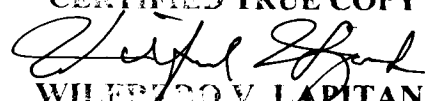




Republic of the Philippines  
**Supreme Court**  
 Manila

CERTIFIED TRUE COPY  
  
**WILFREDO V. LAPITAN**  
 Division Clerk of Court  
 Third Division  
 JUL 13 2016

**THIRD DIVISION**

**ORION WATER DISTRICT,**  
 represented by its General  
**Manager, CRISPIN Q. TRIA,**  
**ET AL.,**

**G.R. No. 195382**

Present:

Petitioner,

**VELASCO, JR., J.,**  
*Chairperson,*  
**PERALTA,**  
**PEREZ,**  
**REYES, and**  
**JARDELEZA,\* JJ.**

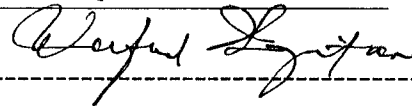
- versus -

**THE GOVERNMENT SERVICE**  
**INSURANCE SYSTEM (GSIS),**

Promulgated:

Respondent.

June 15, 2016



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**RESOLUTION**

**REYES, J.:**

Before this Court is a petition for review on *certiorari*<sup>1</sup> under Rule 45 of the Rules of Court filed by Orion Water District (OWD) assailing the Decision<sup>2</sup> dated October 14, 2010 and Resolution<sup>3</sup> dated January 24, 2011 of the Court of Appeals (CA) in CA-G.R. SP No. 105377.

\* On official business.

<sup>1</sup> *Rollo*, pp. 10-28.

<sup>2</sup> Penned by Associate Justice Sesonando E. Villon, with Associate Justices Rebecca De Guia-Salvador and Amy C. Lazaro-Javier concurring; *id.* at 30-37.

<sup>3</sup> *Id.* at 39.

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### Antecedent Facts

The instant case stemmed from a Complaint<sup>4</sup> for Collection of Sum of Money and Damages filed on April 4, 2006 by the Government Service Insurance System (GSIS) before the Regional Trial Court (RTC) of Pasay City (raffled to Branch 115 and docketed as Civil Case No. 06-0417 CFM) against OWD, a local water district organized as a government-owned and controlled corporation (GOCC), and its officers, namely: Manager, Bener E. Guzman (Guzman); Head of Agency, Ceferina Macdon; Finance Officer, Yolanda S. Urbano (Urbano); and Cashier, Cecile B. Swim (Swim). GSIS alleged that OWD and its officers failed and refused to pay, remit or deliver the employees' personal share in the premiums of their life and retirement policies covering the period of July 1993 to July 31, 2000, amounting to Five Hundred Fifty-One Thousand Four Hundred Seven Pesos and Sixteen Centavos (₱551,407.16). It averred that it repeatedly demanded the payment of said arrearages from OWD, through its Manager, who received the last demand letter on November 21, 2002. Despite receipt of the demand letter, however, OWD failed to remit its premium arrearages.<sup>5</sup>

On March 13, 2007, OWD filed a Motion to Dismiss<sup>6</sup> alleging that the RTC has no jurisdiction over the subject matter of the case. It asseverated that since GSIS and OWD are both GOCCs, jurisdiction over disputes or controversies between them lies with the Secretary of Justice, pursuant to Sections 66 to 70,<sup>7</sup> Chapter 14, Book IV of Executive

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<sup>4</sup> Id. at 86-93.

<sup>5</sup> Id. at 89.

<sup>6</sup> Id. at 75-80.

<sup>7</sup> **SEC. 66. *How Settled.***—All disputes, claims and controversies, solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, such as those arising from the interpretation and application of statutes, contracts or agreements, shall be administratively settled or adjudicated in the manner provided in this Chapter. This Chapter shall, however, not apply to disputes involving the Congress, the Supreme Court, the Constitutional Commissions, and local governments.

**SEC. 67. *Disputes Involving Questions of Law.***—All cases involving only questions of law shall be submitted to and settled or adjudicated by the Secretary of Justice as Attorney-General of the National Government and as *ex officio* legal adviser of all government-owned or controlled corporations. His ruling or decision thereon shall be conclusive and binding on all the parties concerned.

