

SECOND DIVISION

[G.R. No. 218097, March 11, 2019]

**GOVERNMENT SERVICE INSURANCE SYSTEM PETITIONER, V.
APOLINARIO K. DAYMIEL, SUBSTITUTED BY HIS HEIRS
MADELINE D. VILORIA, YOLANDA D. DE CASTRO, JOVENA D.
ACOJEDO, ALBERTO DAYMIEL, MA. IMELDA D. GANDOLA,
MARIDEL D. MORANDANTE[*] AND MA. NYMPHA DAYMIEL,
RESPONDENTS.**

DECISION

J. REYES, JR., J.:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision^[1] dated February 25, 2014 and the Resolution^[2] dated April 28, 2015 of the Court of Appeals-Cagayan De Oro City (CA) in CA-G.R. CV No. 01773-MIN, reversing the ruling of the Regional Trial Court (RTC) of Dipolog City, Branch 8 which dismissed the case for lack of merit.

Relevant Antecedents

On August 18, 1969, Apolinario K. Daymiel (respondent) served as a casual laborer of the Provincial Engineering Office of the Provincial Government of Zamboanga del Norte. Eventually, respondent assumed the position of Accounting Clerk III until his retirement on July 1, 2003.^[3]

Thereupon, respondent applied for retirement benefits before the Government Service Insurance System (GSIS). A Tentative Computation was made pursuant to respondent's application. Initially, GSIS granted respondent a total of 33.65678 years of creditable service. The lump sum payment was equivalent to P542,325.00 and the monthly pension amounted to P9,038.75,^[4] viz.:

LAST NAME:	FIRST NAME:
DAYMIEL	APOLINARIO
DATE OF RET:	YEARS OF
07012003	SERVICE:
	33.656678
DATE OF BIRTH:	AMC: 10,043.67
07011938	

x x x x

RA 8291: 5-YR
LUMP SUM
PAYMENT

542,325.00-5-YR
LS
9,038.75 PENSION
TO START 5 YRS
FROM DOR

X X X X

However, a re-computation was made wherein GSIS credited respondent only with 23.85082 years of service instead of the initial 33.65678. Accordingly, respondent's lump sum payment was decreased to P384,295.80 and his monthly pension was pegged at P5,886.77.^[5]

Unsatisfied with the computation, respondent wrote a letter to the GSIS and inquired as to the legal basis for such computation.

It appears that the re-computation was made as a result of the implementation of Policy and Procedural Guidelines No. 171-03 (PPG No. 171-03) dated March 24, 2003 issued by then GSIS President and General Manager Winston F. Garcia. PPG No. 171-03 was subsequently approved by the GSIS Board of Trustees in Resolution No. 90 dated April 2, 2003.^[6]

Declaratory Relief, Mandamus, and Damages.^[7] In his petition, respondent interpreted the provisions of PPG No. 171-03 as gravely prejudicial to him since the starting point in the computation of the creditable service of a retiree shall be the date of the payment of monthly contributions,^[8] whereas the starting point as regards Republic Act (R.A.) No. 8291 or The Government Service Insurance System Act of 1997 is the date of original appointment.^[9]

Instead of filing an answer, GSIS filed a Motion to Dismiss, citing the grounds of failure to state a cause of action and lack of jurisdiction over the subject matter. GSIS argued that respondent failed to establish how his right was violated and that R.A. No. 8291 vests in the GSIS Board of Trustees the original and exclusive jurisdiction to hear disputes on laws administered by it.^[10]

Proceedings before the RTC

The RTC granted the Motion to Dismiss in a Resolution dated November 8, 2004.^[11]

However, the RTC reversed its earlier Resolution upon respondent's filing of a Motion for Reconsideration. In an Order^[12] dated February 10, 2005, the RTC ruled on the invalidity of Resolution No. 90 and PPG No. 171-03 as the same were not published in the Official Gazette or any newspaper of general circulation. The RTC, likewise, refused to apply the doctrine of primary jurisdiction because it considered the issue raised as a question of law.^[13]

GSIS filed its Answer to the petition. Thereafter, trial on the merits ensued.^[14]

In a Decision^[15] dated July 29, 2008, the RTC dismissed the petition for lack of jurisdiction pursuant to Section 30^[16] of R.A. No. 8291. The RTC maintained that the GSIS has jurisdiction over the subject matter as the computation of

respondent's retirement benefits was in the exercise of its quasi-judicial function. The *fallo* thereof reads:

WHEREFORE, premises considered, the instant complaint/petition is hereby **DISMISSED** without pronouncement as to costs.

