no* longer necessary because these are deemed integrated in the standardized salaries of government workers.³²

²⁶ *Rollo* (G.R. No. 192836) pp. 52-61; *Rollo* (G.R. No. 194889), pp. 75-84.

²⁷ *Rollo* (G.R. No. 192836), pp. 52-61.

²⁸ *Id.* at 107-108.

²⁹ *Rollo* (G.R. No. 194889), pp. 52-74.

³⁰ *Rollo* (G.R. No. 192836), p. 153-159. Penned by Judge Antonio I. De Castro.

³¹ *Id.* at 159.

³² *Id.* at 153-159.

G.R. No. 194889

In its Decision dated 18 September 2006, the RTC ruled in favor of SMPP in SP. Civil Case No. 05-1422-CFM. The *fallo* of the Decision reads:

WHEREFORE, premises considered, let a writ of mandamus be issued in this case commanding respondents to integrate by adding, including or incorporating the COLA and AA of herein petitioners to the basic salaries of herein petitioners effective July 16, 1999 pursuant to Sections 4.1 and Sections 4.2 of DBM CCC No. 10 s. 1999 in relation to Section 12 of R.A. 6758; that respondent MIAA Board of Directors is hereby commanded to issue the necessary board resolution appropriating funds to pay for COLA and AA of petitioners which were not added, included and incorporated to their respective basic salaries commencing on July 16, 1999 up to such time said COLA and AA are added, included and incorporated into their respective basic salaries commencing July 16, 1999 until such time they are actually added, included or incorporated into said basic salaries, be released immediately in favor of herein petitioners.

SO ORDERED.³³

The trial court agreed with SMPP's contention that adding or including the COLA and amelioration allowance in the basic salary is consistent with the spirit and intent of RA 6758, which is to integrate these allowances in order that the same be translated to substantial additional benefits for employees. It is also in accord with the well-settled principle of non-diminution of pay.³⁴

Ruling of the CA

G.R. No. 192836

In CA-G.R. SP No. 107730, the CA's Special Twelfth Division rendered the Decision³⁵ dated 29 January 2010 affirming the Decision dated 04 June 2008 of RTC-Manila. The dispositive portion reads:

WHEREFORE, the instant Petition for Review is **DENIED** for lack of merit. The assailed Decision, dated June 4, 2008, of the

³³ *Rollo* (G.R. No. 194889), p. 74.

³⁴ *Id.* at 52-74.

³⁵ *Rollo* (GR No. 192835), pp. 52-61. Penned by Associate Justice Noel G. Tijam (a former Member of this Court) and concurred in by Associate Justices Apolinario D. Bruselas and Franchito N. Diamante.

Regional Trial Court of Manila, Branch 3, in Special Civil Action No. 08-118633, is hereby **AFFIRMED**. Appellee's Motion to Refer Case to Mediation is **DENIED**.

SO ORDERED.³⁶

The CA ruled that treating COLA and amelioration allowance to be "deemed integrated" into respondents' present salaries will result in a diminution of their benefits. It also held that the DBM must first determine what comprises "other additional compensation" under Section 12 of RA 6758 before they could be deemed included or excluded in the standardized salary rates. It was only upon the issuance and effectivity of the corresponding DBM Implementing Rules and Regulations, categorically excluding the COLA and amelioration allowance, that the government employees concerned were validly notified that, indeed, those allowances were already deemed included in the standardized salary rates.

Considering that the CA found petitioner to have failed in its legal duty to pay respondents their COLA and amelioration allowance, through actual integration, the CA found that *mandamus* is the proper remedy to compel the performance of such legal duty.³⁷ PPA's motion for reconsideration was likewise denied.³⁸

G.R. No. 194889

On 30 July 2010, the CA rendered the assailed Decision. The *fallo* reads:

ACCORDINGLY, the appeal is **GRANTED**. The Decision dated September 18, 2006 is **REVERSED** and **SET ASIDE**, and a new one rendered **DISMISSING** Civil Case No. 05-1422-CFM.