**SEC. 68. *Disputes Involving Questions of Fact and Law.***—Cases involving mixed questions of law and of fact or only factual issues shall be submitted to and settled or adjudicated by:

(1) The Solicitor General, if the dispute, claim or controversy involves only departments, bureaus, offices and other agencies of the National Government as well as government-owned or controlled corporations or entities of whom he is the principal law officer or general counsel; and  
(2) The Secretary of Justice, in all other cases not falling under paragraph (1).

**SEC. 69. *Arbitration.***—The determination of factual issues may be referred to an arbitration panel composed of one representative each of the parties involved and presided over by a representative of the Secretary of Justice or the Solicitor General, as the case may be.

**SEC. 70. *Appeals.***—The decision of the Secretary of Justice as well as that of the Solicitor General, when approved by the Secretary of Justice, shall be final and binding upon the parties involved. Appeals may, however, be taken to the President where the amount of the claim or the value of the property exceeds one million pesos. The decision of the President shall be final.

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Order (E.O.) No. 292.<sup>8</sup>

### **Ruling of the RTC**

On March 28, 2008, the RTC issued an Order<sup>9</sup> denying the motion to dismiss for lack of merit. It held, as follows:

After this Court perused the arguments of both parties, this Court finds the motion unmeritorious.

The defendants failed to even allege that they are disputing or controverting the claim filed by the [GSIS], or that the dispute, claim or controversy between the parties arises from the interpretation or application of the statutes, contracts or agreements involved in this case.

WHEREFORE, the Motion is Denied.

SO ORDERED.<sup>10</sup>

On May 22, 2008, OWD and its officers filed a Motion for Reconsideration<sup>11</sup> reiterating their claim of lack of jurisdiction of the RTC. In an Order<sup>12</sup> dated June 27, 2008, the RTC denied the said motion.

Meanwhile, in May 2006, Guzman resigned as General Manager of OWD and was replaced by Crispin Q. Tria (Tria). Swim and Urbano likewise resigned from their respective posts sometime in 2000.<sup>13</sup>

On September 22, 2008, OWD, represented by General Manager Tria, filed a petition for *certiorari*<sup>14</sup> with the CA, imputing grave abuse of discretion on the RTC for issuing Orders dated March 28, 2008 and June 27, 2008, and maintaining that it has jurisdiction over the subject matter of the case, in complete contradiction with Sections 66 to 70, Chapter 14, Book IV of E.O. No. 292. It emphasized that under the mentioned law, the jurisdiction to settle disputes among government offices lies with the Department of Justice, as represented by the Secretary of Justice, whose decision shall be appealable to the Office of the President and, thereafter, to the CA by way of a petition for review under Rule 43 of the Rules of Court.<sup>15</sup>

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<sup>8</sup> *Rollo*, pp. 76-77.

<sup>9</sup> Rendered by Presiding Judge Francisco G. Mendiola; *id.* at 81-82.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 83-84.

<sup>12</sup> *Id.* at 85.

<sup>13</sup> *Id.* at 126.

<sup>14</sup> *Id.* at 43-64.

<sup>15</sup> *Id.* at 53.

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### **Ruling of the CA**

On October 14, 2010, the CA rendered its Decision<sup>16</sup> affirming the challenged orders of the RTC. The CA ruled that Sections 66 to 70, Chapter 14, Book IV of E.O. No. 292 are inapplicable since the dispute is not solely between GOCCs. Further, it held that Republic Act (R.A.) No. 8291, pertaining to “The GSIS Act of 1997”, particularly Section 41(w) thereof clearly sanctioned the filing of complaint with the RTC.<sup>17</sup>

OWD filed a Motion for Reconsideration<sup>18</sup> dated November 17, 2010 but the same was denied by the CA in its Resolution<sup>19</sup> dated January 24, 2011. Hence, the instant petition.

OWD contends that the CA erred in upholding the Orders dated March 28, 2008 and June 27, 2008 of the RTC notwithstanding clear provisions of law that the latter has no jurisdiction over the subject matter of the case.

### **Ruling of the Court**

The Court finds the petition unmeritorious.

“Basic as a hornbook principle is that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff’s cause of action.”<sup>20</sup> A reading of the complaint filed by GSIS shows that it is aimed at recovering the premium arrearages of OWD on the life and retirement policies of its employees which by law is supposed to deduct from the salaries of the employees concerned and remit to GSIS accordingly.

