



Republic of the Philippines
Supreme Court
 Manila

EN BANC

HON. JONATHAN A. DELA CRUZ and HON. GUSTAVO S. TAMBUNTING, as MEMBERS OF THE HOUSE OF REPRESENTATIVES and as Taxpayers,

Petitioners,

- versus -

HON. PAQUITO N. OCHOA JR., in his capacity as the EXECUTIVE SECRETARY; HON. JOSEPH EMILIO A. ABAYA, in his capacity as the SECRETARY OF THE DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS; HON. FLORENCIO B. ABAD, in his capacity as the SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT; and HON. ROSALIA V. DE LEON, in her capacity as the NATIONAL TREASURER,

Respondents.

G.R. No. 219683

Present:

SERENO, C.J.,
 CARPIO,
 VELASCO, JR.,
 LEONARDO-DE CASTRO,
 PERALTA,
 BERSAMIN,
 DEL CASTILLO,
 PERLAS-BERNABE,
 LEONEN,
 JARDELEZA,
 *CAGUIOA,
 **MARTIRES,
 TIJAM,
 REYES, JR., and
 GISMUNDO, JJ.

Promulgated:

January 23, 2018

[Handwritten Signature]

X-----X

DECISION

BERSAMIN, J.:

In this special civil action for *certiorari* and prohibition, the petitioners, as Members of the House of Representatives and as taxpayers, assail the implementation of the Motor Vehicle License Plate

* On leave.
 ** On leave.

Standardization Program (MVPSP) of the Land Transportation Office (LTO)¹ by using funds appropriated under Republic Act No. 10633 (*General Appropriations Act of 2014*), hereinafter referred to as the 2014 GAA.²

This case was preceded by the ruling in *Jacomille v. Abaya*,³ which involved the procurement for the MVPSP. On May 19, 2014, Reynaldo M. Jacomille (Jacomille) filed in this Court a petition for *certiorari* and prohibition assailing the legality of the procurement under the MVPSP. He insisted therein that the MVPSP contract was void for lack of adequate budgetary appropriations in the *General Appropriations Act of 2013* (2013 GAA) as well as for the failure of the procuring entity to obtain the required Multi-Year Obligational Authority (MYOA) from the Department of Budget and Management (DBM).⁴

In the decision promulgated on April 22, 2015, the Court dismissed Jacomille's petition for having been rendered moot and academic by the passage of the 2014 GAA that already included the full appropriation necessary to fund the MVPSP. Nonetheless, the Court expressly observed therein that the appropriation made in the 2013 GAA had been insufficient for the MVPSP; and that the procurement process had been tainted with irregularities, to wit:

x x x [T]he project did not have the adequate appropriation when its procurement was commenced on February 20, 2013, contrary to the provisions of Sections 5a, 7 and 20 of R.A. No. 9184. The DOTC and the LTO likewise failed to secure the MYOA before the start of the procurement process even though MVPSP is MYP [Multi-Year Project] involving MYC [Multi-Year Contract]. All these irregularities tainted the earlier procurement process and rendered it null and void.

At the outset, however, the Court has stated that the present petition has been rendered moot and academic by the appropriation for the full amount of the project fund in GAA 2014. Said appropriation "cured" whatever defect the process had.⁵

Jacomille moved for reconsideration but the Court, denying his motion on July 25, 2016,⁶ reiterated that:

x x x Congress had appropriated the amount of ₱4,843,753,000.00 for the MVPSP project. **Consequently, the Court deemed it proper not to question the wisdom of the legislative department in appropriating**

¹ The acronym MVLSP is also used interchangeably with the acronym MVPSP in referring to the Motor Vehicle License Plate Standardization Program.

² *Rollo*, pp. 3-56.

³ *Jacomille v. Abaya*, G.R. No. 212381, April 22, 2015, 757 SCRA 273, 277-280.

⁴ *Rollo*, Vol. II, pp. 769-770.

⁵ *Supra* note 3, at 310.

⁶ *Rollo*, Vol. I, pp. 525-527. Entry of judgment has not yet been made to date because the Judicial Records Office is still waiting for notice from the post office as to the date when the copy of the Resolution has been received by the parties.

the full budget of the MVPSP in the GAA 2014. As the MVPSP was adequately funded by law when it was signed by the contracting parties, the petition became moot and academic. With that, the duty of the Court in the present petition was discharged. (Bold underscoring supplied for emphasis)⁷

Antecedents

Given the intimate connection between this case and *Jacomille v. Abaya, supra*, we adopt and reiterate the summary of the factual antecedents rendered in *Jacomille v. Abaya* for the sake of consistency, as follows:

The Department of Transportation and Communications (*DOTC*) is the primary policy, planning, programming, coordinating, implementing, regulating, and administrative entity of the Executive Branch of the government in the promotion, development and regulation of dependable and coordinated networks of transportation and communications systems as well as in the fast, safe, efficient, and reliable postal, transportation and communication services. One of its line agencies is the Land Transportation Office (*LTO*) which is tasked, among others, to register motor vehicles and regulate their operation.

