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**EN BANC**

[G.R. No. 210838. July 3, 2018]

**DEVELOPMENT BANK OF THE PHILIPPINES,** *petitioner, vs.* **COMMISSION ON AUDIT,** *respondent.*

**SYLLABUS**

**1. REMEDIAL LAW; SPECIAL CIVIL ACTIONS; THERE WAS NO GRAVE ABUSE OF DISCRETION ON THE PART OF THE COMMISSION ON AUDIT (COA) WHEN IT DISALLOWED THE GOVERNANCE FORUM PRODUCTIVITY AWARD (GFPA) GRANTED BY DBP'S BOARD OF DIRECTORS (BOD) TO ITS EMPLOYEES ON THE BASIS OF A COMPROMISE TO SETTLE A LABOR DISPUTE.—** The ultimate issue for this Court's resolution is whether or not the COA acted without or in excess of its jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, when it disallowed the GFPA on the basis that it was in the nature of a compromise agreement to settle a labor dispute, allegedly an *ultra vires* act of DBP's Board of Directors (BOD). x x x [W]hile Sec. 13 of DBP's charter as amended on February 14, 1998, exempts it from existing laws on compensation and position classification, it concludes by expressly stating that DBP's system of compensation shall nonetheless conform to the principles under the Salary Standardization Law (SSL). From this, there is no basis to conclude that the DBP's BOD was conferred unbridled authority to fix the salaries and allowances of its officers and employees. The authority granted DBP to freely fix its compensation structure under which it may grant allowances and monetary awards remains circumscribed by the SSL; it may not entirely depart from the spirit of the guidelines therein. x x x [Further,] although Sec. 9(e) of its charter authorizes its BOD to compromise or release any claim or settled liability to or against the bank, [t]o interpret the provision as including contested benefits that are demanded by employees of a chartered GFI such as the DBP is a wide stretch. To reiterate, its officers and employees' remunerations may only be granted in the manner provided under Sec. 13 of its charter and conformably with the SSL.

**2. POLITICAL LAW; ADMINISTRATIVE LAW; GOVERNMENT OFFICIALS AND EMPLOYEES WHO RECEIVED BENEFITS OR ALLOWANCES, WHICH WERE DISALLOWED, MAY KEEP THE AMOUNTS RECEIVED IF THERE IS NO FINDING OF BAD FAITH AND THE DISBURSEMENT WAS MADE IN GOOD FAITH.—** It is settled that Government officials and employees who received benefits or allowances, which were disallowed, may keep the amounts received if there is no finding of bad faith and the disbursement was made in good faith. On the other hand, officers who participated in the approval of the disallowed allowances or benefits are required to refund only the amounts received when they are found to be in bad faith or grossly negligent amounting to bad faith.

**LEONEN, *J.*, *dissenting opinion*:**

**1. POLITICAL LAW; DEVELOPMENT BANK OF THE PHILIPPINES (DBP); THE POWER OF THE DBP TO COMPROMISE CLAIMS UNDER SECTION 9(e) OF ITS CHARTER INCLUDES CONTESTED BENEFITS DEMANDED BY ITS EMPLOYEES.—** I disagree with the ponencia that the power of the Development Bank of the Philippines' Board of Directors to compromise claims under Section 9(e) of its Charter does not include contested benefits demanded by its employees. I also disagree with the posture that the Development Bank of the Philippines' employees may only collectively bargain for non-economic benefits. The Development Bank of the Philippines is an economic agent in the public sector acquired by the government. It was established as a separate corporate entity to engage in the banking business—with a private and commercial objective—and as such, different from regular agencies of the government performing governmental functions. In this sense, its employees are similarly situated to those in government corporations established under the Corporation Code who enjoy full collective bargaining rights. To exclude economic benefits from the scope of the Development Bank of the Philippines' employees' collective bargaining rights would constitute an abridgment of their fundamental right and cause prejudice against them, besides being contrary to social justice.

**2. ID.; ADMINISTRATIVE LAW; GOVERNMENT EMPLOYEES; RIGHT TO SELF-ORGANIZATION.—** The right to labor

Supreme Court E-Library



and the right to form unions or employee organizations are unassailable. They are guaranteed under the Universal Declaration of Human Rights, to which the Philippines is a signatory, and the 1987 Constitution. Article III, Section 8, in particular, expressly recognizes the right of workers in the public sector to form unions, associations, and societies.This guarantee is reiterated in the second paragraph of Article XIII, Section 3, on Social Justice and Human Rights, x x x Specifically with respect to employees in the civil service, i.e., "all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters," Article IX-B, Section 2, paragraph (5) provides that "[t]he right to self-organization shall not be denied to government employees." x x x Executive Order No. 180 x x x which provides guidelines for the exercise of the right to organize of "employees of all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters." x x x As it now stands, workers in government-owned or -controlled corporations incorporated under the general corporation law have the right to bargain collectively as those in the private sector. Those in government corporations with special charter, which are subject to Civil Service Laws, have limited collective bargaining rights, covering only those terms and conditions of employment that are not fixed by law.

**3. ID.; DEVELOPMENT BANK OF THE PHILIPPINES; THE DBP IS EXEMPTED FROM THE COVERAGE OF THE SALARY STANDARDIZATION LAW (SSL); DBP'S BOARD OF DIRECTORS (BOD) IS EMPOWERED TO APPROVE THE DBP'S COMPENSATION, POSITION CLASSIFICATION SYSTEM, QUALIFICATION STANDARDS, TO FIX THE SALARIES AND EMOLUMENTS OF ITS OFFICERS AND EMPLOYEES, AND TO GRANT INCREASES BASED ON THE DBP'S PROFITABILITY.—** The Development Bank of the Philippines is one of those government financial institutions that are exempt from the coverage of the Salary Standardization Law. x x x Thus, the Development Bank of the Philippines Board of Directors is empowered to approve the Development Bank of the Philippines' compensation, position classification system, and qualification standards. It also has the power to fix the salaries and emoluments of its officers and employees, and to

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> grant increases based on the Development Bank of the Philippines' profitability. x x x Section 13 [of Executive Order No. 180], however, mandates the Development Bank of the Philippines to "endeavor to make its system conform as possible with the principles under Compensation and Position Classification Act of 1989 (Republic Act No. 6758, as amended)." x x x Thus, in setting the compensation package of its officers and employees, the Development Bank of the Philippines' Board of Directors should be guided by the principles of "just and equitable wages" and "basic pay comparable with the private sector for comparable work" under the Salary Standardization Law. This, however, cannot be construed to limit the collective bargaining rights of the Development Bank of the Philippines' employees. Since the salaries and emoluments of the Development Bank of the Philippines' employees are not fixed by law, but by the Development Bank of the Philippines' Board of Directors, these may be subject to negotiations between the Development Bank of the Philippines and its employees in accordance with Executive Order No. 180.