SO ORDERED.³⁹

The CA found that the DBM's due process rights were violated. It held that the DBM is a real party-in-interest since it is the government agency primarily tasked to enforce RA 6758 and its implementing rules, and charged with the disbursement of public funds, including SMPP's claim for COLA and amelioration allowance.⁴⁰ SMPP's motion for reconsideration was denied.⁴¹

³⁶ Id. at 61.

³⁷ Id. at 52-61.

³⁸ Id. at 63-64.

³⁹ *Rollo* (G.R. No. 194889), p. 83.

⁴⁰ Id. at 75-84.

⁴¹ Id. at 85.

Aggrieved, PPA and SMPP filed their respective petitions for review before this Court. SMPP moved for the consolidation of the present cases. We granted the motion in Our Resolution dated 11 September 2011, considering the similarity of the subject matter involved, and in order to avoid conflicting decisions on related cases, as well as to save the time and resources of this Court.⁴²

Issues

G.R. No. 192836

1. Whether the CA erred in affirming the ruling of the RTC mandating PPA to actually integrate the COLA and amelioration allowance in their employees' basic salaries;

2. Whether Pantalan is guilty of laches;

3. Whether Pantalan's petition for *mandamus* should have been dismissed on the grounds of failure to exhaust administrative remedies and lack of jurisdiction; and

4. Whether PPA is entitled to its counterclaim for exemplary damages, litigation expenses, and attorney's fees.

G.R. No. 194889

1. Whether the CA erred in dismissing SMPP's petition for *mandamus* on the ground that the DBM was not impleaded as an indispensable party; and

2. Whether the CA erred in setting aside the RTC decision directing MIAA to integrate COLA and amelioration allowance into the basic salaries of its employees.

⁴² *Rollo* (G.R. No. 192836), p. 500.

Ruling of the Court

The Court resolves to GRANT PPA's petition and DENY SMMP's petition.

We shall resolve the issues in the two petitions jointly as they are either similar or closely-linked.

The petitions for mandamus are not dismissible on the cited procedural grounds

PPA assails Pantalan's petition for *mandamus* on the grounds of laches, failure to exhaust administrative remedies, and lack of jurisdiction. MIAA likewise argues that SMPP failed to exhaust administrative remedies. Additionally, MIAA insists that the petition was correctly dismissed on the ground of failure to implead DBM, which is an indispensable party. We disagree.

First, on the issue of laches. PPA faults Pantalan since it took them 10 years before they instituted the petition for *mandamus*.

We find, however, that Pantalan's claim is not barred by laches. It must be underscored that it is not just the lapse of time or delay that constitutes laches. The essence of laches is the failure or neglect, for an unreasonable and unexplained length of time, to do that which, through due diligence, could or should have been done earlier, thus giving rise to a presumption that the party entitled to assert it had either abandoned or declined to assert it.⁴³

In this case, both the RTC and CA found that Pantalan had been consistently demanding the actual integration of their COLA and amelioration allowance into their present salaries since the same were denied from them thereby negating the claim that laches had set in. The factual findings of the trial courts, especially when affirmed by the CA, are binding to this Court.⁴⁴

Second, both PPA and MIAA contend that Pantalan and SMPP failed to exhaust all administrative remedies. They argue that Pantalan and SMPP should have asked the DBM to reconsider its circulars before instituting a

⁴³ *Spouses De la Cruz v. Ramiscal*, 491 Phil. 62 (2005).

⁴⁴ *Travel & Tours Advisers, Inc. v. Cruz, et al.*, 783 Phil. 257, 264-265 (2016).

petition for *mandamus*. We disagree. As pointed out by the RTC, neither Pantalan nor SMPP questions or impugns the validity of the DBM circulars. They are, in fact, asking the court to direct PPA and MIAA to comply with RA 6758 and DBM-CCC No. 10. Thus, there is nothing for the DBM to reconsider.