In accordance with its mandate, the LTO is required to issue motor vehicle license plates which serve to identify the registered vehicles as they ply the roads. These plates should at all times be conspicuously displayed on the front and rear portions of the registered vehicles to assure quick and expedient identification should there be a need, as in the case of motor vehicle accidents or infraction of traffic rules.

Recently, the LTO formulated the Motor Vehicle License Plate Standardization Program (*MVPSP*) to supply the new license plates for both old and new vehicle registrants. On February 20, 2013, the DOTC published in newspapers of general circulation the Invitation To Bid for the supply and delivery of motor vehicle license plates for the MVPSP, to wit:

The Department of Transportation and Communications (*DOTC*)/Land Transportation Office (*LTO*) are inviting bids for its LTO MV Plate Standardization Program which involves the procurement, supply and delivery of Motor Vehicle License Plates. The program shall run from July 2013 until June 2018 when the supply and delivery of the Motor Vehicle License Plates of the LTO MV Plate Standardization program is completed.

The LTO, through the General Appropriations Act, intends to apply the sum of Three Billion Eight Hundred Fifty One Million Six Hundred Thousand One Hundred Pesos (Php 3,851,600,100.00) being the Approved Budget for the Contract (*ABC*), for payment of approximately [P]5,236,439 for Motor Vehicles (*MV*) and approximately [P]9,968,017 for motorcycles (*MC*), under the contract for the Supply and

⁷ Id. at 527.

Delivery of Motor Vehicle License Plate for the Land Transportation Office Motor Vehicle License Plate Standardization Program or the "LTO MV Plate Standardization Program".

On February 25, 2013, the DOTC Bids and Awards Committee (BAC) issued BAC General Bid Bulletin No. 002-2013 setting the Submission and Opening of Bids on March 25, 2013. On February 28, 2013, the first Pre-Bid Conference was held at the offices of the BAC.

On March 6, 2013, BAC General Bid Bulletin No. 003-2013 was issued, amending paragraph 1 of the Invitation to Bid, to wit:

The Department of Transportation and Communication (DOTC)/Land Transportation Office (LTO), through the General Appropriations Act, intends to apply the sum of Three Billion Eight Hundred Fifty One Million Six Hundred Thousand One Hundred Pesos (Php 3,851,600,100.00) being the Approved Budget for the Contract (ABC), to payments for:

a. Lot 1 - Motor Vehicle License Plates (MV): 5,236,439 pairs for MV amounting to Two Billion Three Hundred Fifty Six Million Three Hundred Ninety Seven Thousand Five Hundred Fifty Pesos (Php 2,356,397,550.00)

b. Lot 2 - Motorcycles Plates (MC): 9,968,017 pieces for MC amounting to One Billion Four Hundred Ninety Five Million Two Hundred Two Thousand Five Hundred Fifty Pesos (Php 1,495,202,550.00) under the contract for the Supply and Delivery of Motor Vehicle License Plate for the Land Transportation Office Motor Vehicle License Plate Standardization Program (herein after the "LTO MV Plate Standardization Program").

On March 7, 2013, the second Pre-Bid Conference was held at the office of the BAC. On March 8, 2013, BAC General Bid Bulletin No. 005-2013 extended the submission and opening of bids to April 8, 2013 to give the prospective bidders ample time to prepare their bidding documents. On April 22, 2013, the BAC again rescheduled the submission and opening of bids to May 6, 2013.

On May 6 and 7, 2013, the BAC proceeded with the opening of bids. After examining the eligibility documents and technical proposals submitted by eight (8) interested groups, only two (2) were found eligible by the DOTC, to wit:

a. The joint venture of the Netherlands' J. Knieriem B.V. Goes and local company Power Plates Development Concepts, Inc. (*JKG-Power Plates*); and

b. The joint venture of Spain's Industrias Samar't and local company Datatrail Corporation (*Industrias Samar't-Datatrail*).

As the only eligible bidders, their financial proposals were then opened to reveal that JKG-Power Plates made the lowest offers. For Lot 1, JKG-Power Plates proposed to supply the MV License Plates for a total of P1.98 Billion, while Industrias Samar't-Datatrial offered it at P2.03 Billion. On the other hand, for Lot 2, JKG-Power Plates aimed to supply the MC License Plates for a total of P1.196 Billion, while Industrias Samar't-Datatrial's offer was at P1.275 Billion.

On July 22, 2013, the DOTC issued the Notice of Award to JKG-Power Plates.² It was only on August 8, 2013[,] however, when JKG-Power Plates signified its *conforme* on the Notice of Award.³ On August 12, 2013, the Notice of Award was posted in the DOTC website; while the Award Notice Abstract was posted in the Philippine Government Electronic Procurement System (*PhilGEPS*) website on even date.