**APPEARANCES OF COUNSEL**

*Fritzie P. Tangkia-Fabricante, et al.* for petitioner.
*The Solicitor General* for respondent.

**D E C I S I O N**

**TIJAM, *J.*:**

In this Petition for Certiorari[1] under Rule 64, in relation to Rule 65, petitioner Development Bank of the Philippines (DBP) seeks the nullification of the following issuances of the Commission on Audit (COA):

a. Decision[2] No. 2012-207 dated November 15, 2012, which denied DBP's Petition for Review, thereby sustaining the

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[1] *Rollo*, pp. 3-36.

[2] Penned by Chairperson Ma. Gracia M. Pulido Tan and Commissioners Juanito G. Espino, Jr. and Heidi L. Mendoza. *Id*. at 37-46.

Supreme Court E-Library



disallowance of the payment of Governance Forum Productivity Award to DBP's officials and employees in the total amount of ₱170,893,689.00; and

b. Resolution[3] dated December 6, 2013, which denied with finality DBP's subsequent Motion for Reconsideration.

**The Antecedent Facts**

DBP, a government financial institution created and operating under its own charter,[4] was faced with labor unrest in 2003 due to its employees' insistence that they be paid their benefits which includes Amelioration Allowance (AA), Cost of Living Allowance (COLA) and the Bank Equity Benefit Differential Pay (BEBDP), for the year that the Department of Budget and Management Corporate Compensation Circular No. 10 (DBM CCC No. 10) was declared ineffective by this Court for non-publication.[5]

After a series of conferences referred to as a governance forum, the employees' group and DBP arrived at an agreement to put an end to the division causing disruptions in bank operations. The DBP Board of Directors (BOD) adopted Board Resolution No. 0133[6] dated May 9, 2003, approving a one-time grant called the Governance Forum Productivity Award (GFPA) to DBP's officers and employees. The total amount distributed was PhP170,893,689.00.[7]

An audit team was subsequently constituted to look into the legality of the GFPA pursuant to Office Order No. 2003-078 of the COA Legal and Adjudication Office. As a result, Audit Observation Memorandum (AOM) No. 001[8] dated January 7,

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[3] Promulgated by Director Fortunata M. Rubico. *Id*. at 47-48.

[4] Executive Order No. 81, series of 1986, as amended by Republic Act No. 8523 on February 14, 1998, otherwise known as *The 1986 Revised Charter of the Development Bank of the Philippines*.

[5] *Rollo*, p. 5.

[6] *Id*. at 49-50.

[7] *Id*. at 5-7.

[8] *Id*. at 51-57.

2005 found the grant of the GFPA without legal basis and recommended its refund.[9]

Meanwhile, the Executive Committee (Execom) of the DBP adopted Resolution No. 0151[10] dated November 16, 2005, which granted the payment of Amelioration Allowance (AA) to bank employees. The amount due as AA for individual employees was offset against the GFPA already received by them, in the following manner:

**To finally settle both the AA and GFPA issues, it will be better to pay the AA, to be offset from the amount already paid as GFPA** with the following suggested conditions:

a. If the amount of the AA is more than the GFPA, the differential amount will be paid to the employees.

b. If the AA is less than the GFPA, concerned employees shall no longer be required to return the amount.

c. Those who did not receive the GFPA will get their AA in full.

d. Retirees/resignees without the usual waiver will likewise receive their AA in full. Those with waivers, do not get anything more.[11] (Emphasis ours.)

On January 3, 2007, DBP received Notice of Disallowance (ND) No. LAS-OGC-2006-001[12] dated December 18, 2006, disallowing the grant of the GFPA. According to COA's Legal and Adjudication Team, industrial peace may not be used as a legal and sufficient basis in granting monetary awards. Furthermore, the GFPA partakes the nature of a compromise agreement and circumvents the rule that only a settled claim may be a subject of compromise.[13]

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[9] *Id.* at 7.

[10] *Id*. at 66-68.

[11] *Id*. at 8.

[12] *Id*. at 69-70.

[13] *Id*. at 9.

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In its Motion for Reconsideration[14] on February 28, 2007, DBP assailed the ND by arguing that payment of the GFPA was made pursuant to the power of its Board of Directors (BOD) to enter into a compromise agreement for settlement of employees' claims; that industrial peace is a valid consideration for a compromise agreement; and that the GFPA was superseded and rendered inexistent by the grant of the AA to DBP's employees.[15]

COA's Fraud Audit and Investigation Office (FAIO) treated DBP's Motion for Reconsideration (MR) as an appeal and upheld the disallowance thru the Decision No. 2010-005 dated October 7, 2010.[16] The FAIO ruled that the power of DBP's Board to fix the remuneration and emoluments of its officials and employees is not absolute and is subject to Sections 5 and 6 of Presidential Decree (PD) No. 1597[17] and Section 3 of Memorandum Order (MO) No. 20 of the Office of the President dated June 25, 2001 requiring prior presidential approval. It held that the power of DBP's BOD to enter into a compromise agreement has no basis in law. Furthermore, the subsequent payment of the AA was a separate matter that does not render the disallowance of the GFPA moot and academic.

Aggrieved, on January 21, 2011, DBP filed a Petition for Review[18] arguing that: PD No. 1597 and MO No. 20 requiring prior approval of the President, are not applicable to its case; reiterating its contention that subsequent payment of the AA rendered the grant of GFPA moot and academic as it was already converted part of the AA; and, that the employees received the GFPA in good faith and with honest belief that the same was valid, hence, they should not be required to refund the amount.

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[14] *Id*. at 71-76.

[15] *Id*. at 71.

[16] *Id*. at 77-82.

[17] *Further Rationalizing the System of Compensation and Position Classification in the National Government* dated June 11, 1978.

[18] *Rollo*, pp. 83-110.

Supreme Court E-Library



On March 10, 2011, DBP filed its Reply raising lack of due process for not citing PD No. 1597 and MO No. 20 as grounds for disallowance of GFPA in the ND.

