

## EN BANC

[ G.R. No. 169466, May 09, 2007 ]

**DEPARTMENT OF BUDGET AND MANAGEMENT, REPRESENTED BY SECRETARY ROMULO L. NERI, PHILIPPINE NATIONAL POLICE, REPRESENTED BY POLICE DIRECTOR GENERAL ARTURO L. LOMIBAO, NATIONAL POLICE COMMISSION, REPRESENTED BY CHAIRMAN ANGELO T. REYES, AND CIVIL SERVICE COMMISSION, REPRESENTED BY CHAIRPERSON KARINA C. DAVID, PETITIONERS, VS. MANILA'S FINEST RETIREES ASSOCIATION, INC., REPRESENTED BY P/COL. FELICISIMO G. LAZARO (RET.), AND ALL THE OTHER INP RETIREES, RESPONDENTS.**

### DECISION

**GARCIA, J.:**

Assailed and sought to be set aside in this petition for review on certiorari under Rule 45 of the Rules of Court are the following issuances of the Court of Appeals (CA) in CA-G.R. CV No. 78203, to wit:

1. **Decision<sup>[1]</sup> dated July 7, 2005** which affirmed *in toto* the decision of the Regional Trial Court of Manila, Branch 32, in Civil Case No. 02-103702, a suit for declaratory relief, declaring the herein respondents entitled to the same retirement benefits accorded upon retirees of the Philippine National Police (PNP) under Republic Act (R.A.) No. 6975, as amended by R.A. No. 8551, and ordering the herein petitioners to implement the proper adjustments on respondents' retirement benefits; and
2. **Resolution<sup>[2]</sup> dated August 24, 2005** which denied the petitioners' motion for reconsideration.

The antecedent facts:

In 1975, Presidential Decree (P.D.) No. 765 was issued constituting the Integrated National Police (INP) to be composed of the Philippine Constabulary (PC) as the nucleus and the integrated police forces as components thereof. Complementing P.D. No. 765 was P.D. No. 1184<sup>[3]</sup> dated August 26, 1977 (INP Law, hereinafter) issued to professionalize the INP and promote career development therein.

On December 13, 1990, Republic Act (R.A.) No. 6975, entitled "AN ACT ESTABLISHING THE PHILIPPINE NATIONAL POLICE UNDER A REORGANIZED DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT, AND FOR OTHER PURPOSES," hereinafter referred to as **PNP Law**, was enacted. Under Section 23 of said law, the Philippine National Police (PNP) would initially consist of the members

of the INP, created under P.D. No. 765, as well as the officers and enlisted personnel of the PC. In part, Section 23 reads:

SEC. 23. *Composition.* - Subject to the limitation provided for in this Act, the Philippine National Police, hereinafter referred to as the PNP, is hereby established, initially consisting of the members of the police forces who were integrated into the Integrated National Police (INP) pursuant to Presidential Decree No. 765, and the officers and enlisted personnel of the Philippine Constabulary (PC).

A little less than eight (8) years later, or on February 25, 1998, R.A. No. 6975 was amended by R.A. No. 8551, otherwise known as the "PHILIPPINE NATIONAL POLICE REFORM AND REORGANIZATION ACT OF 1998." Among other things, the amendatory law reengineered the retirement scheme in the police organization. Relevantly, PNP personnel, under the new law, stood to collect more retirement benefits than what INP members of equivalent rank, who had retired under the INP Law, received.

The INP retirees illustrated the resulting disparity in the retirement benefits between them and the PNP retirees as follows:<sup>[4]</sup>

Retirement Rank		Monthly Pension		Difference
INP	PNP	INP	PNP	
Corporal	SPO3	P 3,225.00	P 11,310.00	P 8,095.00
Captain	P. Sr. Insp.	P 5,248.00	P 15,976.00	P10,628.00
Brig. Gen.	P. Chief Supt.	P 10,054.24	P 18,088.00	P 8,033.76

Hence, on June 3, 2002, in the Regional Trial Court (RTC) of Manila, all INP retirees, spearheaded by the Manila's Finest Retirees Association, Inc., or the MFRAI (hereinafter collectively referred to as the INP Retirees), filed a petition for declaratory relief,<sup>[5]</sup> thereunder impleading, as respondents, the Department of Budget and Management (DBM), the PNP, the National Police Commission (NAPOLCOM), the Civil Service Commission (CSC) and the Government Service Insurance System (GSIS). Docketed in the RTC as *Civil Case No. 02-103702*, which was raffled to Branch 22 thereof, the petition alleged in gist that INP retirees were equally situated as the PNP retirees but whose retirement benefits prior to the enactment of R.A. No. 6975, as amended by R.A. No. 8551, were unconscionably and arbitrarily excepted from the higher rates and adjusted benefits accorded to the PNP retirees. Accordingly, in their petition, the petitioning INP retirees pray that a -