Despite the notice of award, the contract signing of the project was not immediately undertaken. On February 17, 2014, the DOTC issued the Notice to Proceed⁴ to JKG-Power Plates and directed it to commence delivery of the items within seven (7) calendar days from the date of the issuance of the said notice.

On February 21, 2014, the contract for MVPSP was finally signed by Jose Perpetuo M. Lotilla, as DOTC Undersecretary for Legal Affairs, and by Christian S. Calalang, as Chief Executive Officer of JKG-Power Plates. It was approved by public respondent Joseph Emilio A. Abaya (*Secretary Abaya*), as DOTC Secretary.

On March 11, 2014, the Senate Committee on Public Services, pursuant to Resolution No. 31, conducted an inquiry in aid of legislation on the reported delays in the release of motor vehicle license plates, stickers and tags by the LTO. On April 4, 2014, JKG-Power Plates delivered the first batch of plates to the DOTC/LTO.⁸

The Commission on Audit (COA) issued three Audit Observation Memoranda (AOM) to the LTO, namely: AOM No. 14-013 dated September 2, 2014; AOM No. 14-014 dated November 17, 2014; and AOM No. 15-004 dated March 5, 2015. The COA later on issued Notice of Suspension No. 15-002-101-(14) dated April 10, 2015.⁹

The COA ultimately issued Notice of Disallowance No. 2015-001-101-(14) dated July 13, 2015 stating therein that it had disallowed the advance payment of ₱477,901,329.00 to JKG Power Plates for the supply and delivery of motor vehicle plates on the ground that the transaction had been irregular and illegal for being in violation of Sections 46(1) and 47, Book V of the *Administrative Code of 1987*; Sections 85(1) and 86 of the *Government Auditing Code of the Philippines*; DBM Circular Letter No. 2004-12 dated October 27, 2004; and the implementing rules of the *Government Procurement Reform Act*.¹⁰

⁸ Supra note 3, at 277-280.

⁹ *Rollo*, Vol. 1, p. 18.

¹⁰ Id. at 80-89.

On September 1, 2015, the petitioners instituted this special civil action. Initially, the Court consolidated this case with G.R. No. 212381 (Jacomille).¹¹ However, the cases were deconsolidated and treated separately¹² because G.R. No. 212381 raised legal issues centering on the procurement of the MVPSP but this case raised issues referring to the implementation of the MVPSP.

To be clear, the petitioners herein do not seek the review of the COA's issuance of Notice of Disallowance No. 2015-001-101-(14). They only assail the constitutionality of the implementation of the MVPSP using funds appropriated under the 2014 GAA, arguing that:

- A. The transfer of the appropriation for the Motor Vehicle Registration and Driver's Licensing Regulatory Services under the GAA 2014 and the application and implementation of said transferred appropriation to the LTO-MVPSP is unconstitutional.

X X X

- B. The fact that LTO-MVPSP does not appear as an item under the Motor Vehicle Registration and Driver's Licensing Regulatory Services in effect deprives the President of its veto powers under Section 27.(2) of Article VI of the Constitution and must be declared as unconstitutional.

X X X

- C. The public expenditure in the amount of [P]3,186,008,860 for the LTO-MVPSP in the absence of an appropriation under the GAA 2013 and GAA 2014 is unconstitutional.¹³

On June 14, 2016, the Court issued a temporary restraining order enjoining the release and distribution of the license plates for both motor vehicles and motorcycles.¹⁴

The Office of the Solicitor General (OSG) filed its *Manifestation and Motion in Lieu of Comment*,¹⁵ whereby it affirmed that the 2014 GAA did not contain an appropriation for the MVPSP, a fact that was known to the DOTC; that the transfer of funds allotted for ***Motor Vehicle Registration and Driver's Licensing Regulatory Services*** under the 2014 GAA to the MVPSP was contrary to the Constitution because the DOTC Secretary lacked the authority to transfer funds, and because the timing of the transfer belied the existence of savings; and that without a valid transfer or

¹¹ Id. at 100.

¹² Id. at 129.

¹³ Id. at 20-31.

¹⁴ Id. at 161-164.

¹⁵ Id. at 217-270.

realignment, the release of funds for the MVPSP violated Section 29, Article VI of the Constitution.

In its own *Comment and Opposition-in-Intervention*,¹⁶ JKG-Power Plates contended that the legality of the MVPSP had been settled by the Court in its decision and resolution in G.R. No. 212381 (Jacomille); and that the Court could not yet rule on the propriety of Notice of Disallowance No. 2015-001-101-(14) because it was still pending review by the COA.

On his part, respondent Joseph Emilio Abaya (Abaya), the former Secretary of the Department of Transportation and Communication (DOTC),¹⁷ submitted his own *Consolidated Comment* vis-a-vis the petition and the OSG's *Manifestation and Motion in Lieu of Comment*.¹⁸ He represented therein that *Jacomille v. Abaya* constituted *stare decisis*; that the requisites for judicial review were not present; that the amount of ₱4,483,700,000.00 under the description ***Motor Vehicle Registration and Driver's Licensing Regulatory Services*** in the 2014 GAA included the allocation for the implementation of the MVPSP; and that the use of the amount appropriated under the 2014 GAA to implement the MVPSP did not violate the Constitution.