Moreover, in *Ronquillo v. NEA (Ronquillo)*,⁴⁵ We held that the issue on the proper interpretation of Section 12 of RA 6758 involves a question of law. The doctrine of exhaustion of administrative remedies does not apply when the issue deals with a question of law. Thus:

[The case] does not involve an examination of the probative value of the evidence presented by the parties. There is a question of law when the doubt or difference arises as to what the law is on a certain state of facts, and not as to the truth or the falsehood of alleged facts. Said question [of law] at best could be resolved only *tentatively* by the administrative authorities. *The final decision on the matter rests not with them but with the courts of justice.* Exhaustion of administrative remedies does not apply, because nothing of an administrative nature is to be or can be done. The issue does not require technical knowledge and experience but one that would involve the interpretation and application of law.⁴⁶

Third, PPA argues that the RTC had no jurisdiction over Pantalan's petition since the same is essentially a complaint for sum of money and the latter failed to pay docket fees. However, a perusal of the petition reveals that the same is indeed a petition for *mandamus*. Generally, the writ of *mandamus* lies to require the execution of a ministerial duty.⁴⁷ Here, it is apparent that both Pantalan and SMPP believe that PPA and MIAA have the ministerial duty of paying their COLA and amelioration allowance on top of their standardized salaries. As such, the claim of lack of jurisdiction due to non-payment of docket fees lacks merit.

Finally, MIAA insists that the DBM should have been impleaded as an indispensable party. The argument is misplaced. For the DBM to be an indispensable party, it must have such an interest in the controversy or subject matter that a final adjudication cannot be made, in its absence, without injuring or affecting its interest.⁴⁸ However, in *MWSS v. Bautista*,⁴⁹ We disagreed with therein petitioner's contention that it needs prior

⁴⁵ 785 Phil. 382 (2016).

⁴⁶ *Id.* at 398.

⁴⁷ *MMDA v. Concerned Residents of Manila Bay, et al.*, 595 Phil. 305, 326 (2008)

⁴⁸ *Quilatan v. Heirs of Quilatan*, 614 Phil. 162 (2009).

⁴⁹ 572 Phil. 383 (2008)

approval from the DBM before it may pay the COLA of its employees.⁵⁰ In any event, as will be discussed at length below, remanding the case to implead⁵¹ the DBM will serve no useful purpose. On the contrary, it will only further delay the resolution of this case since PPA and MIAA are not authorized to pay the COLA and amelioration allowance on top of their employees' standardized salaries. Thus, there will no disbursement of funds to speak of.

Under RA 6758, COLA and amelioration allowance are already integrated into the standardized salary rates of government workers

The crux of the petitions is whether PPA's and MIAA's employees are entitled to the payment of the COLA and amelioration allowance on top of their basic salaries, as opposed to the language of Section 12 of RA 6758, which provides that these allowances are deemed included in their standardized salaries.

We rule in the affirmative. The COLA and amelioration allowance are already deemed factually integrated into the standardized salaries of PPA and SMPP employees from 01 July 1989.⁵²

At the outset, it bears stressing that this assertion as to entitlement to these benefits is not one of first impression. Similar to Pantalan and SMPP, petitioners in *Ronquillo* argued that they are entitled to the balance of the COLA benefits from 16 July 1999 up to the date of their separation from service. They claimed that they had been receiving COLA benefits before RA 6758 became effective, and the COLA was not integrated into their standardized salary rate. Thus, according to them, the non-payment of their COLA is a diminution of compensation, over which they have a vested right.⁵³

In *Ronquillo*, We declared that under Section 12 of RA 6758, the COLA has been integrated into the standardized salary rates of government workers. This is also echoed in our rulings in *Gutierrez v. DBM*,⁵⁴ *Torcuator v. COA*,⁵⁵ and *Lumauan v. COA*.⁵⁶ Furthermore, in *Zamboanga City Water*

⁵⁰ Id. at 404.

⁵¹ See *Divinagracia v. Parilla*, 755 Phil. 783, 792 (2015).

