Republic of the Philippines
Supreme Court
Manila

EN BANC

KILUSANG MAYO UNO, represented by its Secretary General ROGELIO SOLUTA; REP. FERNANDO HICAP for himself and as representative of the ANAKPAWIS PARTY-LIST; CENTER FOR TRADE UNION AND HUMAN RIGHTS, represented by its Executive Director DAISY ARAGO; JOSELITO USTAREZ and SALVADOR CARRANZA, for themselves and in representation of the NATIONAL FEDERATION OF LABOR UNIONS-KMU; NENITA GONZAGA, PRESCILA A. MANIQUIZ, REDEN ALCANTARA, Petitioners, -versus- **Hon. BENIGNO SIMEON C. AQUINO III, Hon. PAQUITO N. OCHOA, JR., SOCIAL SECURITY COMMISSION, SOCIAL SECURITY SYSTEM, AND EMILIO S. DE QUIROS, JR.,** Respondents.	**G.R. No. 210500** Present: BERSAMIN, *C.J.*, CARPIO, PERALTA, DEL CASTILLO, PERLAS-BERNABE, LEONEN, JARDELEZA*, CAGUIOA, A. B. REYES, JR., GESMUNDO, J. C. REYES, JR.**, HERNANDO***, CARANDANG, and LAZARO JAVIER, *JJ.*

Promulgated:
April 2, 2019

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* No part and on official business.
** On official leave.
*** On leave.

DECISION

LEONEN, *J.*:

This Court is called to determine the validity of the Social Security System premium hike, which took effect in January 2014. The case also involves the application of doctrines on judicial review, valid delegation of powers, and the exercise of police power.

This resolves a Petition for Certiorari and Prohibition,[1] praying that a temporary restraining order and/or writ of preliminary injunction be issued to annul the Social Security System premium hike embodied in the following issuances: (1) Resolution No. 262-s. 2013 dated April 19, 2013;[2] (2) Resolution No. 711-s. 2013 dated September 20, 2013;[3] and (3) Circular No. 2013-010[4] dated October 2, 2013 (collectively, the assailed issuances). Kilusang Mayo Uno, together with representatives from recognized labor centers, labor federations, party-list groups, and Social Security System members (collectively, Kilusang Mayo Uno, et al.), filed the case against government officials and agencies involved in issuing the assailed issuances.

On April 19, 2013, the Social Security Commission issued Resolution No. 262-s. 2013,[5] which provided an increase in: (1) the Social Security System members' contribution rate from 10.4% to 11%; and (2) the maximum monthly salary credit from ₱15,000.00 to ₱16,000.00. The increase was made subject to the approval of the President of the Philippines.[6]

In a September 6, 2013 Memorandum, the President approved the increase.[7]

On September 20, 2013, the Social Security Commission issued Resolution No. 711-s. 2013,[8] which approved, among others, the increase in contribution rate and maximum monthly salary credit.

On October 2, 2013, the Social Security System, through President and Chief Executive Officer Emilio S. De Quiros, Jr., issued Circular No. 2013-010,[9] which provided the revised schedule of contributions that would

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1 *Rollo*, pp. 3–31.
2 Id. at 72.
3 Id. at 73.
4 Id. at 74.
5 Id. at 72.
6 Id.
7 Id. at 73.
8 Id.
9 Id. at 74.

be in effect in January 2014. Per the circular, the employer and the employee shall *equally* shoulder the 0.6% increase in contributions. Thus, the employer would pay a contribution rate of 7.37% (from 7.07%); the employee, 3.63% (from 3.33%).

On January 10, 2014, Kilusang Mayo Uno, et al. filed this Petition for Certiorari and Prohibition,[10] questioning the validity of the assailed issuances.

Maintaining that a majority of them are Social Security System members directly affected by the premium hike, petitioners assert having the requisite *locus standi* to file the Petition.[11] Citing *David v. Macapagal-Arroyo*,[12] they further argue that the other petitioners' legal personality arises from the transcendental importance of the Petition's issues.[13]

Petitioners claim that the assailed issuances were issued per an unlawful delegation of power to respondent Social Security Commission based on Republic Act No. 8282, or the Social Security Act. In particular, Section 18[14] allegedly offers vague and unclear standards, and are incomplete in its terms and conditions. This provision, they claim, has allowed respondent Social Security Commission to fix contribution rates from time to time, subject to the President's approval. Petitioners claim that the delegation of the power had no adequate legal guidelines to map out the boundaries of the delegate's authority.[15]

In addition, petitioners claim that the increase in contribution rate violates Section 4(b)(2) of the Social Security Act,[16] which states that the

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10 *Rollo*, pp. 3–31.

11 Id. at 9.

12 522 Phil. 705 (2006) [Per J. Sandoval-Gutierrez, En Banc].

13 *Rollo*, p. 10.

14 Rep. Act No. 8282 (1997), sec. 18 provides:

SECTION 18. *Employee's Contribution.* — (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the following schedule:

. . . .

The maximum monthly salary credit shall be Nine thousand pesos (P9,000.00) effective January Nineteen hundred and ninety six (1996): *Provided*, That it shall be increased by One thousand pesos (P1,000.00) every year thereafter until it shall have reached Twelve thousand pesos (P12,000.00) by Nineteen hundred and ninety nine (1999): *Provided, further, That the minimum and maximum monthly salary credits as well as the rate of contributions may be fixed from time to time by the Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits, subject to the approval of the President of the Philippines.* (Emphasis supplied)

15 *Rollo*, p. 12–17.

16 Rep. Act No. 8282 (1997), sec. 4 provides:

SECTION 4. *Powers and Duties of the Commission and SSS.* — (a) The Commission. — For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:

. . . .

"increases in benefits shall not require any increase in the rate of contribution[.]" They argue that this proviso prohibits the increase in contributions if there was no corresponding increase in benefits.[17]

Petitioners then argue that the increase in contributions is an invalid exercise of police power for not being reasonably necessary for the attainment of the purpose sought, as well as for being unduly oppressive on the labor sector.[18] According to them, the Social Security System can extend actuarial life and decrease its unfunded liability without increasing the premiums they pay.[19]

Petitioners further insist that the revised ratio of contributions between employers and employees, per the assailed issuances, is grossly unjust to the working class and is beyond respondents' powers. They claim that for the purposes of justice and consistency, respondents should have maintained the 70%-30% ratio in the premium increase. Changing it, they add, is grossly unfair and detrimental to employees.[20]

Petitioners further emphasize that the State is required to protect the rights of workers and promote their welfare under the Constitution.[21]

Lastly, petitioners pray that a temporary restraining order and/or writ of preliminary injunction be issued to stop the implementation of the increase in contributions. They aver that stopping it is necessary to protect their substantive rights and interests. They point out that their earnings for food and other basic needs would be reduced and allocated instead to defraying the amount needed for contributions.[22]

(b) The Social Security System. — Subject to the provision of Section four (4), paragraph seven (7) hereof, the SSS shall have the following powers and duties:

. . . .

(2) To require the actuary to submit a valuation report on the SSS benefit program every four (4) years, or more frequently as may be necessary, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, and to provide for feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the Commission may adopt, subject to the approval of the President of the Philippines: Provided, That the actuarial soundness of the reserve fund shall be guaranteed: *Provided, further, That such increases in benefits shall not require any increase in the rate of contribution*[.] (Emphasis supplied)

17 *Rollo,* p. 17.

18 Id. at 21. Petitioners cite *U.S. v. Toribio* (15 Phil. 85, 98 (1910) [Per J. Carson, First Division]) and *Fabie v. City of Manila* (21 Phil. 486, 490 (1912) [Per J. Carson, Second Division]) in stating the test for determining the validity of police power: "[(1)] [t]he interests of the public, generally, as distinguished from those of a particular class, require the exercise of the police power; [and] [(2)] [t]he means employed are reasonably necessary for the accomplishment of the purpose and not unduly oppressive upon individuals."

19 Id. at 22. According to petitioners, as of June 2013, Social Security System assets were estimated to be about ₱368.788 billion. Moreover, the Social Security System has uncollected remittances from erring employers in the amount of ₱8.5 billion as of December 2010. *See rollo*, p. 7.

20 Id. at 22–23.

21 Id. at 20. Petitioners cite CONST., art. II, secs. 8, 9, 10, and 11.

22 Id. at 23–24.

The issues for this Court's resolution are:

First, whether or not this Court can exercise its power of judicial review;

Second, whether or not there is an actual case or controversy;

Third, whether or not the doctrine of exhaustion of administrative remedies applies;

Fourth, whether or not petitioners have legal standing to file the Petition; and

Finally, whether or not the assailed issuances were issued in violation of laws and with grave abuse of discretion.

In connection with the fifth issue, this Court further resolves:

First, whether or not the assailed issuances are void for having been issued under vague and unclear standards contained in the Social Security Act;

Second, whether or not the increase in Social Security System contributions is reasonably necessary for the attainment of the purpose sought and is unduly oppressive upon the labor sector; and

Finally, whether or not the revised ratio of contributions between employers and employees is grossly unjust to the working class and beyond respondent Social Security Commission's power to enact.

This Court denies the Petition for lack of merit.

I

Procedural infirmities attend the filing of this Petition. To begin with, former President Benigno Simeon C. Aquino III, as President of the Philippines, is improperly impleaded here.