In their *Reply to the Consolidated Comment*, the petitioners maintained that there was no sufficient appropriation in the 2013 GAA when the public bidding for the MVPSP was conducted; that any discussion on the funding of the MVPSP under the 2014 GAA had no bearing in reality on the MVPSP that was bid in 2013 without sufficient appropriation; and that the principles of *stare decisis* and *res judicata* did not apply because the ruling in G.R. No. 212381 (Jacomille) was still pending reconsideration at the time when this case was commenced.

Issues

The primordial issue is whether or not the 2014 GAA included an appropriation for the implementation of the MVPSP.

The second issue is whether or not the use of the appropriation under 2014 GAA for the implementation of the MVPSP was constitutional.¹⁹

¹⁶ Id. at 480-490.

¹⁷ Now "Department of Transportation" or "DOTr" pursuant to Republic Act No. 10844, which was signed into law on May 23, 2016.

¹⁸ *Rollo*, Vol. II, pp. 760-828.

¹⁹ *Rollo*, Vol. I, pp. 20-21.

Ruling of the Court

The Court affirms that there was an appropriation for the MVPSP under the 2014 GAA; and that the use of such appropriation for the implementation of the MVPSP was constitutional.

1.

The decision in G.R. No. 212381 (Jacomille) constituted *stare decisis*

In *Jacomille v. Abaya*,²⁰ the Court, upholding the legality of the procurement of the MVPSP, opined that whatever defects had attended its procurement were “cured” by the appropriation for the full amount of the project under the 2014 GAA. The Court specifically stated that:

The Court agrees with the OSG that the present controversy has been rendered moot by the passage of GAA 2014. The essence of petitioner's case is that MVPSP was not sufficiently funded under GAA 2013. Because of GAA 2014, however, the amount of ₱4,843,753,000.00 had been appropriated by Congress to MVPSP before the contract was entered into on February 21, 2014.

By appropriating the amount of ₱4,843,753,000.00 for MVPSP, Congress agreed with the DOTC and the LTO that the said project should be funded and implemented. Verily, the Court cannot question the wisdom of the legislative department in appropriating the full budget of MVPSP in GAA 2014.

Thus, it is settled that MVPSP was adequately funded before the contract was signed by the parties. Petitioner even admits, and the Court takes judicial notice, that the new vehicle plates under MVPSP are being distributed by the LTO and released to new vehicle owners.

x x x x

Conclusion

The Court concludes that MVPSP did not follow the timelines provided in Sec. 37 of R.A. No. 9184. As earlier recited, the project did not have the adequate appropriation when its procurement was commenced on February 20, 2013, contrary to the provisions of Sections 5a, 7 and 20 of R.A. No. 9184. The DOTC and the LTO likewise failed to secure the MYOA before the start of the procurement process even though MVPSP is MYP involving MYC. All these irregularities tainted the earlier procurement process and rendered it null and void.

At the outset, however, the Court has stated that the present petition has been rendered moot and academic by the appropriation for

²⁰ Supra note 3.

the full amount of the project fund in GAA 2014. Said appropriation “cured” whatever defect the process had.²¹

The doctrine of *stare decisis et non quieta movere* is fully applicable. The doctrine means –

“[T]o adhere to precedents, and not to unsettle things which are established.” Under the doctrine, when this Court has once laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle, and apply it to all future cases, where facts are substantially the same; regardless of whether the parties and property are the same. The doctrine of *stare decisis* is based upon the legal principle or rule involved and not upon the judgment, which results therefrom. In this particular sense, *stare decisis* differs from *res judicata*, which is based upon the judgment.

The doctrine of *stare decisis* is one of policy grounded on the necessity for securing certainty and stability of judicial decisions, thus:

Time and again, the Court has held that it is a very desirable and necessary judicial practice that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the rule of *stare decisis* is a bar to any attempt to relitigate the same [issue].²²

Even if G.R. No. 212381 (Jacomille) focused on the legality of the procurement of the MVPSP because of the inadequacy of the funding for the project under the 2013 GAA, the Court nonetheless determined and declared therein that the 2014 GAA contained an appropriation for the MVPSP, and held that the MVPSP could be validly implemented using the funds appropriated under the 2014 GAA. With G.R. No. 212381 (Jacomille) having thus fully examined and definitively ruled upon the existence of sufficient funding for the MVPSP, both for procurement and implementation, the pronouncement therein on the applicability of the appropriation under the 2104 GAA for the MVPSP – a question of law –

²¹ Id. at 288-289, 310.

²² *Ty v. Banco Filipino Savings and Mortgage Bank*, G.R. No. 188302, June 27, 2012, 675 SCRA 339, 349-350.

now constituted *stare decisis* that precluded further contention on the same matter.

2.

