



DEL ROSARIO PANDIPHIL Inc.

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Supreme Court rules voluntary arbitrators and not NLRC have jurisdiction on claims of seafarers with CBA

Author's Note: *There has always been an issue as to who has jurisdiction on claims of seafarers with a CBA (in addition to a POEA contract). Is it the NLRC (National Labor Relations Commission) or the voluntary arbitrators. The NLRC is composed of Labor Arbiters and claims jurisdiction based on the Migrant Workers Act, whereas, the voluntary arbitrators claim jurisdiction based on the Labor Code and the POEA contract. The Supreme Court has now ruled that it is the voluntary arbitrators that has jurisdiction and not the NLRC. (The actual wordings of the pertinent provisions of law and contract are cited verbatim at the end of this article).*

Based on past experience, the NLRC has always maintained jurisdiction in seafarer's cases with CBAs citing the provisions of the Migrant Workers Act. We will closely monitor to see if there will be a change in policy within the NLRC considering the clear intent of the below decision.

FACTS: The heirs of a seafarer initiated grievance proceedings against the company with the AMOSUP (seafarer's union) as they were claiming death benefits under a collective bargaining agreement (CBA). No settlement was reached during the grievance proceedings and for which reason; a complaint was filed by the heirs with the NLRC for death and medical benefits and damages. In the interim, and pursuant to a provision in the CBA, the company paid the amount of PHP20,000 to the heirs which they argue is only their liability under the CBA. On the other hand, the heirs insist that based on another provision of the CBA, they should be entitled to US\$90,000 although the amount of PHP20,000 initially paid may be considered as an advance.

The Labor Arbiter awarded death benefits to the heirs as prayed for which award was affirmed by the NLRC. Upon petition, the Court of Appeals set aside the decision of the NLRC and instead referred the matter to the National Conciliation and Mediation Board (NCMB) so that a voluntary arbitrator or panel of voluntary arbitrators may be designated to resolve the dispute between the parties.

DECISION: Upon further petition, the Supreme Court upheld the Court of Appeals and ruled that it is the voluntary arbitrator/s which has jurisdiction to hear the dispute of the parties considering that it involves the interpretation or implementation of the provisions of the CBA. The Supreme Court reasoned as follows:

1. The Migrant Workers' Act is the special law that governs overseas Filipino workers. Under said Act, the Labor Arbiter has jurisdiction to hear and decide claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages.

However, there is no specific provision in said Migrant Workers' Act which provides for jurisdiction over disputes or unresolved grievances regarding the interpretation or implementation of a CBA.

On the other hand, Articles 217(c) and 261 of the Labor Code are very specific in stating that voluntary arbitrators have jurisdiction over cases arising from the interpretation or implementation of collective bargaining agreements.

Since the dispute clearly involves the interpretation or implementation of the CBA, the specific or special provisions of the Labor Code govern and the issue must be brought before the voluntary arbitrators.

2. The CBA is the law or contract between the parties. The CBA entered into by and between respondent company and AMOSUP, the union to which seafarer belongs, provides as follows:

“The Company and the Union agree that in case of dispute or conflict in the interpretation or application of any of the provisions of this Agreement, or enforcement of Company policies, the same shall be settled through negotiation, conciliation or voluntary arbitration. x x x”

From the foregoing, it is clear that the parties, in the first place, really intended to bring to conciliation or voluntary arbitration any dispute or conflict in the interpretation or application of the provisions of their CBA. It is settled that when the parties have validly agreed on a procedure for resolving grievances and to submit a dispute to voluntary arbitration then that procedure should be strictly observed.

3. The provisions of the CBA are in consonance with Rule VII, Section 7 of the present Omnibus Rules and Regulations Implementing the Migrant Workers and Overseas Filipinos Act of 1995, as amended by Republic Act No. 10022, which states that **“[f]or OFWs with collective bargaining agreements, the case shall be submitted for voluntary arbitration in accordance with Articles 261 and 262 of the Labor Code.”** The Court notes that the said Omnibus Rules and Regulations were promulgated by the Department of Labor and Employment (DOLE) and the Department of Foreign Affairs (DFA) and that these departments were mandated to consult with the Senate Committee on Labor and Employment and the House of Representatives Committee on Overseas Workers Affairs.
4. In the same manner, Section 29 of the prevailing Standard Terms and Conditions Governing the Employment of Filipino Seafarers on Board Ocean Going Vessels, promulgated by the Philippine Overseas Employment Administration (POEA), provides as follows:

“Section 29. Dispute Settlement Procedures. – In cases of claims and disputes arising from this employment, the parties covered by a collective bargaining agreement shall submit the claim or dispute to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators. If the parties are not covered by a collective bargaining agreement, the parties may at their option submit the claim or dispute to either the original and exclusive jurisdiction of the National Labor Relations Commission (NLRC), pursuant to Republic Act (RA) 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995 or to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators. If there is no provision as to the voluntary arbitrators to be appointed by the parties, the same shall be appointed from the accredited voluntary arbitrators of the National Conciliation and Mediation Board of the Department of Labor and Employment.