⁵² *Republic v. Cortez*, 805 Phil. 294 (2017).

⁵³ *Ronquillo v. NEA*, supra at 396.

⁵⁴ 630 Phil. 1 (2010).

⁵⁵ G.R. No. 210631, 12 March 2019.

⁵⁶ G.R. No. 218304, 09 December 2020.

*District v. COA*⁵⁷ and *Republic v. Cortez (Cortez)*,⁵⁸ We recognized that both COLA and amelioration allowance are already deemed integrated in the standardized salaries. It is clear in these cases that payment of the COLA and amelioration allowance on top of the standardized salaries is improper.

To expound, Section 12 of RA 6758 reads:

SEC. 12. *Consolidation of Allowances and Compensation.* — All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowances of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such **other additional compensation** not otherwise specified herein as may be determined by the DBM, shall be **deemed included in the standardized salary rates** herein prescribed. Such other additional compensation, whether in cash or in kind, being received by incumbents only as of July 1, 1989 not integrated into the standardized salary rates shall continue to be authorized.⁵⁹

Our declaration in *De Jesus* that DBM-CCC No. 10 is ineffective due to non-publication has not invalidated this provision of law. Notwithstanding Our ruling in *De Jesus*, other additional compensation not otherwise specified in Section 12, *e.g.*, the COLA and amelioration allowance, shall be deemed included in the standardized salary rates. In any case, the subsequent re-issuance and publication cured any alleged defect of DBM-CCC No. 10.⁶⁰ The pertinent provisions of DBM-CCC No. 10 read:

4.0 DEFINITION OF TERMS

4.1 The present salary of an incumbent for purposes of this Circular shall refer to the sum total of actual basic salary including allowances enumerated hereunder, being received as of June 30, 1989 and authorized pursuant to PD. No. 985 and other legislative or administrative issuances:

4.1.1 **Cost-of-Living Allowance/Bank Equity Pay (COLA/BEP)** equivalent to forty percent (40%) of basic salary or P300.00 per month, whichever is higher;

4.1.2 **Amelioration Allowance** equivalent to ten percent (10%) of basic salary or P150.00 per month, whichever is higher; xxx

⁵⁷ 779 Phil. 225 (2016).

⁵⁸ 805 Phil. 294 (2017).

⁵⁹ *Emphasis supplied.*

⁶⁰ *Ronquillo v. NEA*, supra at 399.

x x x x

4.2 Allowances enumerated above are **deemed integrated** into the basic salary for the position effective July 1, 1989.⁶¹

x x x x

5.0 IMPLEMENTING PROCEDURES

x x x x

5.4 The following allowances/fringe benefits which were authorized to GOCCs/GFIs under the standardized Position Classification and Compensation Plan prescribed for each of the five (5) sectoral groupings of GOCCs/GFIs pursuant to P.D. NO. 985, as amended by P.D. NO. 1597, the Compensation Standardization Law in operation prior to R.A. NO. 6758, and to other related issuances are **not to be integrated into the basic salary** and allowed to be continued after June 30, 1989 only to incumbents of positions who are authorized and actually receiving such allowances/benefits as of said date, at the same terms and conditions provided in said issuances.

- 5.4.1 Representation and Transportation Allowances (RATA)
- 5.4.2 Uniform and Clothing Allowance;
- 5.4.3 Hazard Pay as authorized by law;
- 5.4.4 Honoraria/additional compensation for employees on detail with special projects or inter-agency undertakings;
- 5.4.5 Honoraria for services rendered by researchers, experts and specialists who are of acknowledged authorities in their fields of specialization;
- 5.4.6 Honoraria for lecturers and resource persons/speakers;
- 5.4.7 Overtime Pay as authorized by law;
- 5.4.8 Laundry and subsistence allowances of marine officers and crew on board GOCCs/GFIs owned vessels and used in their operations, and of hospital personnel who attend directly to patients and who by nature of their duties are required to wear uniforms;
- 5.4.9 Quarters Allowance of officials and employees who are entitled to the same;
- 5.4.10 Overseas, Living Quarters and other allowances presently authorized for personnel stationed abroad;
- 5.4.11 Night Differential of personnel on night duty;
- 5.4.12 Per Diems of members of the governing Boards of GOCCs/GFIs at the rate as prescribed in their respective Charters;
- 5.4.13 Flying Pay of personnel undertaking aerial flights;
- 5.4.14 Per Diems/Allowances of Chairman and Members/Staff of collegial bodies and Committees; and
- 5.4.15 Per Diems/Allowances of officials and employees on official foreign and local travel outside of their official station.