The implementation of the MVPSP was properly funded under the appropriation for *Motor Vehicle Registration and Driver's Licensing Regulatory Services* in the 2014 GAA; hence, no unconstitutional transfer of funds took place

The following discussion will further substantiate the valid implementation of the MVPSP because no funds were unconstitutionally transferred for the purpose.

The DOTC serves as the primary policy, planning, programming, coordinating, implementing, regulating, and administrative entity of the Executive Branch of the Government in the promotion, development and regulation of dependable and coordinated transportation networks as well as fast, safe, efficient, and reliable transportation services.²³ As a line agency of the DOTC, the LTO is tasked, among others, with the registration of motor vehicles,²⁴ as well as with the preparation and issuance of motor vehicle number plates.²⁵

Pursuant to its legal mandate, the LTO formulated and adopted the MVPSP in order to supply new standardized license plates for all motor vehicles. LTO Memorandum Circular No. (MC) VPT-2013-1772²⁶ outlined the underlying purposes behind the MVPSP, *viz*:

²³ Title XV, Chapter 1, Sec. 2, Executive Order No. 292.

²⁴ Republic Act No. 4136 provides:

Sec. 14. *Issuance of Certificates of Registration.* — A properly numbered certificate of registration shall be issued for each separate motor vehicle after due inspection and payment of corresponding registration fees.

²⁵ Republic Act No. 4136 further provides:

Sec. 17. *Number Plates, Preparation and Issuance of.* — The Bureau of Land Transportation shall cause reflective number plates to be prepared and issued to owners of motor vehicles and trailers registered and recorded in the Bureau of Land Transportation under this Act, as amended, for a reasonable fee: *Provided*, That the fee shall be subject to the approval of the Minister of Transportation and Communications in consultation with the Minister of Finance, and, *Provided, further*, That the identification, numbers and letters of any motor vehicle number plate shall be permanently assigned to such motor vehicle during its lifetime. No motor vehicles shall be exempted from payment of registration fees. Motor vehicles for hire and privately owned motor vehicles shall bear plates of reflective materials so designed and painted with different colors to distinguish one class from another.

The transfer of motor vehicle plates whether temporary or regular, validating tags and/or stickers from one motor vehicle to another without permit from the Bureau of Land Transportation, except security number plates on authorized vehicles, shall be punishable with a fine of not less than Five Thousand Pesos (₱5,000.00) and/or imprisonment of six months at the discretion of the Court.

For purposes of renewal of registration of motor vehicles, the Director or his Deputies shall issue validating tags and stickers indicating the year of registry, charging a reasonable fee: *Provided*, That the fee shall be subject to the approval of the Minister of Transportation and Communications in consultation with the Minister of Finance.

²⁶ *Rollo*, Vol. I, pp. 325-328.

WHEREAS, there exist nine (9) license plates of various designs, some of which date back to 1981;

WHEREAS, there is a proliferation of dilapidated and illegible license plates and the prevalent practice of not replacing lost license plates by motor vehicle owners;

WHEREAS, there is difficulty in promptly identifying counterfeit license plates;

WHEREAS, the foregoing problems have adversely affected law enforcement and national security;

WHEREAS, in order to aid law enforcement, improve the motor vehicle registration database and enhance the institutional capability of the government, there is a need to replace all existing motor vehicle license plates with standardized license plates.²⁷

In this connection, the DOTC was given the following appropriation for 2014:²⁸

Operations	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
MFO 2: Motor Vehicle Registration and Driver's Licensing Regulatory Services	₱314,981,000	₱4,528,397,000	₱375,000	₱4,843,753,000

According to the petitioners, however, the 2014 GAA appropriated ₱4,843,753,000.00 specifically only for the **Major Final Output 2 (MFO2): Motor Vehicle Registration and Driver's Licensing Regulatory Services**. They argue that considering that **Motor vehicle plate making project** did not appear as an item in the 2014 National Expenditure Program (2014 NEP) and the 2014 GAA, unlike in the 2013 GAA, the use of the funds allocated for the **MFO2: Motor Vehicle Registration and Driver's Licensing Regulatory Services** amounted to an unconstitutional transfer of appropriations prohibited by Article VI, Section 25 (5) of the Constitution.

The petitioners' argument lacks persuasion.

In *Goh v. Bayron*,²⁹ the Court explained that:

²⁷ Id. at 325.

²⁸ 2014 GAA, Official Gazette, December 27, 2013, p. 589, <http://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2014/DOTC/A.pdf>. Last accessed on November 28, 2017.

²⁹ G.R. No. 212584, November 25, 2014, 742 SCRA 303.

x x x To be valid, an appropriation must indicate a specific amount and a specific purpose. However, the purpose may be specific even if it is broken down into different related sub-categories of the same nature. For example, the purpose can be to “conduct elections,” which even if not expressly spelled out covers regular, special, or recall elections. The purpose of the appropriation is still specific - to fund elections, which naturally and logically include, even if not expressly stated, not only regular but also special or recall elections.³⁰

The Court holds that the appropriation for motor vehicle registration naturally and logically included plate-making inasmuch as plate-making was an integral component of the registration process. Plate-making ensured that the LTO fulfilled its function to “aid law enforcement and improve the motor vehicle registration database.”