The Philippine Overseas Employment Administration (POEA) shall exercise original and exclusive jurisdiction to hear and decide disciplinary action on cases, which are administrative in character, involving or arising out of violations of recruitment laws, rules and regulations involving employers, principals, contracting partners and Filipino seafarers.”

5. It is clear that with respect to disputes involving claims of Filipino seafarers wherein the parties are covered by a collective bargaining agreement, the dispute or claim should be submitted to the jurisdiction of a voluntary arbitrator or panel of arbitrators. It is only in the absence of a collective bargaining agreement that parties may opt to submit the dispute to either the NLRC or to voluntary arbitration.
6. This is also in consonance with the policy of the state to promote voluntary arbitration as a mode of settling labor disputes.

Applicable Laws and Contracts

Labor Code

Article 217(c) - Cases arising from the interpretation or implementation of collective bargaining agreements and those arising from the interpretation or enforcement of company personnel policies shall be disposed by the Labor Arbiter by referring the same to the grievance machinery and voluntary arbitration as may be provided in said agreements.

Article 261 - *Jurisdiction of Voluntary Arbitrators or panel of Voluntary Arbitrators.* – **The Voluntary Arbitrator or panel of Voluntary Arbitrators shall have original and exclusive jurisdiction to hear and decide all unresolved grievances arising from the interpretation or implementation of the Collective Bargaining Agreement** and those arising from the interpretation or enforcement of company personnel policies referred to in the immediately preceding article. Accordingly, violations of a Collective Bargaining Agreement, except those which are gross in character, shall no longer be treated as unfair labor practice and shall be resolved as grievances under the Collective Bargaining Agreement. For purposes of this article, gross violations of Collective Bargaining Agreement shall mean flagrant and/or malicious refusal to comply with the economic provisions of such agreement.

The Commission, its Regional Offices and the Regional Directors of the Department of Labor and Employment shall not entertain disputes, grievances or matters under the exclusive and original jurisdiction of the Voluntary Arbitrator or panel of Voluntary Arbitrators and shall immediately dispose and refer the same to the Grievance Machinery or Voluntary Arbitration provided in the Collective Bargaining Agreement.

Omnibus Rules and Regulations Implementing the Migrant Workers and Overseas Filipinos Act of 1995, as amended by Republic Act No. 10022

Rule VII, Section 7 - Voluntary Arbitration. - For OFWs with collective bargaining agreements, the case shall be submitted for voluntary arbitration in accordance with Articles 261 and 262 of the Labor Code.

POEA Contract

Section 29. *Dispute Settlement Procedures.* – **In cases of claims and disputes arising from this employment, the parties covered by a collective bargaining agreement shall submit the claim or dispute to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators.** If the parties are not covered by a collective bargaining agreement, the parties may at their option submit the claim or dispute to either the original and exclusive jurisdiction of the National Labor Relations Commission (NLRC), pursuant to Republic Act (RA) 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995 or to the original and exclusive jurisdiction of the voluntary arbitrator or panel of arbitrators. If there is no provision as to the voluntary arbitrators to be appointed by the parties, the same shall be appointed from the accredited voluntary arbitrators of the National Conciliation and Mediation Board of the Department of Labor and Employment.

CBA

Article 13.1 - **The Company and the Union agree that in case of dispute or conflict in the interpretation or application of any of the provisions of this Agreement, or enforcement of Company policies, the same shall be settled through negotiation, conciliation or voluntary arbitration.** The Company and the Union further agree that they will use their best endeavor to ensure that any dispute will be discussed, resolved and settled amicably by the parties hereof within ninety (90) days from the date of filing of the dispute or conflict and in case of failure to settle thereof any of the parties retain their freedom to take appropriate action.

Section 10 of R.A. 8042 (Migrant Workers Act) provides as follows:

SEC. 10. Money Claims. - Notwithstanding any provision of law to the contrary, **the Labor Arbiters of the National Labor Relations Commission (NLRC) shall have the original and exclusive jurisdiction** to hear and decide, within ninety (90) calendar days after filing of the complaint, the claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas deployment including claims for actual, moral, exemplary and other forms of damages.

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