On November 15, 2012, the Commission in its Decision No. 2012-207 denied the Petition for Review and held that there was no denial of due process as the COA's general audit power does not restrict itself on the grounds relied upon by the agency's auditor. It further stated that matters relating to salaries, allowances and benefits of employees in the public sector cannot be a valid subject of a compromise or negotiation because these are governed and fixed by laws. It debunked the notion that the subsequent grant of the AA rendered the case moot and academic, and argued that good faith is not a valid defense under the principle of *solutio indebiti*.

On December 6, 2013, the Motion for Reconsideration of DBP was thereafter denied with finality. Hence, the present petition dated February 4, 2014.

**The Court's Ruling**

On June 20, 2014, the Office of the Solicitor General, as counsel for respondent COA filed its Comment[19] on the instant petition.

Acting on DBP's Manifestation with Motion to Resolve filed on July 17, 2014, this Court issued a Temporary Restraining Order (TRO) on September 16, 2014, restraining the COA from enforcing the assailed Decision and Resolution relating to the grant of the GFPA.[20]

In compliance with our June 6, 2017 Resolution,[21] DBP filed its Reply[22] on August 4, 2017. DBP insists that under its charter, the BOD was authorized to settle its employees' claims, which it did, by way of the grant of GFPA. It reiterated its exemption

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[19] *Id*. at 249-268.

[20] *Id*. at 295-296.

[21] *Id*. at 311.

[22] *Id*. at 326-344.

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from RA No. 6758, otherwise known as the *Compensation and Position Classification Act of 1989* or popularly known as the *Salary Standardization Law* (SSL). DBP also maintains that the GFPA recipients and DBP Directors who approved the disbursement all acted in good faith; consequently, should the disallowance be upheld, they may not be held liable for the return of the disallowed amount. Finally, DBP invites our attention to the fact that COA's ND against the AA, subject of another case docketed as G.R. No. 213126, also entitled *DBP v. COA*, was finally upheld on November 18, 2014, the refund of which is presently the subject of execution proceedings.[23]

It bears recalling that the grant of GFPA on May 9, 2003 was subsequently offset against the AA granted on November 16, 2005. Considering that the COA is currently implementing a refund of the AA pursuant to the final decision in G.R. No. 213126, it is now argued that DBP should not be asked to return the same amount twice.

We now resolve.

The ultimate issue for this Court's resolution is whether or not the COA acted without or in excess of its jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, when it disallowed the GFPA on the basis that it was in the nature of a compromise agreement to settle a labor dispute, allegedly an *ultra vires* act of DBP's BOD.

There is no quibbling over the fact that labor unrest impelled the DBP, in the interest of industrial peace, to grant the GFPA to its employees. In the COA's view, it was not within the board's powers to grant a monetary award or benefit as a result of labor negotiations. The DBP, on the other hand, points to Section 9 of its charter in arguing that its BOD was authorized to compromise claims against it, pertinently:

Sec. 9. *Powers and Duties of the Board of Directors*. The Board of Directors shall have, among others, the following duties, powers and authority:

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[23] *Id*. at 345-349.

Supreme Court E-Library



x x x x x x x x x

(e) To compromise or release, in whole or in part, any claim of or settled liability to the Bank regardless of the amount involved, under such terms and conditions it may impose **to protect the interests of the Bank. This authority to compromise shall extend to claims against the Bank.** x x x (Emphasis supplied)

Emphasizing further that its charter grants it a free hand in the fixing of compensation and allowances of its officers and employees, DBP cites Section 13 thereof:

Sec. 13. *Other Officers and Employees*. — The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the President of the Bank, **fix their remunerations and other emoluments**. All positions in the Bank shall be governed by the compensation, position classification system and qualification standards approved by the Board of Directors based on a comprehensive job analysis of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board of Directors once every two (2) years, without prejudice to yearly merit or increases based on the Bank's productivity and profitability. **The Bank shall, therefore, be exempt from existing laws, rules, and regulations on compensation, position classification and qualification standard. The Bank shall however, endeavor to make its system conform as closely as possible with the principles under Compensation and Position Classification Act of 1989 (*Republic Act No. 6758, as amended*)**. (Emphasis supplied.)

Notably, while Sec. 13 of DBP's charter as amended on February 14, 1998, exempts it from existing laws on compensation and position classification, it concludes by expressly stating that DBP's system of compensation shall nonetheless conform to the principles under the SSL. From this, there is no basis to conclude that the DBP's BOD was conferred unbridled authority to fix the salaries and allowances of its officers and employees. The authority granted DBP to freely fix its compensation structure under which it may grant allowances and monetary awards remains circumscribed by the SSL; it may not entirely depart from the spirit of the guidelines therein.

Supreme Court E-Library



The policy requiring prior Presidential approval upon recommendation from the Secretary of Budget as provided in PD 1597, with respect to the grant of allowances and benefits, was re-affirmed by the Congress in 2009 through *Joint Resolution No. 4*, also known as the *Salary Standardization Law III* which provides that the "coverage, conditions for the grant, including the rates of allowances, benefits, and incentives to all government employees, shall be rationalized in accordance with the policies to be issued by the President upon recommendation of the Department of Budget and Management." This policy mirrors MO No. 20 issued earlier in 2001, which directed the heads of government-owned and controlled corporations, government financial institutions (GFIs), and subsidiaries exempted from the SSL to implement pay rationalization in all senior officer positions.

What made the GFPA granted by the DBP to its officers and employees in 2003 unique was that it was the product of a compromise arrived at after negotiations between DBP employees and management referred to as a governance forum. The COA considered the process undertaken as labor negotiations.

It appears that DBP misconstrued its authority to compromise. Sec. 9 (e) of its charter authorizes its BOD to compromise or release any claim or settled liability to or against the bank. To interpret the provision as including contested benefits that are demanded by employees of a chartered GFI such as the DBP is a wide stretch. To reiterate, its officers and employees' remunerations may only be granted in the manner provided under Sec. 13 of its charter and conformably with the SSL.