The president is the head of the executive branch,[23] a co-equal of the

[23] *See* CONST. Sec. 17, art. VII and 1987 ADM. CODE, Book III, Title I, Ch. 1 sec. 1.

judiciary under the Constitution. His or her prerogative is entitled to respect from other branches of government.[24] Inter-branch courtesy[25] is but a consequence of the doctrine of separation of powers.[26]

As such, the president cannot be charged with any suit, civil or criminal in nature, during his or her incumbency in office. This is in line with the doctrine of the president's immunity from suit.[27]

In *David*,[28] this Court explained why it is improper to implead the incumbent President of the Philippines. The doctrine has both policy and practical considerations:

> Settled is the doctrine that the President, during his tenure of office or actual incumbency, may not be sued in *any* civil or criminal case, and there is no need to provide for it in the Constitution or law. It will degrade the dignity of the high office of the President, the Head of State, if he can be dragged into court litigations while serving as such. Furthermore, it is important that he be freed from any form of harassment, hindrance or distraction to enable him to fully attend to the performance of his official duties and functions. Unlike the legislative and judicial branch, only one constitutes the executive branch and anything which impairs his usefulness in the discharge of the many great and important duties imposed upon him by the Constitution necessarily impairs the operation of the Government. However, this does not mean that the President is not accountable to anyone. Like any other official, he remains accountable to the people but he may be removed from office only in the mode provided by law and that is by impeachment.[29] (Emphasis in the original, citations omitted)

The President shall have control of all the executive departments, bureaus and offices. He shall ensure that the laws be faithfully executed.

[24] The president's and the executive branch's prerogative has been recognized in several cases. In *Belgica v. Ochoa* (721 Phil. 416, 536 (2013) [Per J. Perlas-Bernabe, En Banc]), this Court partially granted the petitions and held that "unless the Constitution provides otherwise, the Executive department should exclusively exercise all roles and prerogatives which go into the implementation of the national budget as provided under the GAA as well as any other appropriation law." In *Apex Mining Company, Inc. v. Southeast Mindanao Gold Mining Corp.*, (620 Phil. 100, 134–154 (2009) [Per J. Chico-Nazario, En Banc Resolution]), this Court held that the Department of Environment and Natural Resources is "the government agency concerned that has the prerogative to conduct prospecting, exploration and exploitation of such reserved lands. . . . Hence, the Court cannot dictate this co-equal branch to choose which of the two options to select. It is the sole prerogative of the executive department to undertake directly or to award the mining operations of the contested area." *See also* J. Tinga, Separate Opinion in *Senate of the Philippines v. Ermita*, 527 Phil. 500 (2006) [Per J. Carpio-Morales, En Banc].

[25] *See Cawaling, Jr. v. Commission on Elections*, 420 Phil. 524 (2001) [Per J. Sandoval-Gutierrez, En Banc] *citing Garcia v. Executive Secretary*, 281 Phil. 572 (1991) [Per J. Cruz, En Banc].

[26] *See Angara v. Electoral Commission*, 63 Phil. 139 (1936) [Per J. Laurel, En Banc]; *See also* C.J. Corona, Concurring Opinion in *Galicto v. Aquino III*, 683 Phil. 141 (2012) [Per J. Brion, En Banc].

[27] *See Rubrico v. Macapagal-Arroyo*, 627 Phil. 37 (2010) [Per J. Velasco, Jr., En Banc] citing *David v. Macapagal-Arroyo*, 522 Phil. 705 (2006) [Per J. Sandoval-Gutierrez, En Banc].

[28] *David v. Macapagal-Arroyo*, 522 Phil. 705 (2006) [Per J. Sandoval-Gutierrez, En Banc].

[29] Id. at 763–764.

As to the propriety of seeking redress from this Court, it is best to be guided by the power of judicial review as provided in Article VIII, Section 1 of the 1987 Constitution:

> **ARTICLE VIII**
> *Judicial Department*
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> SECTION 1. The judicial power shall be vested in one Supreme Court and in such lower courts as may be established by law.
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> Judicial power includes the duty of the courts of justice to *settle actual controversies involving rights which are legally demandable and enforceable*, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government. (Emphasis supplied)

This Court has discussed in several cases how the 1987 Constitution has expanded the scope of judicial power from its traditional understanding. As such, courts are not only expected to "settle actual controversies involving rights which are legally demandable and enforceable[,]"[30] but are also empowered to determine if any government branch or instrumentality has acted beyond the scope of its powers, such that there is grave abuse of discretion.[31]

This development of the courts' judicial power arose from the use and abuse of the political question doctrine during the martial law era under former President Ferdinand Marcos. In *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*,[32] this Court held:

> In *Francisco v. The House of Representatives*, we recognized that this expanded jurisdiction was meant "to ensure the potency of the power of judicial review to curb grave abuse of discretion by 'any branch or instrumentalities of government.'" Thus, the second paragraph of Article VIII, Section 1 engraves, for the first time in its history, into black letter law the "expanded *certiorari* jurisdiction" of this Court, whose nature and purpose had been provided in the sponsorship speech of its proponent, former Chief Justice Constitutional Commissioner Roberto Concepcion[:]
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> . . . .
>
> The first section starts with a sentence copied from former Constitutions. It says:
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> The judicial power shall be vested in one Supreme Court and in such lower courts as may be established by law.

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30 *Araullo v. Aquino III*, 737 Phil. 457, 525 (2014) [Per J. Bersamin, En Banc].
31 Id.
32 802 Phil. 116 (2016) [Per J. Brion, En Banc].

I suppose nobody can question it.

The next provision is new in our constitutional law. I will read it first and explain.

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the government.

Fellow Members of this Commission, this is actually a product of our experience during martial law. As a matter of fact, it has some antecedents in the past, but the role of the judiciary during the deposed regime was marred considerably by the circumstance that in a number of cases against the government, which then had no legal defense at all, the solicitor general set up the defense of political question and got away with it. As a consequence, certain principles concerning particularly the writ of *habeas corpus*, that is, the authority of courts to order the release of political detainees, and other matters related to the operation and effect of martial law failed because the government set up the defense of political question. And the Supreme Court said: "Well, since it is political, we have no authority to pass upon it." The Committee on the Judiciary feels that this was not a proper solution of the questions involved. It did not merely request an encroachment upon the rights of the people, but it, in effect, encouraged further violations thereof during the martial law regime.

. . . .

Briefly stated, courts of justice determine the limits of power of the agencies and offices of the government as well as those of its officers. In other words, the judiciary is the final arbiter on the question whether or not a branch of government or any of its officials has acted without jurisdiction or in excess of jurisdiction, or so capriciously as to constitute an abuse of discretion amounting to excess of jurisdiction or lack of jurisdiction. This is not only a judicial power but a duty to pass judgment on matters of this nature.

This is the background of paragraph 2 of Section 1, which means that the courts cannot hereafter evade the duty to settle matters of this nature, by claiming that such matters constitute a political question.[33] (Emphasis in the original, citations omitted)

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[33] Id. at 137–138.

Rule 65, Sections 1 and 2 of the Rules of Court provides remedies to address grave abuse of discretion by any government branch or instrumentality, particularly through petitions for certiorari and prohibition:

> SECTION 1. *Petition for Certiorari.* — When any tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess of its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such tribunal, board or officer, and granting such incidental reliefs as law and justice may require.
>
> The petition shall be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non-forum shopping as provided in the paragraph of Section 3, Rule 46.
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> SECTION 2. *Petition for Prohibition.* — When the proceedings of any tribunal, corporation, board, officer or person, whether exercising judicial, quasi-judicial or ministerial functions, are without or in excess of its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction, and there is no appeal or any other plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered commanding the respondent to desist from further proceedings in the action or matter specified therein, or otherwise granting such incidental reliefs as law and justice may require.
>
> The petition shall likewise be accompanied by a certified true copy of the judgment, order or resolution subject thereof, copies of all pleadings and documents relevant and pertinent thereto, and a sworn certification of non-forum shopping as provided in the third paragraph of Section 3, Rule 46.

While these provisions pertain to a tribunal's, board's, or an officer's exercise of discretion in judicial, quasi-judicial, or ministerial functions, Rule 65 still applies to invoke the expanded scope of judicial power. In *Araullo v. Aquino III*,[34] this Court differentiated certiorari from prohibition, and clarified that Rule 65 is the remedy to "set right, undo[,] and restrain any act of grave abuse of discretion amounting to lack or excess of jurisdiction by any branch or instrumentality of the Government, *even if the latter does not exercise judicial, quasi-judicial[,] or ministerial functions*."[35]

This Court further explained:

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[34] 737 Phil. 457 (2014) [Per J. Bersamin, En Banc].
[35] Id. at 532.

The present *Rules of Court* uses two special civil actions for determining and correcting grave abuse of discretion amounting to lack or excess of jurisdiction. These are the special civil actions for *certiorari* and prohibition, and both are governed by Rule 65. . . .

The ordinary nature and function of the writ of *certiorari* in our present system are aptly explained in *Delos Santos v. Metropolitan Bank and Trust Company*:

. . . .

> The sole office of the writ of *certiorari* is the correction of errors of jurisdiction, which includes the commission of grave abuse of discretion amounting to lack of jurisdiction. In this regard, mere abuse of discretion is not enough to warrant the issuance of the writ. The abuse of discretion must be grave, which means either that the judicial or quasi-judicial power was exercised in an arbitrary or despotic manner by reason of passion or personal hostility, or that the respondent judge, tribunal or board evaded a positive duty, or virtually refused to perform the duty enjoined or to act in contemplation of law, such as when such judge, tribunal or board exercising judicial or quasi-judicial powers acted in a capricious or whimsical manner as to be equivalent to lack of jurisdiction.