It is well to remember that membership in the GSIS is compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status.<sup>21</sup> Pursuant to this, Section 6(b) of R.A. No. 8291 imposes a positive duty on the employer to deduct and remit the contributions to the GSIS. The provision reads as

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<sup>16</sup> Id. at 30-37.

<sup>17</sup> Id. at 34-36.

<sup>18</sup> Id. at 139-145.

<sup>19</sup> Id. at 39.

<sup>20</sup> *City of Dumaguete v. Philippine Ports Authority*, 671 Phil. 610, 629 (2011).

<sup>21</sup> R.A. NO. 8291, Section 3.

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follows:

*SEC. 6. Collection and Remittance of Contributions.* — x x x

(b) Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.

In case of delayed remittance, Section 7<sup>22</sup> of the law charges interest on the unremitted amount at the rate of not less than two percent (2%) which shall be shouldered by the employer. Continued refusal of the employer to remit contributions gives rise to a cause of action on the part of GSIS to institute the necessary action in the appropriate court or tribunal to recover unremitted contributions. Section 41(w) of R.A. No. 8291 specifies, thus:

*SEC. 41. Powers and Functions of the GSIS.* - x x x

x x x x

w) to ensure the collection or recovery of all indebtedness, liabilities and/or accountabilities, including unpaid premiums or contributions in favor of the GSIS arising from any cause or source whatsoever, due from all obligors, whether public or private. The Board shall demand payment or settlement of the obligations referred to herein within thirty (30) days from the date the obligation becomes due, and **in the event of failure or refusal of the obligor or debtor to comply with the demand, to initiate or institute the necessary or proper actions or suits, criminal, civil or administrative or otherwise, before the courts, tribunals, commissions, boards, or bodies of proper jurisdiction within thirty (30) days reckoned from the expiry date of the period fixed in the demand within which to pay or settle the account;**

x x x x

As correctly held by the CA, the GSIS properly instituted the complaint with the RTC, which has the jurisdiction in civil cases where the demand for sums of money or value of property exceeds ₱300,000.00 in the provinces, or ₱400,000.00 in Metro Manila.<sup>23</sup>

<sup>22</sup> SEC. 7. *Interests on Delayed Remittances.* – Agencies which delay the remittance of any and all monies due the GSIS shall be charged interests as may be prescribed by the Board but not less than two percent (2%) simple interest per month. Such interest shall be paid by the employers concerned.

<sup>23</sup> BATAS PAMBANSA BILANG 129, Section 19(8), as amended by R.A. No. 7691.

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OWD, however, insists that the case should have been submitted to the Secretary of Justice for administrative settlement pursuant to Sections 66 to 70, Chapter 14, Book IV of E.O. No. 292, which, it argues, apply when the dispute or controversy is between two government offices.

The Court disagrees.

As properly held by the CA, the provisions of E.O. No. 292 are inapplicable in the instant case. It bears to stress that not all controversies between or among government offices, departments or instrumentalities fall under the mentioned provisions of E.O. No. 292. To fully understand the scope of the law, reference must be made to Presidential Decree (P.D.) No. 242, the precursor of Chapter 14, Book IV of E.O. No. 292, from which the entirety of the provisions in question was lifted. Under P.D. No. 242, it was clearly articulated that it only applies to particular instances of disputes among government offices. Section 1 thereof states:

**SEC. 1.** Provisions of law to the contrary notwithstanding, all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including constitutional offices or agencies, **arising from the interpretation and application of statutes, contracts or agreements**, shall henceforth be administratively settled or adjudicated as provided hereinafter: Provided, That this shall not apply to cases already pending in court at the time of the effectivity of this decree. (Emphasis ours)

That the law is not all-encompassing was elaborated in *Philippine Veterans Investment Development Corporation (PHIVIDEC) v. Judge Velez*,<sup>24</sup> where the Court emphasized that P.D. No. 242 applies only to certain cases of disputes. It does not intrude into the jurisdiction of regular courts as it “only prescribes an *administrative* procedure for the settlement of **certain types of disputes** between or among departments, bureaus, offices, agencies, and instrumentalities of the National Government, including [GOCCs], so that they need not always repair to the courts for the settlement of controversies **arising from the interpretation and application of statutes, contracts or agreements**.”<sup>25</sup>

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<sup>24</sup> 276 Phil. 439 (1991).

<sup>25</sup> Id. at 443.