The inclusion of the MVPSP in the line item for the MFO2 was further explained in *Details of the FY 2014 Budget*:³¹

Operations	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
MFO 2: Motor Vehicle Registration and Driver's Licensing Regulatory Services	₱314,981,000	₱2,038,797,000	₱375,000	₱2,354,153,000
Motor vehicle registration system	₱148,236,000	₱1,378,945,000	₱375,000	₱1,527,556,000

Although the *Details of the FY 2014 Budget* seemed to present a discrepancy from the main text of the 2014 GAA given that the total allotment indicated for the MFO2 was only ₱2,354,153,000, and a separate allocation of ₱1,527,556,000 appeared for *Motor vehicle registration system*, the discrepancy can be easily clarified by referring to the 2014 NEP, and the letter of respondent former DOTC Secretary Joseph Emilio Aguinaldo Abaya.

To explain, the NEP provides the details of spending for each department and agency by program, activity or project (PAP), and is submitted by the President to Congress along with a budget message.³² Upon

³⁰ Id. at 335.

³¹ *Details of the FY 2014 Budget*, p. 928, <http://www.dbm.gov.ph/wp-content/uploads/Details/DETAILS2014/DOTC/A.pdf>. Last accessed on November 28, 2017.

³² *Araullo v. Aquino III*, G.R. No. 209287, February 3, 2015, 749 SCRA 283.

the submission of the NEP to Congress, the NEP morphs into the General Appropriation Bill.

Under the 2014 NEP, the MFO2 had the following proposed budget:³³

Operations by MFO	PS	MOOE	CO	TOTAL
MFO2: Motor vehicle registration and driver's licensing regulatory services	₱314,981,000	₱2,039,297,000	₱375,000	₱2,354,653,000

The proposed budget for the MFO2 stated in the 2014 NEP, which was only ₱2,354,653,000.00, would be inadequate to fund the implementation of the MVPSP. Thus, on September 1, 2013, respondent Secretary Abaya wrote to DBM Secretary Florencio B. Abad to request the modification of the 2014 NEP by way of a realignment to increase the MFO2 budget by ₱2,489,600,100.00 for the LTO Plate Standardization Program, to wit:

x x x x

Dear Secretary Abad:

This is to request for modifications in the 2014 National Expenditure Program of the DOTC as follows:

x x x x

2. Realignment from LRT 1 Cavite Extension (₱500,000,000). New Bohol (Panglao) International Airport Development Project (₱1,000,000,000) and LRT Line East Extension Project (₱989,600,100) for the LTO Plate Standardization Program under MFO2-Motor Vehicle Registration and Driver's Licensing Regulatory Services (Maintenance & Other Operating Expenses)...(₱2,489,600,100 Operating Expenses)

This will be for the immediate implementation of the Plate Standardization Program.

x x x x³⁴

The same requested increase in the LTO's 2014 budget in order to cover the MVPSP was discussed during the hearings before the Committee on Appropriations of the House of Representatives:

MR. LIMCACO.

x x x x

³³ 2014 NEP, p. 679, <http://www.dbm.gov.ph/wp-content/uploads/NEP2014/XXIII/A.pdf>. Last accessed on November 28, 2017.

³⁴ *Rollo*, Vol. II, pp. 918-919.

The next slide will show you a bird's eye view of the DOTC's summary of our proposed 2014 budget. **We are proposing a total budget of 46.7 billion pesos** which is 31% higher than last year's budget of 35.7; our program budget is 11.2 billion which is 27% higher than last year, primarily, it is derived from 2.3 billion due to the reclassification of MRT3 operations and maintenance budget from where it used to be four which was project and we are reclassifying it to programs. That's the first and the second is **to increase the Land Transportation Office's MOOE due to the increase requirement of our plate standardization program.**³⁵

Likewise, the records of the hearings before the Senate Committee on Finance confirmed that the purpose for the increase in the LTO's 2014 budget was the implementation of the MVPSP:

THE CHAIRMAN (SEN. OSMEÑA). All right. So why don't you present your budget?

We can do it quickly because I've already read it. But you might want just to do it for the record para nasa transcript.

MR. TAN. Yes, Your Honor.

For the year 2014, we have the proposed plans and programs. The LTO IT System, meaning, this intends to be the replacement for the current IT system which expired in February of this year. Second, we have the Motor Vehicle Inspection System. This is a program that intends to privatize the inspection of motor vehicles. It's presently with the PPP Center for the bidding and a transactional advisor. **Third, we have the Motor Vehicle License Plate Standardization Program.** The bidding for this is presently with the DOTC.