The COA's insistence that industrial peace is not a determining factor under the principles of the SSL in fixing the compensation of DBP's employees, is correct. The grant of a wider latitude to DBP's BOD in fixing remunerations and emoluments does not include an abrogation of the principle that employees in the civil service "cannot use the same weapons employed by the workers in the private sector to secure concessions from their employees."[24] While employees of chartered GFIs enjoy

[24] *Jacinto v. CA*, 346 Phil. 656, 670 (1997).

the constitutional right to bargain collectively, they may only do so for non-economic benefits and those not fixed by law, and may not resort to acts amounting to work stoppages or interruptions. There is no other way to view the GFPA, other than as a monetary benefit collectively wrung by DBP's employees under threat of disruption to the bank's smooth operations. We held in *Dulce M. Abanilla v. Commission On Audit*, reiterating *Alliance of Government Workers v. Minister of Labor and Employment*[25]:

> Subject to the minimum requirements of wage laws and other labor and welfare legislation, the terms and conditions of employment in the unionized private sector are settled through the process of collective bargaining. In government employment, however, it is the legislature and, where properly given delegated power, the administrative heads of government which fix the terms and conditions of employment. And this is effected through statutes or administrative circulars, rules, and regulations, **not through collective bargaining agreements**.[26] (Emphasis in the original)

All told, the grant of GFPA was indeed an *ultra vires* act or beyond the authority of DBP's BOD. There was no grave abuse of discretion on the part of COA when it disallowed the GFPA on the basis of a compromise agreement to settle a labor dispute. We thus, sustain the disallowance.

We take judicial notice of the fact that this Court in another case docketed as G.R. No. 213126 entitled *DBP v. COA* had already sustained the disallowance of the AA granted by the DBP and which was offset against the GFPA earlier distributed, for being contrary to the SSL. In this regard, DBP argued that it cannot be ordered to refund the same amount twice. A careful scrutiny of the records of the said related case, however, revealed that the AA disallowed and is now the subject of execution proceedings only covered **the difference** in the amount between the GFPA already distributed and the subsequent AA granted.

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[25] 505 Phil. 202 (2005), 209 Phil. 1, 15 (1983).

[26] *Id.* at 207.

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There is no merit in the contention that ordering a refund of the GFPA would result in double recovery.

Notwithstanding the foregoing, We hold that a refund of the GFPA would not be in order. A refund of the AA was considered proper by this Court in G.R. No. 213126 not only on the basis of *solutio indebiti*, but more significantly because there was a determination of bad faith on the part of DBP's Execom. There was a finding that DBP patently disregarded DBM Budget Circular No. 2001-03 dated November 12, 2001 clearly prohibiting the payment of AA and other inflation connected allowance. DBP also remained indifferent on the settled decision of the Executive Secretary that the AA was already considered integrated into the basic salary of DBP's employees. The same does not hold true in the case of the GFPA.

We find the records of the present petition bereft of findings of bad faith on the part of the DBP with regard to the grant of the GFPA. Even the COA argued that the disallowance of the GFPA was a distinct matter from the legality of the AA because the disallowance of the GFPA boiled down to the propriety of the compromise between DBP and its employees. To remedy an ongoing labor dispute in 2003, the DBP's BOD relied in good faith on its interpretation of statutory authority to fix the compensation structure of the bank's officials and employees *vis-a-vis* its statutory power to enter into a compromise in protection of the bank's interests. It acted under the honest belief that its charter conferred its authority to settle contested employees' benefits in the interest of the bank. Hence, in line with settled jurisprudence on disbursements subsequently disallowed by the COA, which provides that recipients or payees need not refund disallowed amounts when received in good faith,[27] We hold that the DBP is no longer required to refund the GFPA distributed.

It is settled that Government officials and employees who received benefits or allowances, which were disallowed, may

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[27] *Maritime Industry Authority v. Commission On Audit*, 750 Phil. 288, 336 (2015).

Supreme Court E-Library



keep the amounts received if there is no finding of bad faith and the disbursement was made in good faith. On the other hand, officers who participated in the approval of the disallowed allowances or benefits are required to refund only the amounts received when they are found to be in bad faith or grossly negligent amounting to bad faith.[28]

**WHEREFORE,** We **AFFIRM** the Commission on Audit's disallowance of the payment of Governance Forum Productivity Award to DBP's officials and employees in the total amount of PhP170,893,689.00 as contained in its Decision No. 2012-207 dated November 15, 2012 subject to the **MODIFICATION** that the DBP's officials and employees are no longer required to refund the said amount.

**SO ORDERED.**

*Carpio,*[*] *Velasco, Jr., Leonardo-de Castro, Peralta, Bersamin, del Castillo, Perlas-Bernabe, Caguioa, Martires, Reyes, Jr.*, and *Gesmundo, JJ.*, concur.

*Leonen, J.*, dissents, see dissenting opinion.

*Jardeleza, J.*, no part.

## DISSENTING OPINION

**LEONEN, *J.*:**

I disagree with the ponencia that the power of the Development Bank of the Philippines' Board of Directors to compromise claims under Section 9(e) of its Charter does not include contested benefits demanded by its employees. I also disagree with the posture that the Development Bank of the Philippines' employees may only collectively bargain for non-economic benefits.

The Development Bank of the Philippines is an economic agent in the public sector acquired by the government. It was

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[28] *Id.*

[*] Senior Associate Justice, per Section 12, R.A. 296, The Judiciary Act of 1948, as amended.

Supreme Court E-Library



established as a separate corporate entity to engage in the banking business—with a private and commercial objective—and as such, different from regular agencies of the government performing governmental functions. In this sense, its employees are similarly situated to those in government corporations established under the Corporation Code who enjoy full collective bargaining rights. To exclude economic benefits from the scope of the Development Bank of the Philippines' employees' collective bargaining rights would constitute an abridgment of their fundamental right and cause prejudice against them, besides being contrary to social justice.

**I**

The right to labor and the right to form unions or employee organizations are unassailable. They are guaranteed under the Universal Declaration of Human Rights,[1] to which the Philippines is a signatory, and the 1987 Constitution.[2] Article III, Section 8,

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[1] Universal Declaration of Human Rights, UN General Assembly, December 10, 1948, Art. 23.

(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

(2) Everyone, without any discrimination, has the right to equal pay for equal work.

(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests.

[2] CONST., Art. II, Sec. 18 states:

Section 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

CONST., Art. III, Sec. 8 states:

Section 8. The right of the people, including those employed in the public and private sectors, to form unions, associations, or societies for purposes not contrary to law shall not be abridged.

CONST., Art. XIII, Sec. 3 states:

Section 3. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all.

in particular, expressly recognizes the right of workers in the public sector to form unions, associations, and societies.