Although similar to prohibition in that it will lie for want or excess of jurisdiction, *certiorari* is to be distinguished from prohibition by the fact that it is a corrective remedy used for the re-examination of some action of an inferior tribunal, and is directed to the cause or proceeding in the lower court and not to the court itself, while prohibition is a preventative remedy issuing to restrain future action, and is directed to the court itself. The Court expounded on the nature and function of the writ of prohibition in *Holy Spirit Homeowners Association, Inc. v. Defensor*:

> A petition for prohibition is also not the proper remedy to assail an IRR issued in the exercise of a quasi-legislative function. Prohibition is an extraordinary writ directed against any tribunal, corporation, board, officer or person, whether exercising judicial, quasi-judicial or ministerial functions, ordering said entity or person to desist from further proceedings when said proceedings are without or in excess of said entity's or person's jurisdiction, or are accompanied with grave abuse of discretion, and there is no appeal or any other plain, speedy and adequate remedy in the ordinary course of law. Prohibition lies against judicial or ministerial functions, but not against legislative or quasi-legislative functions. Generally, the purpose of a writ of prohibition is to keep a lower court within the limits of its jurisdiction in order to maintain the administration of justice in orderly channels. Prohibition is the proper remedy to afford relief against usurpation of jurisdiction or power by an inferior court, or when, in the exercise of jurisdiction in handling matters clearly within its cognizance the inferior court transgresses the bounds

> prescribed to it by the law, or where there is no adequate remedy available in the ordinary course of law by which such relief can be obtained. Where the principal relief sought is to invalidate an IRR, petitioners' remedy is an ordinary action for its nullification, an action which properly falls under the jurisdiction of the Regional Trial Court. In any case, petitioners' allegation that "respondents are performing or threatening to perform functions without or in excess of their jurisdiction" may appropriately be enjoined by the trial court through a writ of injunction or a temporary restraining order.
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> With respect to the Court, however, the remedies of *certiorari* and prohibition are necessarily broader in scope and reach, and the writ of *certiorari* or prohibition may be issued to correct errors of jurisdiction committed not only by a tribunal, corporation, board or officer exercising judicial, quasi-judicial or ministerial functions but also to set right, undo and restrain any act of grave abuse of discretion amounting to lack or excess of jurisdiction by any branch or instrumentality of the Government, *even if the latter does not exercise judicial, quasi-judicial or ministerial functions*. This application is expressly authorized by the text of the second paragraph of Section 1, ...
>
> Thus, petitions for *certiorari* and prohibition are appropriate remedies to raise constitutional issues and to review and/or prohibit or nullify the acts of legislative and executive officials.[36] (Emphasis in the original, citations omitted)

Here, petitioners filed a Petition for both certiorari and prohibition to determine whether respondents Social Security System and Social Security Commission committed grave abuse of discretion in releasing the assailed issuances. According to them, these issuances violated the provisions of the Constitution on the protection of workers, promotion of social justice, and respect for human rights.[37] They further claim that the assailed issuances are void for having been issued based on vague and unclear standards. They also argue that the increase in contributions is an invalid exercise of police power as it is not reasonably necessary and, thus, unduly oppressive to the labor sector. Lastly, they insist that the revised ratio in contributions is grossly unjust to the working class.[38]

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36 Id. at 528–531.

37 *Rollo*, p. 20. CONST., art. VIII, secs. 9, 10, 11, and 18 provide:
SECTION 9. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.
SECTION 10. The State shall promote social justice in all phases of national development.
SECTION 11. The State values the dignity of every human person and guarantees full respect for human rights.
. . . .
SECTION 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.

38 Id. at 11.

Petitioners must, thus, comply with the requisites for the exercise of the power of judicial review: (1) there must be an actual case or justiciable controversy before this Court; (2) the question before this Court must be ripe for adjudication; (3) the person challenging the act must be a proper party; and (4) the issue of constitutionality must be raised at the earliest opportunity and must be the very *litis mota* of the case.[39]

I (A)

Most important in this list of requisites is the existence of an actual case or controversy.[40] In every exercise of judicial power, whether in the traditional or expanded sense, this is an absolute necessity.

There is an actual case or controversy if there is a "conflict of legal right, an opposite legal claims susceptible of judicial resolution."[41] A petitioner bringing a case before this Court must establish that there is a legally demandable and enforceable right under the Constitution. There must be a real and substantial controversy, with definite and concrete issues involving the legal relations of the parties, and admitting of specific relief that courts can grant.[42]

This requirement goes into the nature of the judiciary as a co-equal branch of government. It is bound by the doctrine of separation of powers, and will not rule on any matter or cause the invalidation of any act, law, or regulation, if there is no actual or sufficiently imminent breach of or injury to a right. The courts interpret laws, but the ambiguities may only be clarified in the existence of an actual situation.

In *Lozano v. Nograles*,[43] the petitions assailing House Resolution No. 1109 were dismissed due to the absence of an actual case or controversy. This Court held that the "determination of the nature, scope[,] and extent of the powers of government is the exclusive province of the judiciary, such that any mediation on the part of the latter for the allocation of constitutional boundaries would amount, not to its supremacy, but to its mere fulfillment of

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39 *Araullo v. Aquino III*, 737 Phil. 457 (2014) [Per J. Bersamin, En Banc]. *See also Francisco, Jr. v. House of Representatives*, 460 Phil. 830 (2003) [Per J. Carpio Morales, En Banc]; *Garcia v. Executive Secretary*, 281 Phil. 572 (1991) [Per J. Cruz, En Banc] *citing Dumlao v. Commission on Elections*, 184 Phil. 369 (1980) [Per J. Melencio-Herrera, En Banc]; *Corales v. Republic*, 716 Phil. 432 (2013) [Per J. Perez, En Banc].

40 *See* CONST., art. VIII, sec. 1. *See also Dumlao v. Commission on Elections*, 184 Phil. 369, 377 (1980) [Per J. Melencio-Herrera, En Banc]. In *Dumlao*, this Court held that "[i]t is basic that the power of judicial review is limited to the determination of actual cases and controversies."

41 *David v. Macapagal-Arroyo*, 522 Phil. 705, 753 (2006) [Per J. Sandoval-Gutierrez, En Banc].

42 Id.

43 607 Phil. 334 (2009) [Per C.J. Puno, En Banc].

its 'solemn and sacred obligation' under the Constitution."[44] The judiciary's awesome power of review is limited in application.[45]

Jurisprudence lays down guidelines in determining an actual case or controversy. In *Information Technology Foundation of the Philippines v. Commission on Elections*,[46] this Court required that "the pleadings must show an active antagonistic assertion of a legal right, on the one hand, and a denial thereof on the other; that is, it must concern a real and not a merely theoretical question or issue."[47] Further, there must be "an actual and substantial controversy admitting of specific relief through a decree conclusive in nature, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts."[48]

Courts, thus, cannot decide on theoretical circumstances. They are neither advisory bodies, nor are they tasked with taking measures to prevent *imagined possibilities* of abuse.

Hence, in *Southern Hemisphere Engagement Network, Inc. v. Anti-Terrorism Council*,[49] this Court ruled:

> Without any justiciable controversy, the petitions have become pleas for declaratory relief, over which the Court has no original jurisdiction. Then again, declaratory actions characterized by "double contingency," where both the activity the petitioners intend to undertake and the anticipated reaction to it of a public official are merely theorized, lie beyond judicial review for lack of ripeness.
>
> *The possibility of abuse in the implementation of RA 9372 does not avail to take the present petitions out of the realm of the surreal and merely imagined. . . . Allegations of abuse must be anchored on real events before courts may step in to settle actual controversies involving rights which are legally demandable and enforceable.*[50] (Emphasis supplied, citations omitted)

In *Republic v. Roque*,[51] this Court further qualified the meaning of a justiciable controversy. In dismissing the Petition for declaratory relief before the Regional Trial Court, which assailed several provisions of the Human Security Act, we explained that justiciable controversy or ripening seeds refer to:

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44 Id. at 340.
45 Id.
46 499 Phil. 281 (2005) [Per C.J. Panganiban, En Banc].
47 Id. at 305.
48 Id.
49 646 Phil. 452 (2010) [Per J. Carpio Morales, En Banc].
50 Id. at 482–483.
51 718 Phil. 294 (2013) [Per J. Perlas-Bernabe, En Banc].

> . . . an existing case or controversy that is appropriate or ripe for judicial determination, not one that is conjectural or merely anticipatory. *Corollary thereto, by "ripening seeds" it is meant, not that sufficient accrued facts may be dispensed with, but that a dispute may be tried at its inception before it has accumulated the asperity, distemper, animosity, passion, and violence of a full blown battle that looms ahead.* The concept describes a state of facts indicating imminent and inevitable litigation provided that the issue is not settled and stabilized by tranquilizing declaration.[52] (Emphasis supplied, citations omitted)

The existence of an actual case or controversy depends on the allegations pleaded.[53]

Here, petitioners allege that the premium hike, through the assailed issuances, violates their rights as workers whose welfare is mandated to be protected under the Constitution.[54] They further allege that the issuances are grossly unjust to the working class and were issued beyond the scope of constitutional powers.[55]

Thus, petitioners' allegations present violations of rights provided for under the Constitution on the protection of workers, and promotion of social justice.[56] They likewise assert that respondents Social Security Commission and Social Security System acted beyond the scope of their powers.

This Court, however, notes that petitioners failed to prove how the assailed issuances violated workers' constitutional rights such that it would warrant a judicial review. Petitioners cannot merely cite and rely on the Constitution without specifying how these rights translate to being legally entitled to a fixed amount and proportion of Social Security System contributions.

Moreover, an actual case or controversy requires that the right must be enforceable and legally demandable. A complaining party's right is, thus, affected by the rest of the requirements for the exercise of judicial power: (1) the issue's ripeness and prematurity; (2) the moot and academic principle; and (3) the party's standing.[57]

I (B)

A case is ripe for adjudication when the challenged governmental act

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52 Id. at 305.

53 *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, 802 Phil. 116 (2016) [Per J. Brion, En Banc].

