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D E C I S I O N

TINGA, J.:

Take not from the mouth of labor the bread it has earned.

Thomas Jefferson

The constitutional protection to labor, a uniform feature of the last three Constitutions including the present one, is outstanding in its uniqueness and as a mandate for judicial activism.

This petition asks for the review of the Court of Appeals' *Decision*[1] in C.A.-G.R. SP NO. 55263 entitled *Alexander R. Lopez, et al. v. Metropolitan Waterworks and Sewerage System*, which affirmed in toto the Civil Service Commission's Resolutions[2] denying petitioners' claim for severance, retirement and terminal leave pay.

By virtue of an *Agreement,*[3] petitioners were engaged by the Metropolitan Waterworks and Sewerage System (MWSS) as collectors-contractors, wherein the former agreed to collect from the concessionaires of MWSS, charges, fees, assessments of rents for water, sewer and/or plumbing services which the MWSS bills from time to time.[4]

In 1997, MWSS entered into a Concession Agreement with Manila Water Service, Inc. and Benpress-Lyonnaise, wherein the collection of bills was transferred to said private concessionaires, effectively terminating the contracts of service between petitioners and MWSS. Regular employees of the MWSS, except those who had retired or opted to remain with the latter, were absorbed by the concessionaires. Regular employees of the MWSS were paid their retirement benefits, but not petitioners. Instead, they were refused said benefits, MWSS relying on a resolution[5] of the Civil Service Commission (CSC) that contract-collectors of the

MWSS are not its employees and therefore not entitled to the benefits due regular government employees.

Petitioners filed a complaint with the CSC. In its *Resolution* dated 1 July 1999,[6] the CSC denied their claims, stating that petitioners were engaged by MWSS through a contract of service, which explicitly provides that a bill collector-contractor is not an MWSS employee.[7] Relying on Part V of CSC Memorandum Circular No. 38, Series of 1993, the CSC stated that contract services/job orders are not considered government services, which do not have to be submitted to the CSC for approval, unlike contractual and *plantilla* appointments.[8] Moreover, it found that petitioners were unable to show that they have contractual appointments duly attested by the CSC.[9] In addition, the CSC stated that petitioners, not being permanent employees of MWSS and not included in the list .submitted to the concessionaire, are not entitled to severance pay.[10] Petitioners' claims for retirement benefits and terminal leave pay were likewise denied.

Petitioners sought reconsideration of the CSC Resolution, which was however denied by the CSC on 17 September 1999.[11] According to the CSC, petitioners failed to present any proof that their appointments were contractual appointments submitted to the CSC for its approval.[12] The CSC held, thus:

> WHEREFORE, the motion for Reconsideration of Alexander Lopez, et al. is hereby denied. Accordingly, CSC Resolution No. 99-1384 dated July 1, 1999 stands. However, this is not without prejudice to whatever rights and benefits they may have under the New Labor Code and other laws, if any.[13]

Aggrieved, petitioners filed a petition for review under Rule 43 of the Rules of Court with the Court of Appeals.[14] In its *Decision*, the Court of Appeals narrowed down the issues presented by petitioners as follows: Whether or not the CSC erred in finding that petitioners are not contractual employees of the government and, hence, are not entitled to retirement and separation benefits.[15]

Affirming and generally reiterating the ruling of the CSC, the Court of Appeals held that the *Agreement* entered into by petitioners and MWSS was clear and unambiguous, and should be read and interpreted according to its literal sense.[16] Hence, as per the terms of the agreement, petitioners were not MWSS employees. The Court of Appeals held that no other evidence was adduced by petitioners to substantiate their claim that their papers were forwarded to the CSC for attestation and approval.[17] It added that in any event, as early as 26 June 1996, the CSC specifically stated that "contract collectors are not MWSS employees and therefore not entitled to severance pay."[18]

The Court of Appeals held that petitioners are not similarly situated as the petitioner in the case of Chua *v. Civil Service Commission*[19] since the contractual appointment was submitted to and approved by the CSC, while the former were not.[20] Further, petitioners do not have creditable service for purposes of retirement, since their services were not supported by duly approved appointments.[21] Lastly, the Court of Appeals held that petitioners were exempt from compulsory

membership in the GSIS. Having made no monthly contributions remitted to the said office, petitioners are not entitled to the separation and/or retirement benefits that they are claiming.[22]

Petitioners now assert that the Court of Appeals rendered a decision not in accord with law and applicable jurisprudence, based on misapprehension of facts, and/or contrary to the evidence on record.[23]

Petitioners allege that while their hiring was made to appear to be on contractual basis, the contracts evidencing such hiring were submitted to and approved by the CSC. Later contracts, however, do not appear to have been submitted to the CSC for approval. To support its claim, petitioners presented two (2) sample agreements,[24] both stamped "approved" and signed by CSC Regional Directors. While styled as individual contracts/agreements, petitioners insist that the same were actually treated by the MWSS as appointment papers.[25]

Petitioners claim that they were employees of the MWSS, and that the latter exercised control over them. They cite as manifestations of control the training requirements, the mandated procedures to be followed in making collections, MWSS' close monitoring of their performance, as well as the latter's power to transfer collectors from one branch to another.[26]

Moreover, they add that with the nature and extent of their work at the MWSS, they served as collectors of MWSS only.[27] They stress that they have never provided collection services to customers as an independent business. In fact, they applied individually and were hired by MWSS one by one.[28] They were provided with uniforms and identification cards, and received basic pay termed as "commissions" from which MWSS deducted withholding tax.[29] The "commissions" were determined or computed by MWSS and paid to the collectors by payroll every fifteenth (15th) and last day of every month. In addition to the commission, collectors were given, among others, performance, mid-year and anniversary bonuses, hazard pay, thirteenth (13th) month pay, traveling allowance, cash gift, meal allowance and productivity pay.[30]

Petitioners claim that bill collectors were historically regarded as employees of National Waterworks and Sewerage Authority (NAWASA), the forerunner of MWSS.[31] They cite the case of *National Waterworks and Sewerage Authority v. NWSA Consolidated Labor Unions, et al.*,[32] wherein this Court supposedly declared the bill collectors of NAWASA as its employees and the commissions received by said collectors as salary.[33] Likewise, they claim that by MWSS' own acts, petitioners were its employees. To support this contention, they point to the identification cards (I.D.s) and certifications of employment issued by MWSS in their favor.[34] There were also "Records of Appointment", which referred to the contract-collectors as employees with corresponding service records.[35]

In view of the cited documents, petitioners assert that MWSS is estopped from denying their employment with the agency.[36] Should there be doubt as to their status as employees, petitioners invoke the rule of liberal construction in favor of labor, and the constitutional policy of protection to labor.[37]