DECLARATORY JUDGMENT be rendered in their favor, DECLARING with certainty that they, as INP-retirees, are truly absorbed and equally considered as PNP-retirees and thus, entitled to enjoy the SAME or IDENTICAL retirement benefits being bestowed to PNP-retirees by virtue of said PNP Law or *Republic Act No. 6975, as amended by Republic Act 8551*, with the corollary mandate for the respondents-government agencies to effect the immediate adjustment on their previously received disparate retirement benefits, retroactive to its effectivity, and with due payment thereof.

The GSIS moved to dismiss the petition on grounds of lack of jurisdiction and cause of action. On the other hand, the CSC, DBM, NAPOLCOM and PNP, in their respective answers, asserted that the petitioners could not claim the more generous retirement benefits under R.A. No. 6975 because at no time did they become PNP members, having retired prior to the enactment of said law. DBM, NAPOLCOM and PNP afterwards filed their respective pre-trial briefs.

The ensuing legal skirmish is not relevant to the disposition of the instant case. The bottom line is that, on March 21, 2003, the RTC came out with its decision<sup>[6]</sup> holding that R.A. No. 6975, as amended, did not abolish the INP but merely provided for the absorption of its police functions by the PNP, and accordingly rendered judgment for the INP retirees, to wit:

WHEREFORE, this Court hereby renders JUDGMENT DECLARING the INP Retirees entitled to the same or identical retirement benefits and such other benefits being granted, accorded and bestowed upon the PNP Retirees under the PNP Law (RA No. 6975, as amended).

The respondents Government Departments and Agencies shall IMMEDIATELY EFFECT and IMPLEMENT the proper adjustments on the INP Retirees' retirement and such other benefits, RETROACTIVE to its date of effectivity, and RELEASE and PAY to the INP Retirees the due payments of the amounts.

SO ORDERED.

On April 2, 2003, the trial court issued what it denominated as *Supplement to the Decision* whereunder it granted the GSIS' motion to dismiss and thus considered the basic petition as withdrawn with respect to the latter.

From the adverse decision of the trial court, the remaining respondents, namely, DBM, PNP, NAPOLCOM and CSC, interposed an appeal to the CA whereat their appellate recourse was docketed as *CA-G.R. CV No. 78203*.

As stated at the threshold hereof, the CA, in its **decision of July 7, 2005**,<sup>[7]</sup> affirmed that of the trial court upholding the entitlement of the INP retirees to the same or identical retirement benefits accorded upon PNP retirees under R.A. No. 6975, as amended.

Their motion for reconsideration having been denied by the CA in` its equally assailed **resolution of August 24, 2005**,<sup>[8]</sup> herein petitioners are now with this Court via the instant recourse on their singular submission that -

**THE COURT OF APPEALS COMMITTED A SERIOUS ERROR IN LAW IN AFFIRMING THE DECISION OF THE TRIAL COURT NOTWITHSTANDING THAT IT IS CONTRARY TO LAW AND ESTABLISHED JURISPRUDENCE.**

We **DENY**.

In the main, it is petitioners' posture that R.A. No. 6975 clearly abolished the INP and created in its stead a new police force, the PNP. Prescinding therefrom,

petitioners contend that since the PNP is an organization entirely different from the INP, it follows that INP retirees never became PNP members. *Ergo*, they cannot avail themselves of the retirement benefits accorded to PNP members under R.A. No. 6975 and its amendatory law, R.A. No. 8551.

A flashback at history is proper.