5.5 The following allowances/fringe benefits authorized to GOCCs/GFIs pursuant to the aforementioned issuances are **not**

⁶¹ *Emphasis supplied.*

likewise to be integrated into the basic salary and allowed to be continued only for incumbents of positions as of June 30, 1989 who are authorized and actually receiving said allowances/benefits as of said date, at the same terms and conditions prescribed in said issuances

- 5.5.1 Rice Subsidy;
- 5.5.2 Sugar Subsidy;
- 5.5.3 Death Benefits other than those granted by the GSIS;
- 5.5.4 Medical/dental/optical allowances/benefits;
- 5.5.5 Children's Allowance;
- 5.5.6 Special Duty Pay/Allowance;
- 5.5.7 Meal Subsidy;
- 5.5.8 Longevity Pay; and
- 5.5.9 Teller's Allowance.

As shown in the quoted provisions, under Section 4 of DBM-CCC No. 10, the COLA and amelioration allowance are already integrated in the standardized salary. Further, Item 5.6 of DBM-CCC No. 10 states:

Payment of other allowances/fringe benefits and all other forms of compensation granted on top of basic salary, whether in cash or in kind, ... shall be discontinued effective November 1, 1989. Payment made for such allowances/fringe benefits after said date shall be considered as illegal disbursement of public funds.⁶²

Neither the COLA nor amelioration allowance is included in the enumeration under Sections 5.4 and 5.5, which list down the allowances that are not deemed integrated in the basic pay and therefore may be received by employees on top of their standardized salary. Thus, as PPA correctly pointed out, there is no need for "any separate, independent and further act of integrating" the COLA and amelioration allowance in the standardized salary under RA 6758. Stated differently, the term "deemed included" under RA 6758 means that the standardized salary rates are already inclusive of the COLA and amelioration allowance.

This is further confirmed by the DBM through Circular No. 2005-002. The pertinent portions read:

- 1.0 This Circular is being issued as a clarification on the impact of the latest Supreme Court rulings on the integration of allowances, including Cost of Living Allowance (COLA), of government employees under Republic Act (RA) No. 6758.

⁶² DBM-CCC No. 10, Item 5.6.

X X X X

- 5.0 In view of the foregoing, **payment of allowances and other benefits, such as COLA, which are already integrated in the basic salary, remains prohibited** unless otherwise provided by law or ruled by the Supreme Court.
- 6.0 All agency heads and other responsible officials and employees found to have authorized the grant of COLA and other allowances and benefits already integrated in the basic salary shall be personally held liable for such payment, and shall be severely dealt with in accordance with applicable administrative and penal laws.⁶³

Ultimately, this conclusion is supported by the deliberations during the bicameral conference committee on appropriations on House Bill No. 10054, which eventually became RA 6758. From the discussions led by its principal author, Representative Rolando R. Andaya, the clear legislative intent is to incorporate the COLA in the standardized salaries. In this way, the standardized basic pay is higher, which would mean a higher base for bonuses and retirement pay. To wit:

CHAIRMAN ANDAYA: I just would like to point out na ngayon without the standardization pay, yung monthly pay ng Grade I, yung lowest monthly pay, is receiving one thousand four hundred including the COLA, including COLA one thousand four. Here, they will be receiving two thousand.

VOICE (Media): Plus COLA.