This guarantee is reiterated in the second paragraph of Article XIII, Section 3, on Social Justice and Human Rights, which mandates that the State "shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law" and that "[t]hey shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law."

Specifically with respect to employees in the civil service, i.e., "all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters,"[3] Article IX-B, Section 2, paragraph (5) provides that "[t]he right to self-organization shall not be denied to government employees." The rationale for this provision was:

> The government is in a sense the repository of the national sovereignty and, in that respect, it must be held in reverence if not in awe. It symbolizes the unity of the nation, but it does perform a mundane task as well. It is an employer in every sense of the word except that terms and conditions of work are set forth through a Civil Service Commission. The government is the biggest employer in the

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> It shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to security of tenure, humane conditions of work, and a living wage. They shall also participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.
>
> The State shall promote the principle of shared responsibility between workers and employers and the preferential use of voluntary modes in settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace.
>
> The State shall regulate the relations between workers and employers, recognizing 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.

[3] CONST., Art. IX-B, Sec. 2(1).

Supreme Court E-Library



Philippines. There is an employer-employee relationship and we all know that the accumulated grievances of several decades are now beginning to explode in our faces among government workers who feel that the rights afforded by the Labor Code, for example, to workers in the private sector have been effectively denied to workers in government . . . and the government did not even state the reasons why. The government employees were being discriminated against. As a general rule, the majority of the world's countries now entertain public service unions. What they really add up to is that the employees of the government form their own association. Generally, they do not bargain for wages because these are fixed in the budget but they do acquire a forum where, among other things, professional and self-development is (sic) promoted and encouraged. They also act as watchdogs of their own bosses so that when graft and corruption is committed, generally, it is the unions who are no longer afraid by virtue of the armor of self-organization that become the public's own allies for detecting graft and corruption and for exposing it.[4] (Citation omitted)

Statutory implementation of the Constitutional guarantee of self- organization is found in Article 245 of Presidential Decree No. 442 or the Labor Code, as amended by Executive Order No. 111 (1986):

Article 245. *Right of employees in the public service*. — Employees of government corporations established under the Corporation Code shall have the right to organize and to bargain collectively with their respective employers. All other employees in the civil service shall have the right to form associations for purposes not contrary to law.

Article 245 upholds government employees' right to self-organization. In this connection, they are divided in to two (2) groups, namely, those employed in government corporations established under the Corporation Code, and those in the civil service, including government corporations with original charters. While it is specifically provided that those belonging to the first class may bargain collectively with their employers; those

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[4] *Trade Unions of the Philippines and Allied Services v. National Housing Corp*., 255 Phil. 33, 39-40 (1989) [Per *J*. Regalado, *En Banc*].

Supreme Court E-Library



pertaining to the second class may organize "for purposes not contrary to law."

Under the Labor Code, the right to self-organization essentially includes (a) the right to organize labor unions for purposes of collective bargaining or negotiation, and (b) to engage in lawful concerted activities for furtherance and protection of the members' rights and interests.[5]

However, for employees in the civil service, they have limited collective bargaining rights *only* in the sense that the terms and conditions of employment are "fixed by law."[6] Article IX-B, Section 8 of the 1987 Constitution prohibits against additional

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[5] LABOR CODE, Art. 247 states:

Article 247. *Non-abridgment of right to self-organization*. — It shall be unlawful for any person to restrain, coerce, discriminate against or unduly interfere with employees and workers in their exercise of the right to self-organization. Such right shall include the right to form, join, or assist labor organizations for the purpose of collective bargaining through representatives of their own choosing and to engage in lawful concerted activities for the same purpose or for their mutual aid and protection, subject to the provisions of Article 264 of this Code. (As amended by Batas Pambansa Bilang 70, May 1, 1980)

[6] *Blaquera v. Alcala*, 356 Phil. 678, 750 (1998) [Per *J*. Purisima, *En Banc*] citing *Alliance of Government Workers v. Minister of Labor and Employment*, 209 Phil. 1-31 (1983) [Per *J*. Gutierrez, Jr., *En Banc*].

CONST., Art. IX-B, Sec. 5 states:

Section 5. The Congress shall provide for the standardization of compensation of government officials and employees, including those in government-owned or controlled corporations with original charters, taking into account the nature of the responsibilities pertaining to, and the qualifications required for their positions.

LABOR CODE, Art. 291 (renumbered pursuant to Republic Act No. 10151) states:

Article 291. *Government employees*.— The terms and conditions of employment of all government employees, including employees of government-owned and controlled corporations, shall be governed by the Civil Service Law, rules and regulations. Their salaries shall be standardized by the National Assembly as provided for in the New Constitution. However, there shall be no reduction of existing wages, benefits and other terms and conditions of employment being enjoyed by them at the time of the adoption of this Code.

Supreme Court E-Library



compensation of elective or appointive officer or employee of the government except when specifically authorized by law. The purpose of the prohibition was expressed in *Peralta v. Mathay*:[7]

> This is to manifest a commitment to the fundamental principle that a public office is a public trust. It is expected of a government official or employee that he keeps uppermost in mind the demands of public welfare. He is there to render public service. He is of course entitled to be rewarded for the performance of the functions entrusted to him, but that should not be the overriding consideration. The intrusion of the thought of private gain should be unwelcome. The temptation to further personal ends, public employment as a means for the acquisition of wealth, is to be resisted. That at least is the ideal. There is then to be an awareness on the part of an officer or employee of the government that he is to receive only such compensation as may be fixed by law. With such a realization, he is expected not to avail himself of devious or circuitous means to increase the remuneration attached to his position. It is an entirely different matter if the legislative body would itself determine for reasons satisfactory to it that he should receive something more. If it were to be thus though, there must be a law to that effect. So the Constitution decrees.[8]

It is also settled that their right to organize does not include the right to strike "and other forms of mass action that will lead in the temporary stoppage or disruption of public service."[9]

> Since the terms and conditions of government employment *are fixed by law*, government workers cannot use the same weapons employed by workers in the private sector to secure concessions from their employers. The principle behind labor unionism in private industry is that industrial peace cannot be secured through compulsion by law. Relations between private employers and their employees rest on an essentially voluntary basis. Subject to the minimum requirements of wage laws and other labor and welfare legislation, the terms and conditions of employment in the unionized private sector are settled

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[7] 148 Phil. 261 (1971) [Per *J.* Fernando, *En Banc*].

[8] *Id*. at 265-266.