As may be recalled, R.A. No. 6975 was enacted into law on December 13, 1990, or just about four (4) years after the *1986 EDSA Revolution* toppled down the dictatorship regime. Egged on by the current sentiment of the times generated by the long period of martial rule during which the police force, the PC-INP, had a military character, being then a major service of the Armed Forces of the Philippines, and invariably moved by a fresh constitutional mandate for the establishment of one police force which should be national in scope and, most importantly, purely civilian in character,<sup>[9]</sup> Congress enacted R.A. No. 6975 establishing the PNP and placing it under the Department of Interior and Local Government. To underscore the civilian character of the PNP, R.A. No. 6975 made it emphatically clear in its declaration of policy the following:

Section 2. *Declaration of policy* - It is hereby declared to be the policy of the State to promote peace and order, ensure public safety and further strengthen local government capability aimed towards the effective delivery of the basic services to the citizenry through the establishment of a highly efficient and competent police force that is national in scope and **civilian in character**. xxx

The police force shall be organized, trained and equipped primarily for the performance of police functions. Its national scope and **civilian character shall be paramount. No element of the police force shall be military nor shall any position thereof be occupied by active members of the [AFP]**. (Emphasis and word in bracket supplied.).

Pursuant to Section 23, *supra*, of R.A. No. 6975, the PNP initially consisted of the members of the police forces who were integrated into the INP by virtue of P.D. No. 765, while Section 86<sup>[10]</sup> of the same law provides for the assumption by the PNP of the police functions of the INP and its absorption by the former, including its appropriations, funds, records, equipment, etc., as well as its personnel.<sup>[11]</sup> And to govern the statute's implementation, Section 85 of the Act spelled out the following absorption phases:

*Phase I* - Exercise of option by the uniformed members of the [PC], the PC elements assigned with the Narcotics Command, CIS, and the personnel of the technical services of the AFP assigned with the PC to include the regular CIS investigating agents and the operatives and agents of the NAPOLCOM Inspection. Investigation and Intelligence Branch, and the personnel of the absorbed National Action Committee on Anti-Hijacking (NACAH) of the Department of National Defense to be completed within six (6) months from the date of the effectivity of this Act. **At the end of this phase, all personnel from the INP, PC, AFP Technical Services, NACAH, and NAPOLCOM Inspection, Investigation and Intelligence Branch shall have been covered by**

**official orders assigning them to the PNP, Fire and Jail Forces by their respective units.**

*Phase II* - Approval of the table of organization and equipment of all bureaus and offices created under this Act, preparation and filling up of their staffing pattern, transfer of assets to the [DILG] and organization of the Commission, to be completed within twelve (12) months from the effectivity date hereof. At the end of this phase, all personnel to be absorbed by the [DILG] shall have been issued appointment papers, and the organized Commission and the PNP shall be fully operational.

The PC officers and enlisted personnel who have not opted to join the PNP shall be reassigned to the Army, Navy or Air Force, or shall be allowed to retire under existing AFP rules and regulations. **Any PC-INP officer or enlisted personnel may, within the twelve-month period from the effectivity of this Act, retire and be paid retirement benefits corresponding to a position two (2) ranks higher than his present grade, subject to the conditions that at the time he applies for retirement, he has rendered at least twenty (20) years of service and still has, at most, twenty-four (24) months of service remaining before the compulsory retirement age as provided by existing law for his office.**

*Phase III* - Adjustment of ranks and establishment of one (1) lineal roster of officers and another for non-officers, and the rationalization of compensation and retirement systems; taking into consideration the existing compensation schemes and retirement and separation benefit systems of the different components of the PNP, to ensure that no member of the PNP shall suffer any diminution in basic longevity and incentive pays, allowances and retirement benefits due them before the creations of the PNP, to be completed within eighteen (18) months from the effectivity of this Act. xxx.

**Upon the effectivity of this Act, the [DILG] Secretary shall exercise administrative supervision as well as operational control over the transferred, merged and/or absorbed AFP and INP units. The incumbent Director General of the PC-INP shall continue to act as Director General of the PNP until ... replaced ....**  
(Emphasis and words in brackets supplied.)

From the foregoing, it appears clear to us that the INP was never, as posited by the petitioners, abolished or terminated out of existence by R.A. No. 6975. For sure, nowhere in R.A. No. 6975 does the words "abolish" or "terminate" appear in reference to the INP. Instead, what the law provides is for the "absorption," "transfer," and/or "merger" of the INP, as well as the other offices comprising the PC-INP, with the PNP. To "abolish" is to do away with, to annul, abrogate or destroy completely;<sup>[12]</sup> to "absorb" is to assimilate, incorporate or to take in.<sup>[13]</sup> "Merge" means to cause to combine or unite to become legally absorbed or extinguished by merger<sup>[14]</sup> while "transfer" denotes movement from one position to another. Clearly, "abolition" cannot be equated with "absorption."