54 *Rollo*, p. 20 *citing* CONST., art. II, secs., 8, 9, 10, and 11.

55 Id. at 22.

56 Id. at 20.

57 *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, 802 Phil. 116 (2016) [Per J. Brion, En Banc].

is a *completed action* such that there is a direct, concrete, and adverse effect on the petitioner.[58] It is, thus, required that something had been performed by the government branch or instrumentality before the court may step in, and the petitioner must allege the existence of an immediate or threatened injury to itself as a result of the challenged action.[59]

In connection with acts of administrative agencies, ripeness is ensured under the doctrine of exhaustion of administrative remedies. Courts may only take cognizance of a case or controversy if the petitioner has exhausted all remedies available to it under the law. The doctrine ensures that the administrative agency exercised its power to its full extent, including its authority to correct or reconsider its actions. It would, thus, be premature for courts to take cognizance of the case prior to the exhaustion of remedies, not to mention it would violate the principle of separation of powers. Thus, in Rule 65 petitions, it is required that no other plain, speedy, or adequate remedy is available to the party. In *Association of Medical Clinics for Overseas Workers, Inc.*:

> The doctrine of exhaustion of administrative remedies applies to a petition for *certiorari*, regardless of the act of the administrative agency concerned, *i.e.*, whether the act concerns a quasi-judicial, or quasi-legislative function, or is purely regulatory.
>
> Consider in this regard that once an administrative agency has been empowered by Congress to undertake a sovereign function, the agency should be allowed to perform its function to the full extent that the law grants. This full extent covers the authority of superior officers in the administrative agencies to correct the actions of subordinates, or for collegial bodies to reconsider their own decisions on a motion for reconsideration. Premature judicial intervention would interfere with this administrative mandate, leaving administrative action incomplete; if allowed, such premature judicial action through a writ of *certiorari*, would be a usurpation that violates the separation of powers principle that underlies our Constitution.
>
> In every case, remedies within the agency's administrative process must be exhausted before external remedies can be applied. Thus, even if a governmental entity may have committed a grave abuse of discretion, litigants should, as a rule, first ask reconsideration from the body itself, or a review thereof before the agency concerned. This step ensures that by the time the grave abuse of discretion issue reaches the court, the administrative agency concerned would have fully exercised its jurisdiction and the court can focus its attention on the questions of law presented before it.
>
> Additionally, ***the failure to exhaust administrative remedies affects the ripeness to adjudicate the constitutionality of a governmental act, which in turn affects the existence of the need for an actual case or***

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58 *Abakada Guro Party List vs. Purisima,* 584 Phil. 246 (2008) [Per J. Corona, En Banc].

59 *Francisco, Jr. v. House of Representatives*, 460 Phil. 830 (2003) [Per J. Carpio Morales, En Banc] *citing Tan v. Macapagal*, 150 Phil. 778 (1972) [Per J. Fernando, First Division].

> ***controversy for the courts to exercise their power of judicial review.*** The need for ripeness — an aspect of the timing of a case or controversy — does not change regardless of whether the issue of constitutionality reaches the Court through the traditional means, or through the Court's expanded jurisdiction. In fact, separately from ripeness, one other concept pertaining to judicial review is intrinsically connected to it: the concept of a case being moot and academic.
>
> Both these concepts relate to the timing of the presentation of a controversy before the Court — ripeness relates to its prematurity, while mootness relates to a belated or unnecessary judgment on the issues. The Court cannot preempt the actions of the parties, and neither should it (as a rule) render judgment after the issue has already been resolved by or through external developments.
>
> The importance of timing in the exercise of judicial review highlights and reinforces the need for an actual case or controversy — an act that may violate a party's right. Without any completed action or a concrete threat of injury to the petitioning party, the act is not yet ripe for adjudication. It is merely a hypothetical problem. The challenged act must have been accomplished or performed by either branch or instrumentality of government before a court may come into the picture, and the petitioner must allege the existence of an immediate or threatened injury to itself as a result of the challenged action.
>
> In these lights, a constitutional challenge, whether presented through the traditional route or through the Court's expanded jurisdiction, requires compliance with the ripeness requirement. In the case of administrative acts, ripeness manifests itself through compliance with the doctrine of exhaustion of administrative remedies.[60] (Emphasis in the original, citations omitted)

Here, it is clear that petitioners failed to exhaust their administrative remedies.

Petitioners allege that they "have no appeal nor any plain, speedy[,] and adequate remedy under the ordinary course of law except through the instant Petition."[61]

However, Sections 4 and 5 of the Social Security Act are clear that the Social Security Commission has jurisdiction over any dispute arising from the law regarding coverage, benefits, contributions, and penalties. The law further provides that the aggrieved party must first exhaust all administrative remedies available before seeking review from the courts:

> SECTION 4. *Powers and Duties of the Commission and SSS.* — (a) The Commission. — For the attainment of its main objectives as set

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60 *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, 802 Phil. 116, 144–147 (2016) [Per J. Brion, En Banc].

61 *Rollo*, p. 4.

forth in Section 2 hereof, the Commission shall have the following powers and duties:

(1) To adopt, amend and rescind, subject to the approval of the President of the Philippines, such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;

. . . .

SECTION 5. Settlement of Disputes. — *(a) Any dispute arising under this Act with respect to coverage, benefits, contributions and penalties thereon or any other matter related thereto,* ***shall*** *be cognizable by the Commission,* and any case filed with respect thereto shall be heard by the Commission, or any of its members, or by hearing officers duly authorized by the Commission and decided within the mandatory period of twenty (20) days after the submission of the evidence. The filing, determination and settlement of disputes shall be governed by the rules and regulations promulgated by the Commission.

(b) *Appeal to Courts.* — Any decision of the Commission, in the absence of an appeal therefrom as herein provided, shall become final and executory fifteen (15) days after the date of notification, and *judicial review thereof shall be permitted only after any party claiming to be aggrieved thereby has exhausted his remedies before the Commission.* The Commission shall be deemed to be a party to any judicial action involving any such decision and may be represented by an attorney employed by the Commission, or when requested by the Commission, by the Solicitor General or any public prosecutor. (Emphasis supplied)

In *Luzon Stevedoring Corporation v. Social Security Commission*,[62] this Court upheld the jurisdiction and competence of the Social Security Commission with regard to the grant of authority under the unambiguous provisions of the Republic Act No. 8282.[63] This Court stated:

> Section 5 of the Social Security Act . . . *on its face, would show that any dispute arising therein "with respect to coverage entitlement to benefits, collection and settlement of premium contributions and penalties thereon, or any other matter related thereto, shall be cognizable by the Commission* . . . ." On its face, support for the competence of respondent Commission to decide . . . would thus seem to be evident.[64] (Emphasis supplied, citations omitted)

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62 145 Phil. 199 (1970) [Per J. Fernando, En Banc].

63 In this case, the provision in issue was Section 5 of the Republic Act No. 1161, as amended by Republic Act No. 4857 (1966), which provides:

SECTION 5. *Settlement of Claims.* — (a) Any dispute arising under this Act with respect to coverage, entitlement to benefits, collection and settlement of premium contributions and penalties thereon, or any other matter related thereto, shall be cognizable by the Commission, and any case filed with the Commission with respect thereto shall be heard by the Commission, or any of its members, or by hearing officers duly authorized by the Commission, and decided within twenty days after the submission of the evidence. The filing, determination and settlement of claims shall be governed by the rules and regulations promulgated by the Commission. (Emphasis in the original)

64 *Luzon Stevedoring Corporation v. Social Security Commission*, 145 Phil. 199, 207–208 (1970) [Per J. Fernando, En Banc].

In *Enorme v. Social Security System*,[65] this Court categorically sustained the Social Security Commission's exclusive power and jurisdiction to take cognizance of all disputes covered under the Social Security Act.[66] Consequently, plaintiffs must first exhaust all administrative remedies before judicial recourse is allowed.[67]

In *Social Security Commission v. Court of Appeals*,[68] this Court upheld the rules of procedure of the Social Security Commission with regard to the rule on exhaustion of administrative remedies before a resort to the courts may be permitted:

> It now becomes apparent that the permissive nature of a motion for reconsideration with the SSC must be read in conjunction with the requirements for judicial review, or the conditions sine qua non before a party can institute certain civil actions. A combined reading of Section 5 of Rule VI, quoted earlier, and Section 1 of Rule VII of the SSC's 1997 Revised Rules of Procedure reveals that the petitioners are correct in asserting that *a motion for reconsideration is mandatory in the sense that it is a precondition to the institution of an appeal or a petition for review before the Court of Appeals.* Stated differently, while Rago certainly had the option to file a motion for reconsideration before the SSC, it was nevertheless mandatory that he do so if he wanted to subsequently avail of judicial remedies.
>
> . . . .
>
> The policy of judicial bodies to give quasi-judicial agencies, such as the SSC, an opportunity to correct its mistakes by way of motions for reconsideration or other statutory remedies before accepting appeals therefrom finds extensive doctrinal support in the well-entrenched principle of exhaustion of administrative remedies.
>
> The reason for the principle rests upon the presumption that the administrative body, if given the chance to correct its mistake or error, may amend its decision on a given matter and decide it properly. The principle insures orderly procedure and withholds judicial interference until the administrative process would have been allowed to duly run its course. This is but practical since availing of administrative remedies entails lesser expenses and provides for a speedier disposition of controversies. Even comity dictates that unless the available administrative remedies have been resorted to and appropriate authorities given an opportunity to act and correct the errors committed in the administrative forum, judicial recourse must be held to be inappropriate, impermissible, premature, and even unnecessary.[69] (Emphasis supplied, citations omitted)

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65 158 Phil. 394 (1974) [Per J. Fernando, Second Division].