CHAIRMAN ANDAYA: No, incorporated na nga eh. They will have an increase take home pay of six hundred pesos increase. Now, I would like to explain. Noong araw ang mga increases percentage-wise is based on the basic, noong araw, you will receive an increase of ten percent (10%), twenty percent (20%), the basic. Yung one thousand four hundred ano ang component noong one thousand four hundred including COLA, seven hundred basic and seven hundred COLA. So if we go by the old standard of computing increase based on basic six hundred compared to seven hundred na basic nagkaroon siya ng increase of anywhere from eighty-five to ninety percent. Now, have you seen such increase based on basic. Pero ibase na lang natin sa totality one four vis-à-vis six hundred ay malaki nga naman yata yun, even percentage-wise.

CHAIRMAN ROMULO: And then we may add, yung bonus will now be based on two thousand, not seven hundred. So malaki rin yun and of course the retirement pay.

⁶³ *Metropolitan Naga Water District v. COA*, G.R. No. 217935, 11 May 2021. *Emphasis supplied.*



CHAIRMAN ANDAYA: That's a good point raised by Senator Romulo. Without this ang bonus nila sa December will be seven hundred, but now ang bonus nila with the incorporation of the COLA plus the increase of six hundred they will receive a bonus of two thousand. Now, if they want to retire hindi na seven hundred ang basehan ng retirement, two thousand na, hindi lang nadoble almost triple.⁶⁴

Notably, nothing in the records shows that the total compensation package the Pantalan and MIAA employees were receiving pursuant to RA 6758 effective 01 July 1989 was less than what they were receiving before.⁶⁵ Even assuming the amount is less, RA 6758 has already provided a remedy in the form of transition allowance. While RA 6758 aims at standardizing the salary rates of government employees, the legislature has adhered to the policy of non-diminution of pay when it enacted said law.⁶⁶

The integration of the COLA and amelioration allowance in the standardized salaries is not repugnant to the principle of non-diminution of benefits. As We emphasized in *Ronquillo*, there is no diminution of pay when an existing benefit is substituted in exchange for one of equal or better value. As we have extensively discussed, RA 6758 has already included the COLA in the standardized salary rates of government officers and employees.⁶⁷

We also explained in *Cortez* that Congress provided safeguards in the law to prevent diminution of salaries. This is embodied in Section 17 of RA 6758 providing for a transition allowance. It is meant to bridge the difference in pay between the pre-RA 6758 salary of government employees and their standardized pay rates.⁶⁸ Said provision states:

Section 17. Salaries of Incumbents. - Incumbents of positions presently receiving salaries and additional compensation/fringe benefits including those absorbed from local government units and other emoluments, the aggregate of which exceeds the standardized salary rate as herein prescribed, shall continue to receive such excess compensation, which shall be referred to as transition allowance. The transition allowance shall be reduced by the amount of salary adjustment that the incumbent shall receive in the future.

The transition allowance referred to herein shall be treated as part of the basic salary for purposes of computing retirement pay, year-end bonus and other similar benefits.

⁶⁴ Bicameral Conference, Committee on Appropriations, 06 August 1989, pp. 12-13.

⁶⁵ See *Rollo*, pp. 135-144.

⁶⁶ *Republic v. Cortez*, supra.

⁶⁷ *Ronquillo v. NEA*, supra at 406.

⁶⁸ *Republic v. Cortez*, supra at 346.

As basis for computation of the first across-the-board salary adjustment of incumbents with transition allowance, no incumbent who is receiving compensation exceeding the standardized salary rate at the time of the effectivity of this Act, shall be assigned a salary lower than ninety percent (90%) of his present compensation or the standardized salary rate, whichever is higher. Subsequent increases shall be based on the resultant adjusted salary.

At this juncture, it must be reiterated that to grant any back payment of the COLA and amelioration allowance would cause salary distortions in the Civil Service.⁶⁹ Further, back payment of these allowances amounts to double compensation which is proscribed by Section 8, Article IX (B) of the Constitution:⁷⁰

SECTION 8. No elective or appointive public officer or employee shall receive additional, double, or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emolument, office, or title of any kind from any foreign government.