SO ORDERED.^[17]

A Motion for Reconsideration filed by respondent was denied in a Resolution dated December 22, 2008.^[18]

Respondent filed an appeal before the CA.

Proceedings before the CA

In a Decision^[19] dated February 25, 2014, the CA reversed and set aside the ruling of the RTC and declared PPG No. 171-03 and Resolution No. 90 null and void. In ruling so, the CA reasoned that since the petition filed before the RTC is one for declaratory relief, the RTC has jurisdiction over the same. On the invalidity of the issuances, the CA reasoned that the same were not published in the Official Gazette or in any newspaper of general circulation. The dispositive portion states:

WHEREFORE, premises considered, the 29 July 2008 *Decision* rendered by the Regional Trial Court, Branch 8, 9th Judicial Region, Dipolog City is hereby **REVERSED** and **SET ASIDE**.

PPG No. 171-03 and Resolution No. 90 are hereby declared **NULL** and **VOID** for lack of publication.

Accordingly, GSIS is hereby **DIRECTED** to re-compute petitioner's retirement benefits to be reckoned from the date of his original appointment in government service beginning in 1969 till his retirement in 2003.

SO ORDERED.^[20]

Undaunted, petitioner filed its Motion for Reconsideration, which was denied for lack of merit in a Resolution^[21] dated April 28, 2015.

The Issue

The core issue in this case is whether the regular court has jurisdiction over the subject matter of the case.

The Court's Ruling

Jurisdiction over a subject matter is conferred by the Constitution or the law, and rules of procedure yield to substantive law. Otherwise stated, jurisdiction must exist as a matter of law. Only a statute can confer jurisdiction on courts and administrative agencies.^[22] Administrative agencies may be bestowed with quasi-judicial or quasi-legislative powers.

In the exercise of an administrative agency's quasi-judicial powers, the doctrine of primary jurisdiction may be invoked. In the case of *Smart Communications, Inc. v.*

National Telecommunications Commission,^[23] we explained the import of this doctrine, to wit:

Thus, in cases involving specialized disputes, the practice has been to refer the same to an administrative agency of special competence pursuant to the doctrine of primary jurisdiction. The courts will not determine a controversy involving a question which is within the jurisdiction of the administrative tribunal prior to the resolution of that question by the administrative tribunal, where the question demands the exercise of sound administrative discretion requiring the special knowledge, experience and services of the administrative tribunal to determine technical and intricate matters of fact, and a uniformity of ruling is essential to comply with the premises of the regulatory statute administered. x x x

In this case, Section 30 of R.A. No. 8291 vests upon the GSIS the original and exclusive jurisdiction to hear disputes arising from said law or related issuances. Section 14.3 (now Section 27.1) of the Implementing Rules and Regulations (IRR) of R.A. No. 8291 provides that such quasi-judicial power lies with the GSIS Board of Trustees, thus:

SEC. 30. *Settlement of Disputes.* — The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under this Act and any other laws administered by the GSIS.

The Board may designate any member of the Board, or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations thereon. The hearing officer shall submit his findings and recommendations, together with all documentary and testimonial evidence to the [B]oard within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision.

x x x x

SEC. 14.3. *Body Vested with Quasi-Judicial Functions.* — The quasi-judicial function of the GSIS shall be vested in its Board of Trustees.

Section 14.1 (now Section 21) of the IRR provides in detail the coverage of such quasi-judicial power, to wit:

SEC. 14.1. *Quasi-Judicial Functions of the GSIS.* — x x x settle any dispute arising under Republic Act No. 8291, Commonwealth Act No. 186, as amended, and other laws administered by the GSIS with respect to:

x x x x

2. Entitlement of members to the following benefits under these Rules:

- (a) Separation benefits
- (b) Unemployment or involuntary separation benefits