66 This Court upheld the jurisdiction of the Commission under Section 5 of the Social Security Act. It ruled that the plaintiff's claim for refund or for underpayment of refund was well within the Commission's jurisdiction.

67 158 Phil. 394 (1974) [Per J. Fernando, Second Division].

68 *Social Security Commission v. Court of Appeals*, 482 Phil. 449 (2004) [Per C.J. Davide, Jr., First Division].

69 Id. at 464–465.

Furthermore, jurisdiction is determined by laws enacted by Congress. The doctrine of exhaustion of administrative remedies ensures that this legislative power is respected by courts. Courts cannot ignore Congress' determination that the Social Security Commission is the entity with jurisdiction over any dispute arising from the Social Security Act with respect to coverage, benefits, contributions, and penalties.

Here, nothing in the records shows that petitioners filed a case before the Social Security Commission or asked for a reconsideration of the assailed issuances. Moreover, petitioners did not even try to show that their Petition falls under one (1) of the exceptions to the doctrine of exhaustion of administrative remedies:

> However, we are not unmindful of the doctrine that the principle of exhaustion of administrative remedies is not an ironclad rule. It may be disregarded (1) when there is a violation of due process, (2) when the issue involved is purely a legal question, (3) when the administrative action is patently illegal amounting to lack or excess of jurisdiction, (4) when there is *estoppel on* the part of the administrative agency concerned, (5) when there is irreparable injury, (6) when the respondent is a department secretary whose acts as an alter ego of the President bears the implied and assumed approval of the latter, (7) when to require exhaustion of administrative remedies would be unreasonable, (8) when it would amount to a nullification of a claim, (9) when the subject matter is a private land in land case proceedings, (10) when the rule does not provide a plain, speedy and adequate remedy, (11) when there are circumstances indicating the urgency of judicial intervention, (12) when no administrative review is provided by law, (13) where the rule of qualified political agency applies, and (14) when the issue of non-exhaustion of administrative remedies has been rendered moot.[70] (Emphasis in the original, citations omitted)

The doctrine of exhaustion of administrative remedies is settled in jurisprudence.[71] As early as 1967, this Court has recognized the requirement that parties must exhaust all administrative remedies available before the Social Security Commission.[72] The Social Security Commission, then, must be given a chance to render a decision on the issue, or to correct any alleged mistake or error, before the courts can exercise their power of judicial review. This Court ruled:

> In the case at bar, plaintiff has not exhausted its remedies before the Commission. *The Commission has not even been given a chance to render a decision* on the issue raised by plaintiff herein, *because the latter*

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70 *Social Security Commission v. Court of Appeals,* 482 Phil. 449, 465–466 (2004) [Per C.J. Davide, Jr., First Division].

71 *See Addition Hills Mandaluyong Civic & Social Organization, Inc. v. Megaworld Properties & Holdings, Inc.,* 686 Phil. 76 (2012) [Per J. Leonardo-De Castro, First Division].

72 *The Philippine American Life Insurance Company v. Social Security Commission,* 126 Phil. 497 (1967) [Per C.J. Concepcion, En Banc].

> *has not appealed to the Commission from the action taken by the System in insisting upon the enforcement of Circular No. 34.*[73] (Emphasis in the original)

Thus, petitioners have prematurely invoked this Court's power of judicial review in violation of the doctrine of exhaustion of administrative remedies.

Notably, petitioners failed to abide by the principle of primary administrative jurisdiction. This principle states that:

> . . . courts cannot or 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.[74]

In *Republic v. Gallo*:[75]

> [U]nder the doctrine of primary administrative jurisdiction, if an administrative tribunal has jurisdiction over a controversy, courts should not resolve the issue even if it may be within its proper jurisdiction. This is especially true when the question involves its sound discretion requiring special knowledge, experience, and services to determine technical and intricate matters of fact.
>
> In *Republic v. Lacap*:
>
> Corollary to the doctrine of exhaustion of administrative remedies is the doctrine of primary jurisdiction; that is, courts cannot or 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. . . .
>
> Thus, the doctrine of primary administrative jurisdiction refers to the competence of a court to take cognizance of a case at first instance. Unlike the doctrine of exhaustion of administrative remedies, it cannot be waived.[76] (Emphasis in the original, citations omitted)

Here, respondent Social Security Commission qualifies as an

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73 Id. at 503.

74 *Guy v. Ignacio*, 636 Phil. 689, 703–704 (2010) [Per J. Peralta, Second Division] *citing Republic v. Lacap*, 546 Phil. 87 (2007) [Per J. Austria-Martinez, Third Division].

75 *Republic v. Gallo,* G.R. No. 207074, January 17, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/63851> [Per J. Leonen, Third Division].

76 Id.

administrative tribunal, given sound administrative discretion requiring the special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact. This is evident from the qualifications of its members and its powers and duties under Sections 3 and 4 of the Social Security Act:

> SECTION 3. *Social Security System.* — (a) . . . The SSS shall be directed and controlled by a Social Security Commission, hereinafter referred to as 'Commission', composed of the Secretary of Labor and Employment or his duly designated undersecretary, the SSS president and seven (7) appointive members, three (3) of whom shall represent the workers' group, at least one (1) of whom shall be a woman; three (3), the employers' group, at least one (1) of whom shall be a woman; and one (1), the general public whose representative shall have *adequate knowledge and experience regarding social security*, to be appointed by the President of the Philippines. The six (6) members representing workers and employers shall be chosen from among the nominees of workers' and employers' organizations, respectively. . . .
>
> (b) The general conduct of the operations and management functions of the SSS shall be vested in the SSS President who shall serve as the chief executive officer immediately responsible for carrying out the program of the SSS and the policies of the Commission. The *SSS President shall be a person who has had previous experience in technical and administrative fields related to the purposes of this Act. . . .*
>
> (c) The Commission, upon the recommendation of the SSS President, shall appoint an *actuary and such other personnel as may be deemed necessary; fix their reasonable compensation, allowances and other benefits*; prescribe their duties and establish such methods and procedures as may be necessary to insure the efficient, honest and economical administration of the provisions and purposes of this Act: . . . *Provided, further*, That the personnel of the SSS shall be selected only from civil service eligibles and be subject to civil service rules and regulations: . . .
>
> SECTION 4. *Powers and Duties of the Commission and SSS. — (a) The Commission.* — For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:
>
> (1) To adopt, amend and rescind, subject to the approval of the President of the Philippines, such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;
>
> (2) To establish a provident fund for the members which will consist of voluntary contributions of employers and/or employees, self-employed and voluntary members and their earnings, for the payment of benefits to such members or their beneficiaries, subject to such rules and regulations as it may promulgate and approved by the President of the Philippines;

> (3) To maintain a Provident Fund which consists of contributions made by both the SSS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;
>
> (4) To approve restructuring proposals for the payment of due but unremitted contributions and unpaid loan amortizations under such terms and conditions as it may prescribe;
>
> (5) To authorize cooperatives registered with the cooperative development authority or associations registered with the appropriate government agency to act as collecting agents of the SSS with respect to their members: *Provided*, That the SSS shall accredit the cooperative or association: *Provided, further*, That the persons authorized to collect are bonded;
>
> (6) To compromise or release, in whole or in part any interest, penalty or any civil liability to SSS in connection with the investments authorized under Section 26 hereof, under such terms and conditions as it may prescribe and approved by the President of the Philippines; and
>
> (7) To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated. (Emphasis supplied)

Thus, under the doctrine of primary administrative jurisdiction, petitioners should have first filed their case before respondent Social Security Commission.

I (C)

As for mootness, as earlier mentioned, moot cases prevent the actual case or controversy from becoming justiciable. Courts cannot render judgment after the issue has already been resolved by or through external developments. This entails that they can no longer grant or deny the relief prayed for by the complaining party.[77]

This is consistent with this Court's deference to the powers of the other branches of government. This Court must be wary that it is ruling on *existing facts* before it invalidates any act or rule.[78]

Nonetheless, this Court has enumerated circumstances when it may still rule on moot issues. In *David*:

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[77] *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, 802 Phil. 116 (2016) [Per J. Brion, En Banc].

[78] *The Diocese of Bacolod v. Commission on Elections*, 751 Phil. 301, 337 (2015) [Per J. Leonen, En Banc].

> Courts will decide cases, otherwise moot and academic, if: *first*, there is a grave violation of the Constitution; *second*, the exceptional character of the situation and the paramount public interest is involved; *third*, when constitutional issue raised requires formulation of controlling principles to guide the bench, the bar, and the public; and *fourth*, the case is capable of repetition yet evading review.[79] (Emphasis in the original, citations omitted)

The third exception is corollary to this Court's power under Article VIII, Section 5(5) of the 1987 Constitution.[80] This Court has the power to promulgate rules and procedures for the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts. It applies where there is a clear need to clarify principles and processes for the protection of rights.

As for the rest of the exceptions, however, all three (3) circumstances must be present before this Court may rule on a moot issue. There must be an issue raising a grave violation of the Constitution, involving an exceptional situation of paramount public interest that is capable of repetition yet evading review.

Here, since respondent Social Security Commission is set to issue new resolutions for the Social Security System members' contributions, the issue on the assailed issuances' validity may be rendered moot. Nonetheless, all the discussed exceptions are present: (1) petitioners raise violations of constitutional rights; (2) the situation is of paramount public interest; (3) there is a need to guide the bench, the bar, and the public on the power of respondent Social Security Commission to increase the contributions; and (4) the matter is capable of repetition yet evading review, as it involves a question of law that can recur. Thus, this Court may rule on this case.