Pensions or gratuities shall not be considered as additional, double, or indirect compensation.

*Gutierrez, et al. v. Department of Budget and Management, et al.*⁷¹ explains:

COLA is not in the nature of an allowance intended to reimburse expenses incurred by officials and employees of the government in the performance of their official functions. It is not payment in consideration of the fulfillment of official duty. as defined, cost of living refers to "the level of prices relating to a range of everyday items" of "the cost of purchasing those goods and services which are included in an accepted standard level of consumption." Based on this premise, COLA is a benefit intended to cover increases in the cost of living. Thus, it is and should be integrated into the standardized salary rates.⁷²

Unless otherwise provided by law, government employees cannot be paid extra remuneration for the same office that already has a fixed compensation.⁷³

⁶⁹ Id. at 338.

⁷⁰ See *Republic v. Cortez*, supra.

⁷¹ 630 Phil. 1 (2010).

⁷² Id.

⁷³ *Ronquillo v. NEA*, supra at 407

PPA's counterclaim for exemplary damages, litigation expenses, and attorney's fees should be denied

At this juncture, We stress that to warrant the award of exemplary damages, the wrongful act must be accompanied by bad faith. The guilty party must have acted in a wanton, fraudulent, reckless, or malevolent manner.⁷⁴ As regards litigation expenses and attorney's fees, the general rule is that attorney's fees cannot be recovered as part of damages because of the policy that no premium should be placed on the right to litigate. By way of exception, these may be awarded when warranted by factual, legal, and equitable justification.⁷⁵

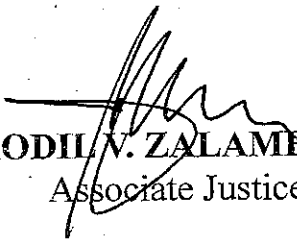
In this case, there is no showing that Pantalan acted in bad faith when it filed the petition for *mandamus*. Records are likewise bereft of any factual, legal, or equitable justification for the award of litigation expenses and attorney's fees.

WHEREFORE, premises considered:

1. The petition for review on certiorari filed by PPA, docketed as G.R. No. 192836, is hereby **GRANTED**. The Decision dated 29 January 2010 of the Court of Appeals in CA-G.R. SP No. 107730 affirming the Decision dated 04 June 2008 of Branch 3, Regional Trial Court, Manila is **REVERSED and SET ASIDE**.

2. The petition for review on certiorari filed by Samahang Manggagawa sa Paliparan ng Pilipinas, docketed as G.R. No. 194889, is hereby **DENIED**. The Decision dated 30 July 2010 of the Court of Appeals in CA-G.R. SP No. 96571, reversing and setting aside the Decision dated 18 September 2006 of Branch 119, Regional Trial Court, Pasay City, is **AFFIRMED**.

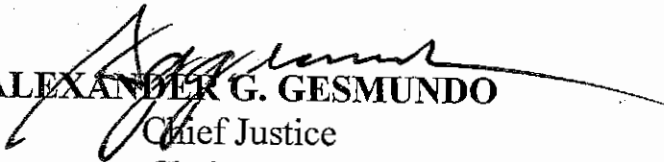
SO ORDERED.



RODIL V. ZALAMEDA
Associate Justice

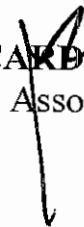
⁷⁴ *Francisco v. Ferrer, Jr.*, 405 Phil. 741 (2001).

⁷⁵ *Spouses Timado v. Rural Bank of San Jose*, 789 Phil. 453, 460 (2016).

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice
Chairperson



RAMON PAUL L. HERNANDO
Associate Justice


RICARDO R. ROSARIO
Associate Justice

on official business
JOSE MIDAS P. MARQUEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.


ALEXANDER G. GESMUNDO
Chief Justice