[9] *Government Service Insurance System v. Kapisanan ng mga Manggagawa sa GSIS*, 539 Phil. 677, 691 (2006) [Per *J.* Garcia, Second Division]; *Bangalisan v. Court of Appeals*, 342 Phil. 586 (1997) [Per *J.* Regalado, *En Banc*].

Supreme Court E-Library



through the process of collective bargaining. In government employment, however, it is the legislature and, where properly given delegated power, the administrative heads of government which fix the terms and conditions of employment. And this is effected through statutes or administrative circulars, rules, and regulations, not through collective bargaining agreements.[10] (Emphasis in the original)

Executive Order No. 180[11] was issued shortly after the 1987 Constitution, which provides guidelines for the exercise of the right to organize of "employees of all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters."[12] Section 13 thereof explicitly allows negotiation where the terms and conditions of employment involved are not among those fixed by law.

Section 13. Terms and conditions of employment or improvements thereof, except those that are fixed by law, may be the subject of negotiations between duly recognized employees' organizations and appropriate government authorities.

The same Executive Order has also provided for the general mechanism for the settlement of labor disputes in the public sector, to wit:

Section 16. The Civil Service and labor laws and procedures, whenever applicable, shall be followed in the resolution of complaints, grievances and cases involving government employees. In case any dispute remains unresolved after exhausting all the available remedies under existing laws and procedures, the parties may jointly refer the dispute to the [Public Sector Labor-Management] Council for appropriate action.

Construing this provision, this Court in *Social Security System Employees Association (SSSEA) v. Court of Appeals*[13] concluded:

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[10] *Alliance of Government Workers v. Minister of Labor and Employment*, 209 Phil. 1, 15 (1983) [Per *J.* Gutierrez, Jr., *En Banc*].

[11] Exec. Order No. 180 (1987). Creation of a Public Sector Labor-Management Council.

[12] Exec. Order No. 180 (1987), Sec. 1.

[13] 256 Phil. 1079 (1989) [Per *J.* Cortes, Third Division].

Supreme Court E-Library



Government employees may, therefore, through their unions or associations, either petition the Congress for the betterment of the terms and conditions of employment which are within the ambit of legislation or *negotiate with the appropriate government agencies for the improvement of those which are not fixed by law*. If there be any unresolved grievances, the dispute may be referred to the Public Sector Labor-Management Council for appropriate action. But employees in the civil service may not resort to strikes, walkouts and other temporary work stoppages, like workers in the private sector, to pressure the Government to accede to their demands.[14] (Emphasis supplied)

As it now stands, workers in government-owned or -controlled corporations incorporated under the general corporation law have the right to bargain collectively as those in the private sector. Those in government corporations with special charter, which are subject to Civil Service Laws, have limited collective bargaining rights, covering only those terms and conditions of employment that are not fixed by law.

**II**

The Development Bank of the Philippines is one of those government financial institutions[15] that are exempt from the coverage of the Salary Standardization Law. Section 13 of its Charter,[16] as amended by Republic Act No. 8523[17] on February 14, 1998, states:

Section 13. Other officers and employees. — The Board of Directors shall provide for an organization and staff of officers and employees

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[14] *Id*. at 1089.

[15] Among these financial institutions are the Land Bank of the Philippines, Social Security System, Small Business Guarantee and Finance Corporation, Government Service Insurance System, Home Guaranty Corporation, and the Philippine Deposit Insurance Corporation.

*Mendoza v. Commission on Audit*, 717 Phil. 491 (2013) [Per *J*. Leonen, *En Banc*].

[16] Exec. Order No. 81 (1986).

[17] An Act Strengthening the Development Bank of the Philippines, amending for the Purpose Executive Order No. 81, otherwise known as The 1986 Revised Charter of the Development Bank of the Philippines.

Supreme Court E-Library



of the Bank and upon recommendation of the President of the Bank, fix their remunerations and other emoluments. All positions in the Bank shall be governed by the compensation, position classification system and qualification standards approved by the Board of Directors based on a comprehensive job analysis of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board of Directors once every two (2) years, without prejudice to yearly merit or increases based on the Bank's productivity and profitability. *The Bank shall, therefore, be exempt from existing laws, rules, and regulations on compensation, position classification and qualification standard*. The Bank shall however, endeavor to make its system conform as possible with the principles under Compensation and Position Classification Act of 1989 (Republic Act No. 6758, as amended). (Emphasis supplied)

Thus, the Development Bank of the Philippines Board of Directors is empowered to approve the Development Bank of the Philippines' compensation, position classification system, and qualification standards. It also has the power to fix the salaries and emoluments of its officers and employees, and to grant increases based on the Development Bank of the Philippines' profitability. The flexibility that was given to the Development Bank of the Philippines' Board of Directors to set the compensation package for its employees was to enable the Development Bank of the Philippines to hire and retain competent and highly motivated personnel so that it could effectively carry out its objectives. The exemption from the Salary Standardization Law was justified by the fact that as "an institution engaged in development activities[, it] should be given the same opportunities as the private sector to compete."[18]

Section 13, however, mandates the Development Bank of the Philippines to "endeavor to make its system conform as possible with the principles under Compensation and Position Classification Act of 1989 (Republic Act No. 6758, as amended)."

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[18] *J.* Carpio Morales, Dissenting Opinion in *Central Bank Employees Association, Inc. v. Bangko Sentral ng Pilipinas*, 487 Phil. 531 (2004) [Per *J.* Puno, *En Banc*].

Supreme Court E-Library



Construing a similar provision in *Trade and Investment Development Corporation v. Civil Service Commission*,[19] this Court said:

> The phrase "to endeavor" means . . . "to devote serious and sustained effort" and "to make an effort to do." It is synonymous with the words to strive, to struggle and to seek. The use of "to endeavor" ... means that despite TIDCORP's exemption from laws involving compensation, position classification and qualification standards, it should still strive to conform as closely as possible with the principles and modes provided in RA 6758. The phrase "as closely as possible," which qualifies TIDCORP's duty "to endeavor to conform," *recognizes that the law allows TIDCORP to deviate from RA 6758, but it should still try to hew closely with its principles and modes*. Had the intent of Congress been to require TIDCORP to fully, exactly and strictly comply with RA 6758, it would have so stated in unequivocal terms. Instead, the mandate it gave TIDCORP was to endeavor to conform to the principles and modes of RA 6758, and not to the entirety of this law.[20] (Emphasis supplied, citation omitted)

Thus, in setting the compensation package of its officers and employees, the Development Bank of the Philippines' Board of Directors should be guided by the principles of "just and equitable wages" and "basic pay comparable with the private sector for comparable work" under the Salary Standardization Law. This, however, cannot be construed to limit the collective bargaining rights of the Development Bank of the Philippines' employees. Since the salaries and emoluments of the Development Bank of the Philippines' employees are not fixed by law, but by the Development Bank of the Philippines' Board of Directors, these may be subject to negotiations between the Development Bank of the Philippines and its employees in accordance with Executive Order No. 180.