I (D)

Petitioners argue that they have the legal standing to file the Petition since: (1) a majority of them are Social Security System members and are directly affected by the increase in contributions;[81] and (2) other petitioners

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79 *David v. Macapagal-Arroyo*, 522 Phil. 705, 754 (2006) [Per J. Sandoval-Gutierrez, En Banc].

80 CONST., art. VIII, sec. 5(5) provides:

> SECTION 5. The Supreme Court shall have the following powers:
>
> . . . .
>
> (5) Promulgate rules concerning the protection and enforcement of constitutional rights, pleading, practice, and procedure in all courts, the admission to the practice of law, the Integrated Bar, and legal assistance to the underprivileged. Such rules shall provide a simplified and inexpensive procedure for the speedy disposition of cases, shall be uniform for all courts of the same grade, and shall not diminish, increase, or modify substantive rights. Rules of procedure of special courts and quasi-judicial bodies shall remain effective unless disapproved by the Supreme Court.

81 *Rollo*, p. 9.

argue that the standing requirement must be relaxed since the issues they raise are of transcendental importance.[82]

On the contrary, not all petitioners have shown the requisite legal standing to bring the case before this Court.

Legal standing is the personal and substantial interest of a party in a case "such that the party has sustained or will sustain direct injury as a result of the governmental act that is being challenged, alleging more than a generalized grievance."[83]

Petitioners Joselito Ustarez, Salvador T. Carranza, Nenita Gonzaga, Prescila A. Maniquiz, Reden R. Alcantara, and Anakpawis Party-List Representative Fernando Hicap, for himself, are Social Security System members who stand to suffer direct and material injury from the assailed issuances' enforcement. They are, thus, clothed with legal personality to assail the imposed increase in contribution rates and maximum monthly salary credit.

On the other hand, petitioners Kilusang Mayo Uno, Anakpawis Party-List, Center for Trade Union and Human Rights, and National Federation of Labor Unions-Kilusang Mayo Uno all failed to show how they will suffer direct and material injury from the enforcement of the assailed issuances.

However, jurisprudence is replete with instances when a liberal approach to determining legal standing was adopted. This has allowed "ordinary citizens, members of Congress, and civic organizations to prosecute actions involving the constitutionality or validity of laws, regulations[,] and rulings."[84]

This Court has provided instructive guides to determine whether a matter is of transcendental importance: "(1) the character of the funds or other assets involved in the case; (2) the presence of a clear case of disregard of a constitutional or statutory prohibition by the public respondent agency or instrumentality of the government; and (3) the lack of any other party with a more direct and specific interest in the questions being raised."[85]

Here, the assailed issuances set the new contribution rate and its date

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82 Id. at 10.

83 *Initiatives for Dialogue and Empowerment through Alternative Legal Services, Inc. v. Power Sector Assets and Liabilities Management Corporation*, 696 Phil. 486, 518–519 (2012) [Per J. Villarama, Jr., En Banc].

84 *David v. Macapagal-Arroyo*, 522 Phil. 705, 758 (2006) [Per J. Sandoval-Gutierrez, En Banc] *citing Tañada v. Tuvera*, 220 Phil. 422 (1985) [Per J. Makasiar, En Banc].

85 *Chamber of Real Estate and Builders' Associations, Inc. v. Energy Regulatory Commission*, 638 Phil. 542, 556–557 (2010) [Per J. Brion, En Banc].

of effectivity. The increase in contributions has been in effect since January 2014. As such, the issue of the validity of increase in contributions is of transcendental importance. The required legal standing for petitioners must be relaxed.

It is worth noting that this issue affects millions of Filipinos working here and abroad. A substantial portion of members' salaries goes to the Social Security System fund. To delay the resolution of such an important issue would be a great disservice to this Court's duty enshrined in the Constitution.

For all these reasons, and despite the technical infirmities in this Petition, this Court reviews the assailed issuances.

II

Petitioners' attack on the increase in contribution rate and maximum monthly salary credit is two (2)-tiered: (1) they assail the validity of the exercise of respondents Social Security System and Social Security Commission's power under the law; and (2) they assail the validity of the delegation of power to respondent Social Security Commission.

Petitioners argue that the assailed issuances are void for being issued under vague and unclear standards under the Social Security Act. They admit that Section 18 allows the Social Security Commission to fix the contribution rate subject to several conditions. However, petitioners claim that the term "actuarial calculations" is too vague and general, and the relationship between the rate of benefits and actuarial calculations is not clearly defined. Thus, they conclude that the delegation of power to fix the contribution rate is incomplete in all its terms and conditions.

Petitioners' argument lacks merit.

Petitioners are putting in issue not only the validity of the exercise of the delegated power, but also the validity of the delegation itself. They are, thus, collaterally attacking the validity of the Social Security Act's provisions.

Collateral attacks on a presumably valid law are not allowed. Unless a law, rule, or act is annulled in a direct proceeding, it is presumed valid.[86]

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[86] *Vivas v. Monetary Board of the Bangko Sentral ng Pilipinas*, 716 Phil. 132, 153 (2013) [Per J. Mendoza, Third Division] *citing Dasmariñas Water District v. Monterey Foods Corporation*, 587 Phil. 403 (2008) [Per J. Corona, First Division].

Furthermore, the "delegation of legislative power to various specialized administrative agencies is allowed in the face of increasing complexity of modern life."[87] In *Equi-Asia Placement, Inc. v. Department of Foreign Affairs*:[88]

> Given the volume and variety of interactions involving the members of today's society, it is doubtful if the legislature can promulgate laws dealing with the minutiae aspects of everyday life. Hence, the need to delegate to administrative bodies, as the principal agencies tasked to execute laws with respect to their specialized fields, the authority to promulgate rules and regulations to implement a given statute and effectuate its policies.[89]

For a valid exercise of delegation, this Court enumerated the following requisites:

> All that is required for the valid exercise of this power of subordinate legislation is that the regulation must be germane to the objects and purposes of the law; and that the regulation be not in contradiction to, but in conformity with, the standards prescribed by the law. Under the first test or the so-called completeness test, the law must be complete in all its terms and conditions when it leaves the legislature such that when it reaches the delegate, the only thing he will have to do is to enforce it. The second test or the sufficient standard test, mandates that there should be adequate guidelines or limitations in the law to determine the boundaries of the delegate's authority and prevent the delegation from running riot.[90]

Simply put, what are needed for a valid delegation are: (1) the completeness of the statute making the delegation; and (2) the presence of a sufficient standard.[91]

To determine completeness, all of the terms and provisions of the law must leave nothing to the delegate except to implement it. "What only can be delegated is not the discretion to determine what the law shall be but the discretion to determine how the law shall be enforced."[92]

More relevant here, however, is the presence of a sufficient standard under the law. Enforcement of a delegated power may only be effected in

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87 *Equi-Asia Placement, Inc. v. Department of Foreign Affairs,* 533 Phil. 590, 607 (2006) [Per J. Chico-Nazario, First Division].

88 533 Phil. 590 [Per J. Chico-Nazario, First Division].

89 Id. at 607 *citing Beltran v. Secretary of Health*, 512 Phil. 560 (2005) [Per J. Azcuna, En Banc].

90 Id. at 607–608 *citing The Conference of Maritime Manning Agencies v. Philippine Overseas Employment Agency*, 313 Phil. 592 (1995) [Per J. Davide, Jr., First Division] and *Eastern Shipping Lines, Inc. v. Philippine Overseas Employment Agency*, 248 Phil. 762 (1988) [Per J. Cruz, First Division].

91 *Solicitor General v. Metropolitan Manila Authority,* 281 Phil. 925 (1991) [Per J. Cruz, En Banc].

92 Id. at 935.

conformity with a sufficient standard, which is used "to map out the boundaries of the delegate's authority and thus 'prevent the delegation from running riot.'"[93] The law must contain the limitations or guidelines to determine the scope of authority of the delegate.

Not only is the Social Security Act complete in its terms; it also contains a sufficient standard for the Social Security Commission to fix the monthly contribution rate and the minimum and maximum monthly salary credits.

Section 18 states:

> SECTION 18. *Employee's Contribution.* — (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the following schedule:

SALARY BRACKET	RANGE OF COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTION		
			EMPLOYER	EMPLOYEE	TOTAL
I	1,000.00-1,249.99	1000	50.70	33.30	84.00
II	1,250.00-1,749.99	1500	76.00	50.00	126.00
III	1,750.00-2,249.99	2000	101.30	66.70	168.00
IV	2,250.00-2,749.99	2500	126.70	83.30	210.00
V	2,750.00-3,249.99	3000	152.00	100.00	252.00
VI	3,250.00-3,749.99	3500	177.30	116.70	294.00
VII	3,750.00-4,249.99	4000	202.70	133.30	336.00
VIII	4,250.00-4,749.99	4500	228.00	150.00	378.00
IX	4,750.00-5,249.99	5000	253.30	166.70	420.00
X	5,250.00-5,749.99	5500	278.70	183.70	462.40
XI	5,750.00-6,249.99	6000	304.00	200.00	504.00
XII	6,250.00-6,749.99	6500	329.30	216.70	546.00
XIII	6,750.00-7,249.99	7000	354.70	233.30	588.00
XIV	7,250.00-7,749.99	7500	380.00	250.00	630.00
XV	7,750.00-8,249.99	8000	405.30	266.70	672.00
XVI	8,250.00-8,749.99	8500	430.70	283.30	714.00
XVII	8,750.00-OVER	9000	456.00	300.00	756.00

> The foregoing schedule of contribution shall also apply to self-employed and voluntary members.
>
> The maximum monthly salary credit shall be Nine thousand pesos (P9,000.00) effective January Nineteen hundred and ninety six (1996):

[93] Id.