X X X X

For our **MOOE, the increase is mainly due to two factors: the implementation of the our Plate Standardization Program**; as well as our intent to rent impounding areas for violations which require impounding of motor vehicles.³⁶

That Congress approved the request for the ₱2,489,600,100.00 increase was indubitable. This is borne out by the fact that the final amount appropriated for MFO2 under the 2014 GAA aggregated to ₱4,843,753,000.00 (i.e., ₱2,489,600,100.00+₱2,354,153,000.00). We can see that such final *increased* amount was *almost exactly identical*³⁷ to the total appearing in *Details of the FY 2014 Budget*. Indeed, the legislative intent to fund the MVPSP under the 2014 GAA was manifest.

³⁵ Id. at 917; Transcript of the 2 September 2013 Hearing of the Committee on Appropriations of the House of Representatives, p. 5.

³⁶ Id. at 917-918; Transcript of the 23 October 2013 Hearing of the Committee of Finance of the Senate, pp. 2-3.

³⁷ With the very slight difference of only ₱100.00.

We further remind that the Court, in interpreting the 2014 GAA, should consider the figures appearing in the main text as controlling over the attached details. The general provisions of the 2014 GAA expressly so provided, *viz.*:

Sec. 3. Details of the FY 2014 Budget. The details of the budgetary programs and projects authorized herein, attached as Annex A (Volumes 1 and 2) "Details of the FY 2014 Budget" shall be considered as an integral part of this Act. Said amounts and details should be consistent with those indicated herein. **In case of discrepancy, the amounts provided herein shall be controlling.**³⁸

Considering that Congress appropriated ₱4,843,753,000.00 for the MFO2 (inclusive of the requested increase of ₱2,489,600,100.00) for the purpose of funding the LTO's MVPSP, the inescapable conclusion is that the 2014 GAA itself contained the direct appropriation necessary to implement the MVPSP. Under the circumstances, there was no unconstitutional transfer of funds because no transfer of funds was made to augment the item *Motor Vehicle Registration and Driver's Licensing Regulatory Services* to include the funding for the MVPSP.

3.

The item *Motor Vehicle Registration and Driver's Licensing Regulatory Services* did not constitute a lump-sum appropriation

The petitioners contended that the implementation of the MVPSP using the funds allocated under the item **MFO2: *Motor Vehicle Registration and Driver's Licensing Regulatory Services*** was unconstitutional because the item constituted a lump-sum appropriation³⁹ that undermined the exercise by the President of his veto power under Article VI, Section 27(2)⁴⁰ of the Constitution.

The petitioners' contention lacks merit.

Starting in 2014, the National Government adopted the system of "Performance Informed Budgeting"⁴¹ in the preparation and presentation of the National Budget. This adoption is expressed in Section 2 of the general provisions of the 2014 GAA, to wit:

³⁸ Official Gazette, December 27, 2013, p. 1083; <http://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2014/Provision.pdf>. Last accessed on December 4, 2017.

³⁹ *Rollo*, Vol. I, p. 29.

⁴⁰ Section 27 (2). The President shall have the power to veto any particular item or items in an appropriation, revenue, or tariff bill, but the veto shall not affect the item or items to which he does not object.

⁴¹ Performance-budgeting was introduced on June 4, 1954 in Republic Act No. 992 to give importance to functions, projects and activities in terms of expected results. See *Araullo v. Aquino III*, G.R. No. 209287, July 1, 2014 728 SCRA 1, 86.

Sec. 2. Performance Informed Budgeting. The amounts appropriated herein considered the physical accomplishments vis-a-vis performance targets of departments, bureaus, offices and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs and GOCCs, formulated in terms of Major Final Outputs (MFOs) and their corresponding Performance Indicators under the Organizational Performance Indicator Framework, the results-based budgeting system being adopted in the whole of government. Accordingly, the budget allocations for the various programs and projects under this Act are informed by, among others, the actual performance of spending units in delivering their MFOs and their impact on the sectoral and societal objectives and priorities set by the National Government. This is consistent with the national policy of orienting the budget towards the achievement of explicit objectives and desire budget outcomes, as well as for greater transparency and accountability in public spending. x x x

Under the system of Performance Informed Budgeting, the PAPS are grouped or aligned into the Major Final Outputs (MFOs). However, the groupings do not mean that there are no longer any line-items. As explained in *Belgica v. Executive Secretary*,⁴² line-items under appropriations should be “specific appropriations of money” that will enable the President to discernibly veto the same, to wit:

An item, as defined in the field of appropriations, pertains to “the particulars, the details, the distinct and severable parts of the appropriation or of the bill.” In the case of *Bengzon v. Secretary of Justice of the Philippine Islands*, the US Supreme Court characterized an item of appropriation as follows:

“An item of an appropriation bill obviously means an item which, in itself, is a **specific appropriation of money, not some general provision of law** which happens to be put into an appropriation bill.”

On this premise, it may be concluded that an appropriation bill, **to ensure that the President may be able to exercise his power of item veto**, must contain “specific appropriations of money” and not only “general provisions” which provide for parameters of appropriation.