Nonetheless, the Development Bank of the Philippines must report to the Office of the President, through the Department of Budget and Management, the details of its position classification

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[19] 705 Phil. 357 (2013) [Per *J.* Brion, *En Banc*].

[20] *Id*. at 377.

Supreme Court E-Library



and compensation system,[21] in line with the President's power of control over executive departments, bureaus, and offices and pursuant to Section 6 of Presidential Decree No. 1597.[22]

**III**

Although subsumed under the executive department, the Development Bank of the Philippines does not stand in the same class as an agency of the government. The Development Bank of the Philippines is a "non-regulatory [corporation] exercising purely commercial functions."[23]

Traditional classifications distinguish between government entities performing governmental or constituent functions, and those performing proprietary or ministrant functions. This Court discussed these two (2) functions in the early case of *Bacani v. NACOCO*:[24]

The former [constituent] are those which constitute the very bonds of society and are compulsory in nature; the latter [ministrant] are those that are undertaken only by way of advancing the general interests

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[21] See *Philippine Economic Zone Authority v. Commission on Audit*, G.R. No. 210903, October 11, 2016 <http://sc.judiciary.gov.ph/jurisprudence/2012/july2012/189767.html> [Per *J.* Peralta, *En Banc*].

[22] Pres. Decree No. 1597 (1978), Sec. 6. Rationalizing the System of Compensation and Position Classification in the National Government.

Section 6. *Exemptions from OCPC Rules and Regulations*. — Agencies positions, or groups of officials and employees of the national government, including government owned or controlled corporations, who are hereafter exempted by law from OCPC coverage, shall ***observe such guidelines and policies as may be issued by the President*** governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. ***Exemptions notwithstanding, agencies shall report to the President, through the Budget Commission, on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President.*** (Emphasis supplied)

[23] *J.* Carpio, Dissenting Opinion in *Central Bank Employees Association, Inc. v. Bangko Sentral ng Pilipinas*, 487 Phil. 531 (2004) [Per *J.* Puno, *En Banc*].

[24] 100 Phil. 468 (1956) [Per *J.* Angelo Bautista, *En Banc*].

Supreme Court E-Library



of society, and are merely optional. President Wilson enumerates the constituent functions as follows:

(1) The keeping of order and providing for the protection of persons and property from violence and robbery.

(2) The fixing of the legal relations between man and wife and between parents and children.

(3) The regulation of the holding, transmission, and interchange of property, and the determination of its liabilities for debt or for crime.

(4) The determination of contract rights between individuals.

(5) The definition and punishment of crime.

(6) The administration of justice in civil cases.

(7) The determination of the political duties, privileges, and relations of citizens.

(8) Dealings of the state with foreign powers: the preservation of the state from external danger or encroachment and the advancement of its international interests....

The most important of the ministrant functions are: public works, public education, public charity, health and safety regulations, and regulations of trade and industry. The principles determining whether or not a government shall exercise certain of these optional functions are: (1) that a government should do for the public welfare those things which private capital would not naturally undertake and (2) that a government should do these things which by its very nature it is better equipped to administer for the public welfare than is any private individual or group of individuals....

From the above we may infer that, strictly speaking, there are functions which our government is required to exercise to promote its objectives as expressed in our Constitution and which are exercised by it as an attribute of sovereignty, and those which it may exercise to promote merely the welfare, progress and prosperity of the people. To this latter class belongs the organization of those corporations owned or controlled by the government to promote certain aspects of the economic life of our people such as the National Coconut Corporation. These are what we call government-owned or controlled corporations which may take on the form of a private enterprise or

one organized with powers and formal characteristics of a private corporations [sic] under the Corporation Law.[25] (Citations omitted)

One example of a government-owned or -controlled corporation performing proprietary functions is the Bases Conversion Development Authority. This Court in *Shipside v. Court of Appeals*[26] discussed how the Bases Conversion and Development Authority has a separate and distinct personality from the government:

> We, however, must not lose sight of the fact that the BCDA is an entity invested with a personality separate and distinct from the government. Section 3 of Republic Act No. 7227 reads:
>
> > SECTION 3. *Creation of the Bases Conversion and Development Authority*. — There is hereby created a body corporate to be known as the Conversion Authority which shall have the attribute of perpetual succession and shall be vested with the powers of a corporation.
>
> It may not be amiss to state at this point that the functions of government have been classified into governmental or constituent and proprietary or ministrant. While public benefit and public welfare, particularly, the promotion of the economic and social development of Central Luzon, may be attributable to the operation of the BCDA, yet it is certain that the functions performed by the BCDA are basically proprietary in nature. The promotion of economic and social development of Central Luzon, in particular, and the country's goal for enhancement, in general, do not make the BCDA equivalent to the Government. Other corporations have been created by government to act as its agents for the realization of its programs, the SSS, GSIS, NAWASA and the NIA, to count a few, and yet, the Court has ruled that these entities, although performing functions aimed at promoting public interest and public welfare, are not government-function corporations invested with governmental attributes. *It may thus be said that the BCDA is not a mere agency of the Government but a corporate body performing proprietary functions*.[27] (Emphasis supplied)

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[25] *Id*. at 472.

[26] 404 Phil. 981 (2001) [Per *J*. Melo, Third Division].

[27] *Id*. at 999.

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Here, the Development Bank of the Philippines was created as a body corporate and a government financial institution "principally to service the medium and long term needs of agricultural and industrial enterprises, particularly in the countryside and preferably for small and medium scale enterprises."[28]

Section 3 of its Revised Charter vests in the Development Bank of the Philippines specific powers normally exercised by privately owned banks. These powers include the authority to accept demand, savings, and time deposits; grant loans to any agricultural or industrial enterprise; accept and manage trust funds; enter into contracts of guaranty or suretyship; and acquire or dispose of marketable securities and debt instruments. In addition to the enumeration of specific powers granted to the Development Bank of the Philippines, Section 3 of its Revised Charter also authorizes it:

(g) . . . to exercise the general powers of a corporation mentioned in the Corporation Code of the Philippines, and of a thrift bank under the General Banking Act, insofar as such powers are not inconsistent or incompatible with the provisions of this Charter.