> Provided, That it shall be increased by One thousand pesos (P1,000.00) every year thereafter until it shall have reached Twelve thousand pesos (P12,000.00) by Nineteen hundred and ninety nine (1999): *Provided, further, That the minimum and maximum monthly salary credits as well as the rate of contributions may be fixed from time to time by the Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits, subject to the approval of the President of the Philippines.* (Emphasis supplied)

In relation to Section 18, Section 4(a) prescribes the powers and duties of the Social Security Commission. It provides:

> SECTION 4. *Powers and Duties of the Commission and SSS.* — (a) The Commission. — For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:
>
> > (1) To adopt, amend and rescind, subject to the approval of the President of the Philippines, such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;
> >
> > . . . .
> >
> > (7) To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated.

It is evident from these provisions that the legislature has vested the necessary powers in the Social Security Commission to fix the minimum and maximum amounts of monthly salary credits and the contribution rate. The agency does not have to do anything except implement the provisions based on the standards and limitations provided by law.

In fixing the contribution rate and the minimum and maximum amounts of monthly salary credits, the legislature specified the factors that should be considered: "actuarial calculations and rate of benefits"[94] as an additional limit to the Social Security Commission's rate fixing power under Section 18, the legislature required the approval of the President of the Philippines.

The Social Security Act clearly specifies the limitations and identifies when and how the Social Security Commission will fix the contribution rate and the monthly salary credits.

Actuarial science is derived from the concepts of utilitarianism and risk aversion. Thus:

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[94] Rep Act. No. 8282 (1997), sec. 18.

> Just as economic systems are the realm of the economist, social systems are the realm of the sociologist, and electrical systems are the realm of the electrical engineer, financial security systems have become the realm of the actuary. The uniqueness of the actuarial profession lies in the actuary's *understanding of financial security systems in general*, and the inner workings of the many different types in particular. The role of the actuary is that of the designer, the adaptor, the problem solver, the risk estimator, the innovator, and the technician of the continually changing field of financial security systems.
>
> . . . .
>
> *Utilitarianism as a philosophy, and risk aversion as a feature of human psychology, lead to the evolution of financial security systems as a means of reducing the financial consequences of unfavorable events. Actuaries are those professionals with a deep understanding of, and training in, financial security systems; their reason for being, their complexity, their mathematics, and the way they work.*[95] (Emphasis supplied)

Actuarial science is "primarily concerned with the study of consequences of events that involve risk and uncertainty. Actuarial practice identifies, analyzes and assists in the management of the outcomes—including costs and benefits—associated with events that involve risk and uncertainty."[96]

Actuarial science is relevant to the operation of a social security system, in that "the actuary plays a crucial role in analysing [the system's] financial status and recommending appropriate action to ensure its viability. More specifically, the work of the actuary includes assessing the financial implications of establishing a new scheme, regularly following up its financial status and estimating the effect of various modifications that might have a bearing on the scheme during its existence."[97]

The application of actuarial calculations in the operation of a social system scheme requires the determination of benefits.[98] To question the use of "actual calculations" as factor for fixing rates is to question the policy or wisdom of the legislature, which is a co-equal branch of government.

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95 CHARLES L. TROWBRIDGE, FUNDAMENTAL CONCEPTS OF ACTUARIAL SCIENCE 12–13 (1989).

96 Mark Allaben, Christopher Diamantoukos, Arnold Dicke, Sam Gutterman, Stuart Klugman, Richard Lord, Warren Luckner, Robert Miccolis, Joseph Tan, *Principles Underlying Actuarial Science* (2008), <https://www.soa.org/globalassets/assets/library/journals/actuarial-practice-forum/2008/august/apf-2008-08-allaben.pdf> 6 (last visited on April 2, 2019).

97 Pierre Plamondon, Anne Drouin, Gylles Binet, Michael Cichon, Warren R. McGillivray, Michel Bédard, Hernando Perez-Montas, *Quantitative Methods in Social Protection Series: Actuarial Practice in Social Security*, International Labour Office and International Social Security Association, International Labour Organization, Switzerland, (2002), 14, <https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_secsoc_776.pdf> (last visited on April 2, 2019).

98 Id. at 15–16.

As a component of the doctrine of separation of powers, courts must never go into the question of the wisdom of the policy of the law.[99] In *Magtajas v. Pryce Properties Corporation, Inc.*,[100] where this Court resolved the issue of the morality of gambling, this Court held:

> The morality of gambling is not a justiciable issue. Gambling is not illegal per se. While it is generally considered inimical to the interests of the people, there is nothing in the Constitution categorically proscribing or penalizing gambling or, for that matter, even mentioning it at all. *It is left to Congress to deal with the activity as it sees fit. In the exercise of its own discretion, the legislature may prohibit gambling altogether or allow it without limitation or it may prohibit some forms of gambling and allow others for whatever reasons it may consider sufficient.* Thus, it has prohibited *jueteng* and *monte* but permits lotteries, cockfighting and horse-racing. *In making such choices, Congress has consulted its own wisdom, which this Court has no authority to review, much less reverse. Well has it been said that courts do no[t] sit to resolve the merits of conflicting theories. That is the prerogative of the political departments. It is settled that questions regarding the wisdom, morality, or practicibility of statutes are not addressed to the judiciary but may be resolved only by the legislative and executive departments, to which the function belongs in our scheme of government.* That function is exclusive. Whichever way these branches decide, they are answerable only to their own conscience and the constituents who will ultimately judge their acts, and not to the courts of justice.[101] (Emphasis supplied, citation omitted)

Recently, in *Garcia v. Drilon*,[102] this Court has upheld the long-settled principle that courts do not go into the wisdom of the law:

> It is settled that courts are not concerned with the wisdom, justice, policy, or expediency of a statute. Hence, we dare not venture into the real motivations and wisdom of the members of Congress . . . *Congress has made its choice and it is not our prerogative to supplant this judgment. The choice may be perceived as erroneous but even then, the remedy against it is to seek its amendment or repeal by the legislative. By the principle of separation of powers, it is the legislative that determines the necessity, adequacy, wisdom and expediency of any law.* We only step in when there is a violation of the Constitution.[103] (Emphasis supplied, citations omitted)

Hence, the Social Security Act has validly delegated the power to fix the contribution rate and the minimum and maximum amounts for the monthly salary credits. It is within the scope of the Social Security Commission's power to fix them, as clearly laid out in the law.

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99 *See Fariñas v. The Executive Secretary,* 463 Phil. 179 (2003) [Per J. Callejo, Sr., En Banc].

100 304 Phil. 428 (1994) [Per J. Cruz, En Banc] *citing Garcia v. Executive Secretary,* 281 Phil. 572 (1991) [Per J. Cruz, En Banc].

101 Id. at 441.

102 712 Phil. 44 (2013) [Per J. Perlas-Bernabe, En Banc].

103 Id. at 89–90.

III

On the question of the validity of the exercise of respondents Social Security Commission and Social Security System's powers, this Court disagrees with petitioners' argument that the increase in contribution rate is prohibited by Section 4(b)(2) of the Social Security Act. The provision states:

> SECTION 4. Powers and Duties of the Commission and SSS. . . .
>
> (b) The Social Security System. — Subject to the provision of Section four (4), paragraph seven (7) hereof, the SSS shall have the following powers and duties:
>
> . . . .
>
> (2) To require the actuary to submit a valuation report on the SSS benefit program every four (4) years, or more frequently as may be necessary, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, and to provide for feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the Commission may adopt, subject to the approval of the President of the Philippines: *Provided*, That the actuarial soundness of the reserve fund shall be guaranteed: *Provided, further, That such increases in benefits shall not require any increase in the rate of contribution*[.] (Emphasis supplied)

However, an examination of the provision and the assailed issuances reveals that the questioned increase in contribution rate was not solely for the increase in members' benefits, but also to extend actuarial life.

Social Security Commission Resolution No. 262-s.2013 provides:

> RESOLVED, That the Commission approve and confirm, as it hereby approves and confirms, the SSS 2013 Reform Agenda, the effectivity of which shall be as approved by the President of the Philippines, which aims to address SSS' unfunded liability, extend SSS' fund life to a more secure level and provide improved benefits for current and future generations of SSS members, consisting of the following:
>
> 1. Increase in the contribution rate from 10.4% to 11%; and
> 2. Increase in the maximum monthly salary credit (MSC) from ₱15,000 to ₱16,000.
>
> The above is based on the recommendation of the President and CEO in his memorandum dated 19 November 2012.[104]

[104] *Rollo*, p. 72.

The provisos in Section 4(b)(2) must not be read in isolation, but within the context of the provision, as well as the policy of the law.

The two (2) provisos refer to the last part of Section 4(b)(2), or on the System's duty to "provide for feasible increases in benefits every four (4) years, including the addition of new ones[.]" Section 4(b)(2) states that the "actuarial soundness of the reserve fund shall be guaranteed" in providing any increase in benefits. As established earlier, Congress has expressly provided the Social Security System, through the Social Security Commission, power to fix the minimum and maximum monthly salary credits and the contribution rate.

To disregard actuarial soundness of the reserves would be to go against the policy of the law on maintaining a sustainable social security system:

> SECTION 2. *Declaration of Policy.* — It is the policy of the State to establish, develop, promote and perfect *a sound and viable* tax-exempt social security system suitable to the needs of the people throughout the Philippines which shall promote social justice and *provide meaningful protection to members and their beneficiaries against the hazards of disability, sickness, maternity, old age, death, and other contingencies resulting in loss of income or financial burden.* Towards this end, the State shall endeavor to extend social security protection to workers and their beneficiaries. (Emphasis supplied)

Petitioners' argument is, thus, bereft of merit.