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Section 1 of P.D. No. 242 is now Section 66, Chapter 14, Book IV of E.O. No. 292. Although there was a noticeable change in the language of the law, there was no indication of an intention to broaden its scope far larger than the original law. Section 66 reads as follows:

**SEC. 66.** *How Settled.*—All disputes, claims and controversies, solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, such as those arising from the interpretation and application of statutes, contracts or agreements, shall be administratively settled or adjudicated in the manner provided in this Chapter. This Chapter shall, however, not apply to disputes involving the Congress, the Supreme Court, the Constitutional Commissions, and local governments.

Following the *ejusdem generis* rule on statutory construction, disputes that should be referred to administrative arbitration must relate to the interpretation and application of statutes, contracts or agreements, or any other cases of similar nature. The usage of the phrase “*such as those arising from the interpretation and application of statutes, contracts or agreements*” in the provision means that the situation must be held similar or analogous to those expressly enumerated in the law in question.

It does not need further elaboration that the instant case does not partake of the instances contemplated in Section 66. The complaint filed by GSIS does not concern the interpretation of a law, contract or agreement between government agencies. It is a complaint for collection of sum of money, specifically to unremitted premium contributions which by law, the OWD, as the employer, is mandated to deliver to GSIS within the prescribed period of time. There is no obscure question of law or ambiguous provision of a contract involved that resulted to a discord between GSIS and OWD, which could have warranted the application of Section 66. On the contrary, the law is unequivocal with respect to the duty of GSIS to ensure the prompt collection of contributions and OWD’s responsibility, as an employer, to deduct and remit contributions to the system. Unfortunately, OWD reneged in its obligation and refused to comply despite repeated notices; hence, the filing of a complaint for collection of unremitted contributions by GSIS.

Even assuming that the instant case falls under any of the instances of disputes stated in Section 66, it cannot still qualify for administrative settlement since the case also involved officials of OWD and not solely between GSIS and OWD. Explicitly provided in Section 66 is that only disputes, claims and controversies *solely* between and among departments, bureaus, offices, agencies, and


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instrumentalities of the National Government, including GOCCs shall be administratively settled or adjudicated. Thus, in *Philippine National Oil Company v. CA*,<sup>26</sup> the Court held that Section 1 of P.D. No. 242 does not apply notwithstanding the fact that the case involved three (3) government agencies, *i.e.* the Bureau of Internal Revenue, Philippine National Oil Company and Philippine National Bank. It ruled, thus:


Section 1 of P.D. No. 242 explicitly provides that only disputes, claims and controversies *solely* between or among departments, bureaus, offices, agencies, and instrumentalities of the National Government, including constitutional offices or agencies, as well as [GOCCs], shall be administratively settled or adjudicated. While the BIR is obviously a government bureau, and both PNOC and PNB are [GOCCs], respondent Savellano is a private citizen. His standing in the controversy could not be lightly brushed aside. It was private respondent Savellano who gave the BIR the information that resulted in the investigation of PNOC and PNB; who requested the BIR Commissioner to reconsider the compromise agreement in question; and who initiated CTA Case No. 4249 by filing a Petition for Review.<sup>27</sup>

**WHEREFORE**, in view of the foregoing disquisition, the instant petition is **DENIED**. The Decision dated October 14, 2010 and Resolution dated January 24, 2011 of the Court of Appeals in CA-G.R. SP No. 105377 are **AFFIRMED**.

**SO ORDERED.**

  
**BIENVENIDO L. REYES**  
Associate Justice


**WE CONCUR:**


  
**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson

<sup>26</sup> 496 Phil. 506 (2005).

<sup>27</sup> Id. at 558.




  
**DIOSDADO M. PERALTA**  
 Associate Justice

  
**JOSE PORTUGAL PEREZ**  
 Associate Justice

(On official business)  
**FRANCIS H. JARDELEZA**  
 Associate Justice


**ATTESTATION**

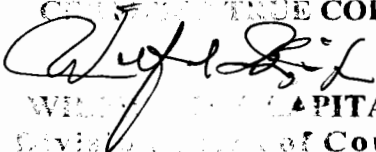
I attest that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**PRESBITERO J. VELASCO, JR.**  
 Associate Justice  
 Chairperson

**CERTIFICATION**

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

  
**MARIA LOURDES P. A. SERENO**  
 Chief Justice

**CONFIDENTIAL TRUE COPY**  
  
**WILFREDO C. CAPITAN**  
 Division Chairperson of Court  
 Third Division  
 JUL 13 2016

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