Further, it is significant to point out that an item of appropriation must be an item characterized by **singular correspondence** – meaning an allocation of **a specified singular amount for a specified singular purpose**, otherwise known as a “line-item.” This treatment not only allows the item to be consistent with its definition as a “specific appropriation of money” but also ensures that the President may discernibly veto the same.⁴³

In *Araullo v. Aquino III*,⁴⁴ the Court has expounded the term *item* as the last and indivisible purpose of a program in the appropriation law, which is distinct from the expense category or allotment class, *viz.*:

⁴² G.R. 208566, November 19, 2013, 710 SCRA 1.

⁴³ Id. at 126-127.

⁴⁴ Supra note 32.

Indeed, Section 25(5) of the 1987 Constitution mentions of the term *item* that may be the object of augmentation by the President, the Senate President, the Speaker of the House, the Chief Justice, and the heads of the Constitutional Commissions. In *Belgica v. Ochoa*, we said that an item that is the distinct and several part of the appropriation bill, in line with the item-veto power of the President, must contain “specific appropriations of money” and not be only general provisions, x x x

x x x x

Accordingly, the *item* referred to by Section 25(5) of the Constitution is the last and indivisible purpose of a program in the appropriation law, which is distinct from the expense category or allotment class. There is no specificity, indeed, either in the Constitution or in the relevant GAAs that the object of augmentation should be the expense category or allotment class. In the same vein, the President cannot exercise his veto power over an expense category; he may only veto the item to which that expense category belongs to.⁴⁵

The petitioners’ contention that the MFO2 constituted a lump-sum appropriation⁴⁶ had no basis. The specific appropriations of money were still found under *Details of the FY 2014 Budget* which was attached to the 2014 GAA. They specified and contained the authorized budgetary programs and projects under the GAA, as follows:

Operations	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
MFO 2: Motor Vehicle Registration and Driver's Licensing Regulatory Services	₱314,981,000	₱2,038,797,000	₱375,000	₱2,354,153,000
Motor vehicle registration system ⁴⁷	₱148,236,000	₱1,378,945,000	₱375,000	₱1,527,556,000

As gleaned from the *Details of the FY 2014 Budget*, the MFOs constituted the expense category or class; while the last and indivisible purpose of each program under the MFOs were enumerated under the *Details of the FY 2014 Budget*. In particular, the specific purpose provided under the MFO2 was an appropriation for a **Motor vehicle registration system**. Such specific purpose satisfied the requirement of a valid line-item that the President could discernibly veto.

⁴⁵ Id. at 320-322.

⁴⁶ *Rollo*, Vol. I, p. 29.

⁴⁷ Aside from the **Motor vehicle registration system**, other items enumerated under the MFO2 were allotments for **Law enforcement and adjudication** as well as the **Issuance of driver's license and permits**, which are further subdivided for each region and regional office.


WHEREFORE, the Court **DISMISSES** the petition for *certiorari* and prohibition; and **DECLARES** the use of the appropriation under *Motor Vehicle Registration and Driver's Licensing Regulatory Services* in the *General Appropriations Act of 2014* for the implementation of the Motor Vehicle License Plate Standardization Program of the Land Transportation Office of the Department of Transportation as **CONSTITUTIONAL**.


The **TEMPORARY RESTRAINING ORDER** issued by the Court on June 14, 2016 is **LIFTED**.


SO ORDERED.



LUCAS P. BERSAMIN
Associate Justice


WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice



ANTONIO T. CARPIO
Associate Justice

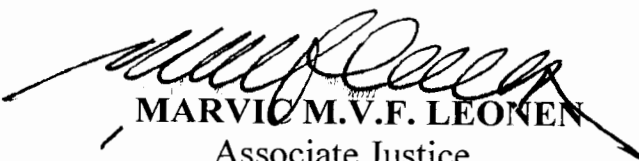

PRESBITERO J. VELASCO, JR.
Associate Justice


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


DIOSDADO M. PERALTA
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice



ESTELA M. BERLAS-BERNABE
Associate Justice

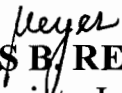

MARVIC M.V.F. LEONEN
Associate Justice

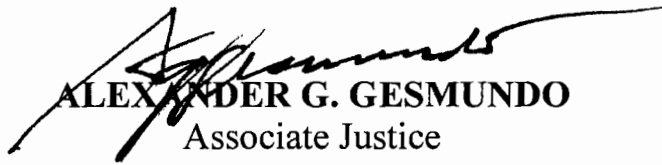

FRANCIS H. JARDELEZA
Associate Justice

(On Leave)
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

(On Leave)
SAMUEL R. MARTIRES
Associate Justice



NOEL GIMENEZ TIJAM
Associate Justice

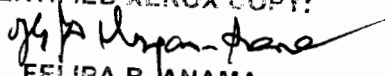

ANDRES B. REYES, JR.
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision 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

CERTIFIED XEROX COPY:

FELIPA B. ANAMA
CLERK OF COURT, EN BANC
SUPREME COURT