As in any corporate entity, the Development Bank of the Philippines' affairs and business are directed, its properties are managed, and its powers are exercised through its Board of Directors. Specific powers vested in the Board of Directors under Section 9 of the Revised Charter include the formulation of policies, approval of loans, adoption of the Development Bank of the Philippines' annual budget, and compromise of claims.

Section 9. *Powers and Duties of the Board of Directors*. — The Board of Directors shall have, among others, the following duties, powers and authority:

(a) To formulate policies necessary to carry out effectively the provisions of this Charter and to prescribe, amend, and repeal by-laws, rules and regulations for the effective operation of

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[28] Exec. Order No. 81 (1986). 1986 Revised Charter of the Development Bank of the Philippines.

Supreme Court E-Library



the Bank, and the manner in which the general business of the Bank may be conducted and the powers granted by law to the Bank exercised;

(b) To approve loans, to fix rates of interest on loans and to prescribe such terms and conditions for loans and credits as may be deemed necessary, consistent with the provisions of this Charter; Provided, that the Board may delegate the authority to approve loans to such officer or officers as may be deemed necessary;

(c) To adopt an annual budget for the effective operation and administration of the Bank;

(d) To create and establish a "Provident Fund" which shall consist of contributions, made both by the Bank and its officers or employees, to a common fund for the payment of benefits to such officers or employees, or their heirs, under such terms and conditions as the Board of Directors may fix;

(e) To compromise or release, in whole or in part, any claim of or settled liability to the Bank regardless of the amount involved, under such terms and conditions it may impose to protect the interests of the Bank. *This authority to compromise shall extend to claims against the Bank; and*

(f) To appoint, promote or remove officers from the rank of Vice President or its equivalent, and other more senior officer positions, excluding the Chairman and the Vice Chairman. (Emphasis supplied)

The powers granted to the Development Bank of the Philippines' Board of Directors under the Revised Charter, including the authority to determine the position and salary rates of its employees, are geared towards enabling the Development Bank of the Philippines "to achieve a more efficient and effective use of available resources, to improve [its] viability, and avoid unfair competition with the private sector."[29] Viewed in this light, the authority of the Development Bank of the Philippines' Board of Directors to compromise claims against the Development Bank of the Philippines is without qualification, and accordingly, includes labor claims. Where the law does not distinguish, courts should not distinguish.

[29] Exec. Order No. 81 (1986), last "Whereas" clause.

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As can be gleaned from its Revised Charter, the Development Bank of the Philippines is not a mere agency of the government, but it has a separate legal personality.[30] It derives its income to meet operating expenses, including salaries of its employees, solely from commercial transactions in competition with the private sector.[31] As a lending institution, it is part of the banking system and covered by the regulatory power exercised over such entities by the Central Bank. It exercises proprietary functions, unlike government instrumentalities which essentially performs governmental functions.

In *Manila Hotel Employees Association v. Manila Hotel Co.*:[32]

> [W]hen the government enters into commercial business, it abandons its sovereign capacity and is to be treated like any other corporation. ... By engaging in a particular business thru the instrumentality of a corporation, the government divests itself *pro hac vice* of its sovereign character, so as to render the corporation subject to the rules of law governing private corporations. ... When the state acts in its proprietary capacity, it is amenable to all the rules of law which bind private individuals. ... "There is not one law for the sovereign and another for the subject, but when the sovereign engages in business and the conduct of business enterprises, and contracts with individuals, whenever the contract in any form comes before the courts, the rights and obligation of the contracting parties must be adjusted upon the same principles as if both contracting parties were private persons. Both stand upon equality before the law, and the sovereign is merged in the dealer, contractor and suitor."[33] (Citations omitted)

Since the Development Bank of the Philippines is engaged in the banking business, which is essentially proprietary in nature,

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[30] *Shipside v. Court of Appeals*, 404 Phil. 981 (2001) [Per *J.* Melo, Third Division]. This Court discussed how the Bases Conversion and Development Authority has a separate and distinct personality from the government.

[31] *J.* Carpio, Dissenting Opinion in *Central Bank Employees Association, Inc. v. Bangko Sentral ng Pilipinas*, 487 Phil. 531 (2004) [Per *J.* Puno, *En Banc*].

[32] 73 Phil. 374 (1941) [Per *J.* Ozaeta, *En Banc*]. See also *Malong v. Philippine National Railways*, 222 Phil. 381, 385 (1985) [Per *J.* Aquino, *En Banc*].

[33] *Id.* at 388-389.

Supreme Court E-Library



there is no substantial distinction between the Development Bank of the Philippines' employees as against employees in the private sector and government-owned or -controlled corporations under the Corporation Code. They are in this sense similarly situated. The rights and duties of the Development Bank of the Philippines' employees are comparable with those in government corporations under the Corporation Code who enjoy full collective bargaining rights. Therefore, excluding economic benefits from the scope of collective bargaining rights of the Development Bank of the Philippines employees is a denial of their inherent and constitutionally protected right, a violation of the equal protection clause for lack of substantial basis, and is contrary to social justice.

**ACCORDINGLY**, I vote to **GRANT** the Petition.

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**EN BANC**

[G.R. No. 213446. July 3, 2018]

**CONFEDERATION FOR UNITY, RECOGNITION AND ADVANCEMENT OF GOVERNMENT EMPLOYEES (COURAGE); JUDICIARY EMPLOYEES ASSOCIATION OF THE PHILIPPINES (JUDEA-PHILS); SANDIGANBAYAN EMPLOYEES ASSOCIATION (SEA); SANDIGAN NG MGA EMPLEYADONG NAGKAKAISA SA ADHIKAIN NG DEMOKRATIKONG ORGANISASYON (S.E.N.A.D.O.); ASSOCIATION OF COURT OF APPEALS EMPLOYEES (ACAE); DEPARTMENT OF AGRARIAN REFORM EMPLOYEES ASSOCIATION (DAREA); SOCIAL WELFARE EMPLOYEES ASSOCIATION OF THE PHILIPPINES-DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (SWEAP-DSWD); DEPARTMENT OF TRADE AND INDUSTRY EMPLOYEES UNION**