In arguing that the increase in contributions is unduly oppressive upon the labor sector, petitioners are again asking this Court to inquire into the wisdom of the policy behind the issuances made by the executive branch. This, as earlier said, we cannot and will not do.[105]

Furthermore, this Court is not persuaded by petitioners' argument that the increase in contributions constitutes an unlawful exercise of police power.

Police power has been defined as:

> . . . state authority to enact legislation that may interfere with personal liberty or property in order to promote the general welfare. Persons and property could thus "be subjected to all kinds of restraints and burdens in

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[105] *See Magtajas vs. Pryce Properties Corporation, Inc.*, 304 Phil. 428, 441 (1994) [Per J. Cruz, En Banc] *citing Garcia v. Executive Secretary*, 281 Phil. 572 (1991) [Per J. Cruz, En Banc].

> order to secure the general comfort, health and prosperity of the state." . . . [It is] "the power to prescribe regulations to promote the health, morals, peace, education, good order or safety, and general welfare of the people."[106]

To be a valid exercise of police power, there must be a lawful subject and the power is exercised through lawful means.[107] The second requisite requires a reasonable relation between the purpose and the means.[108]

Using the parameters above, we hold that the increases reflected in the issuances of respondents are reasonably necessary to observe the constitutional mandate of promoting social justice under the Social Security Act. The public interest involved here refers to the State's goal of establishing, developing, promoting, and perfecting a sound and viable tax-exempt social security system. To achieve this, the Social Security System and the Social Security Commission are empowered to adjust from time to time the contribution rate and the monthly salary credits. Given the past increases since the inception of the law, the contribution rate increase of 0.6% applied to the corresponding monthly salary credit does not scream of unreasonableness or injustice.

Moreover, this Court will not delve into petitioners' argument that the revised ratio of contributions was supposedly inconsistent with previous schemes.[109] Nothing in the law requires that the ratio of contributions must be set at a 70%-30% sharing in favor of the employee. Supplanting the executive branch's determination of the proper ratio of contribution would result in judicial legislation, which is beyond this Court's power.

A parameter of judicial review is determining who can read the Constitution. Interpreting its text has never been within the exclusive province of the courts. Other branches of government are equally able to provide their own interpretation of the provisions of our organic law, especially on the powers conferred by the Constitution and those delegated by Congress to administrative agencies.

However, other departments' reading or interpretation is limited only to a preliminary determination. Only this Court can read the text of the Constitution with finality.

In *People v. Vera*,[110] Associate Justice Jose Laurel elucidated on how

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[106] *Edu v. Ericta*, 146 Phil. 469, 476 (1970) [Per J. Fernando, First Division].
[107] *Lucena Grand Central Terminal, Inc. v. JAC Liner, Inc.*, 492 Phil. 314 (2005) [Per J. Carpio-Morales, En Banc].
[108] *Balacuit v. CFI of Agusan del Norte*, 246 Phil. 189 (1988) [Per J. Gancayco, En Banc].
[109] *Rollo*, p. 22.
[110] 65 Phil. 56 (1937) [Per J. Laurel, First Division].

laws must be accorded presumption of constitutionality due to the premise that the Constitution binds all three (3) branches of government. He explained:

> Under a doctrine peculiarly American, it is the office and duty of the judiciary to enforce the Constitution. This court, by clear implication from the provisions of section 2, subsection 1, and section 10, of Article VIII of the Constitution, may declare an act of the national legislature invalid because in conflict with the fundamental law. It will not shirk from its sworn duty to enforce the Constitution. And, in clear cases, it will not hesitate to give effect to the supreme law by setting aside a statute in conflict therewith. This is of the essence of judicial duty.
>
> This court is not unmindful of the fundamental criteria in cases of this nature that all reasonable doubts should be resolved in favor of the constitutionality of a statute. An act of the legislature approved by the executive, is presumed to be within constitutional limitations. *The responsibility of upholding the Constitution rests not on the courts alone but on the legislature as well. "The question of the validity of every statute is first determined by the legislative department of the government itself." . . . And a statute finally comes before the courts sustained by the sanction of the executive. The members of the Legislature and the Chief Executive have taken an oath to support the Constitution and it must be presumed that they have been true to this oath and that in enacting and sanctioning a particular law they did not intend to violate the Constitution.* The courts cannot but cautiously exercise its power to overturn the solemn declarations of two of the three grand departments of the government. . . . Then, there is that peculiar political philosophy which bids the judiciary to reflect the wisdom of the people as expressed through an elective Legislature and an elective Chief Executive. It follows, therefore, that the courts will not set aside a law as violative of the Constitution except in a clear case. This is a proposition too plain to require a citation of authorities.[111] (Emphasis supplied, citations omitted)

As such, courts, in exercising judicial review, should also account for the concept of "pragmatic adjudication."[112] As another parameter of judicial review, adjudicative pragmatism entails deciding a case with regard to the "present and the future, unchecked by any felt *duty* to secure consistency in principle with what other officials have done in the past[.]"[113] The pragmatist judge is:

> . . . not uninterested in past decisions, in statutes, and so forth. Far from it. For one thing, these are repositories of knowledge, even, sometimes, of wisdom, and so it would be folly to ignore them even if they had no authoritative significance. For another, a decision that destabilized the law

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[111] Id. at 94–95. Nonetheless, this Court in *Vera* held that Act No. 4221 is unconstitutional for being an undue delegation of power of the legislature and for violating the equal protection clause. The writ of prohibition prayed for was granted.

[112] *See* Richard A. Posner, *Pragmatic Adjudication*, 18 Cardozo Law Review 1 (1996), <http://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=2818&context=journal_articles> (last accessed on April 2, 2019).

[113] Id. at 4.

> by departing too abruptly from precedent might have, on balance, bad results. There is often a trade-off between rendering substantive justice in the case under consideration and maintaining the law's certainty and predictability. This trade-off, which is perhaps clearest in cases in which a defense of statute of limitations is raised, will sometimes justify sacrificing substantive justice in the individual case to consistency with previous cases or with statutes or, in short, with well-founded expectations necessary to the orderly management of society's business. Another reason not to ignore the past is that often it is difficult to determine the purpose and scope of a rule without tracing the rule to its origins.
>
> The pragmatist judge thus regards precedent, statutes, and constitutions both as sources of potentially valuable information about the likely best result in the present case and as signposts that must not be obliterated or obscured gratuitously, because people may be relying upon them.[114]

Going into the validity of respondents' actions, petitioners must show that the assailed issuances were made without any reference to any law, or that respondents knowingly issued resolutions in excess of the authority granted to them under the Social Security Act to constitute grave abuse of discretion.

Grave abuse of discretion denotes a "capricious, arbitrary[,] and whimsical exercise of power. The abuse of discretion must be patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform a duty enjoined by law, as not to act at all in contemplation of law, or where the power is exercised in an arbitrary and despotic manner by reason of passion or hostility."[115]

Any act of a government branch, agency, or instrumentality that violates a statute or a treaty is grave abuse of discretion.[116] However, grave abuse of discretion pertains to acts of discretion exercised in areas *outside* an agency's granted authority and, thus, abusing the power granted to it.[117] Moreover, it is the agency's exercise of its power that is examined and adjudged, not whether its application of the law is correct.[118]

Here, respondents were only complying with their duties under the Social Security Act when they issued the assailed issuances. There is no

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[114] Id. at 5.

[115] *G & S Transport Corporation v. Court of Appeals*, 432 Phil. 7, 22 (2002) [Per J. Bellosillo, Second Division] *citing Filinvest Credit Corp. v. Intermediate Appellate Court*, 248 Phil. 394 (1988) [Per J. Sarmiento, Second Division]; and *Litton Mills, Inc. v. Galleon Trader, Inc.*, 246 Phil. 503 (1988) [Per J. Padilla, Second Division].

[116] Concurring and Dissenting Opinion of J. Leonen in *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, G.R. Nos. 207132 & 207205, December 6, 2016 [Per J. Brion, En Banc].

[117] *Association of Medical Clinics for Overseas Workers, Inc. v. GCC Approved Medical Centers Association, Inc.*, 802 Phil. 116 (2016) [Per J. Brion, En Banc].

[118] Id.

showing that respondents went beyond the powers under the law that amounts to lack of or in excess of their jurisdiction. Petitioners' claims are unsubstantiated and, as such, merit no finding of grave abuse of discretion.

IV

Petitioners have failed to show that there was an invasion of a material and substantial right, or that they were entitled to such a right. Moreover, they failed to show that "there is an urgent and paramount necessity for the writ to prevent serious and irreparable damage."[119] Accordingly, petitioners' prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction is denied.

WHEREFORE, the Petition is **DENIED** for lack of merit. Resolution Nos. 262-s. 2013 and 711-s. 2013 issued by the Social Security Commission, as well as Circular No. 2013-010 issued by the Social Security System, are valid. The prayer for the issuance of a temporary restraining order and/or writ of preliminary injunction is also **DENIED**.

SO ORDERED.

MARVIC M.V. F. LEONEN
Associate Justice

WE CONCUR:

LUCAS P. BERSAMIN
Chief Justice

ANTONIO T. CARPIO
Associate Justice

DIOSDADO M. PERALTA
Associate Justice

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[119] See *Australian Professional Realty, Inc. v. Municipality of Padre Garcia, Batangas Province*, 684 Phil. 283, 292 (2012) [Per J. Sereno, Second Division].

MARIANO C. DEL CASTILLO
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

No part and on official business
FRANCIS H. JARDELEZA
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

ANDRES B. REYES, JR.
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

On official leave
JOSE C. REYES, JR.
Associate Justice

On leave
RAMON PAUL L. HERNANDO
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

AMY C. LAZARO JAVIER
Associate Justice

CERTIFICATION

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.

LUCAS P. BERSAMIN
Chief Justice