

SECOND DIVISION

[G.R. No. 126151, January 20, 2000]

**MANILA INTERNATIONAL AIRPORT AUTHORITY (MIAA),
FORMER SECRETARY JESUS B. GARCIA, IN HIS CAPACITY AS THE
SECRETARY OF THE DEPARTMENT OF TRANSPORTATION AND
COMMUNICATION (DOTC), AND GEN. FRANCISCO E. ATAYDE
(RET.), IN HIS CAPACITY AS THE GENERAL MANAGER OF THE
NINYO AQUINO INTERNATIONAL AIRPORT, PETITIONERS, VS.
HON. SERGIO D. MABUNAY, PRESIDING JUDGE, REGIONAL
TRIAL COURT OF MANILA, BRANCH 24 AND LANTING SECURITY
AND WATCHMAN AGENCY, RESPONDENTS.**

D E C I S I O N

GONZAGA-REYES, J.:

In their petition for review on certiorari under Rule 45 of the Rules of Court, the Manila International Airport Authority (MIAA), former Secretary Jesus B. Garcia, in his capacity as the Secretary of the Department of Transportation and Communication (DOTC), and Gen. Francisco E. Atayde (Ret.) in his capacity as the General Manager of the Ninoy Aquino International Airport, assail the decision dated August 30, 1996 of respondent Judge Sergio D. Mabunay, Presiding Judge Regional Trial Court of Manila, Branch 24, insofar as it ruled that under the laws and regulations, it is necessary for the Manila International Airport Authority to contract for security services through public bidding. The petitioners claim that the ruling interferes with "the absolute prerogative" of the petitioners to award security services either through negotiated contract or public bidding.

Private respondent Lanting Security and Watchman Agency ("Lanting" for brevity) is a bonded security agency, which entered into an Agreement with the Manila International Airport Authority to render security services on a month-to-month basis to commence on April 31, 1987 renewable at the sole option of the MIAA. The contract was renewed by MIAA from 1988 to 1995. In 1995, upon the recommendation of the MIAA's former General Manager for the privatization of the Aviation Security Services of MIAA, a subsidiary company, the Philippine Aviation Security Services Corporation (PASSCOR) was formed, and the MIAA Board of Directors approved the award of security services in favor of PASSCOR effective September 1, 1995. Having been informed that PASSCOR would take over the operations and management of the security of the MIAA, and that the security services contract that MIAA entered into with Lanting would be terminated by August 31, 1995, Lanting filed a complaint for injunction, which was docketed as Civil Case No. 95-75048 with the respondent Regional Trial Court of Manila, Branch XXIV, challenging the "highly irregular" awarding by MIAA of the security services contract to PASSCOR without going through public bidding, as being not only contrary to law, but likewise against public policy. The respondent Regional Trial Court issued a writ of preliminary injunction ordering MIAA not to terminate the

security services of Lanting and not to award the security contract in favor of PASSCOR.

On August 30, 1996, the parties formulated and submitted a Compromise Agreement, which was approved by the Regional Trial Court and which contained the following terms and conditions:

1. MIAA shall not implement the termination of Lanting's security services by August 31, 1996 and instead shall extend as it hereby extends such, services by a period of ten (10) months beginning 01 September 1996 to 30 June 1997. For this purpose, MIAA and Lanting shall execute the necessary Extension Contract.
2. To effect the above extension, MIAA shall allow Lanting to redeploy a total of 274 guards within the NAIA Complex which shall be inclusive of the currently deployed 114 Lanting guards effective not later than midnight of August 28, 1996.
3. Upon execution hereof, MIAA shall be free to engage immediately the services of other security agencies, including that of Philippine Aviation Security Services Corp. (PASSCOR), to meet the security needs at the NAIA Complex, also for a period of ten (10) months beginning 01 September 1996 up to 30 June 1997.
4. Subject to paragraph 6 hereof, Lanting shall withdraw as it hereby withdraws its instant complaint.
5. The parties shall jointly move as they so move and pray for this Honorable Court to lift the writ of preliminary injunction dated September 15, 1995 which it issued in the above-captioned case.
6. Further, the parties shall jointly move as they respectfully move and pray for the Honorable Court to resolve the following residual issues:
 - 6.1 Whether or not the 160 Lanting security guards whose services phased-out effective July 31, 1996 are entitled to back wages for the period during the month of August 1996 when they were not deployed at the NAIA Complex;
 - 6.2 Whether or not MIAA has the option, under existing laws, rules and regulations, to contract security services by negotiation or through public bidding.
7. Finally, MIAA undertakes to effect compliance with the trial court's order on paragraph 6.1 in the event said issue is resolved in favor of payment of the security guard's backwages, within seven (7) days from receipt of said order of the trial court. MIAA may however opt to appeal any adverse resolution on paragraph 6.2 hereof."^[1]

On the issue defined in 6.2 above, which was left to the Court for resolution, the court ruled as follows:

"With respect to 6.2 in the Compromise Agreement, the court rules that under the laws and regulations, it is necessary for the defendant to contract for security services through public bidding."

The following grounds are invoked to support the instant petition for certiorari:

"PETITIONER MIAA HAS THE OPTION TO RESORT TO NEGOTIATED CONTRACT OR PUBLIC BIDDING.

SECTION 62, CHAPTER 13, BOOK IV OF THE ADMINISTRATIVE CODE OF 1987 HAS NO APPLICATION TO THE CASE AT BAR."^[2]

Petitioners allege that the "only issue to be resolved in this petition refers to the right of MIAA to award security services through negotiated contract or public bidding". Petitioners submit that the option to make such award is addressed to the exclusive and sole discretion of the MIAA, and the awarding of the contract to PASSCOR cannot be branded as highly irregular despite the fact that no public bidding was conducted. The petitioners point out that the Philippines is a signatory to the convention for international civil aviation, and the selection of an airport security agency is of paramount importance involving as it does national security and safety.

Petitioners contend that the applicable law is Section 68 of R.A. 7845, whereunder the government agency concerned has the option to resort to public bidding or negotiated contract wherever it is impractical or more expensive for the government to directly undertake certain functions and operations.

In its Comment, private respondent Lanting alleges that Section 68 of R.A. 7845 does not give government agencies the unqualified discretion to choose by what manner they may contract out services which they themselves cannot directly undertake. Lanting submits that the applicable legal provision is Section 62, referring to public bidding of contracts and the exceptions thereto, is applicable. Since none of the exceptional circumstances provided under Section 62 is present to justify an award by negotiated contract, the award should go through a public bidding. Respondent Lanting also points to Section 417 of the Government Auditing Rules and Regulations of the COA, which lays down the criteria for evaluating offers for security and janitorial services.

The only legal question posed herein is whether the court a quo erred in ruling that under existing laws and regulations the contract for security services should be awarded through public bidding.

We hold that it did not. The petition must perforce be dismissed.

Section 68 of R. A. 7845 which is the General Appropriations Act for 1995, specifically refers to contracts for services related to the functions and operations of the government and its agencies. It reads:

"SEC. 68. Service Contracts. Departments, bureaus, offices or agencies of the National Government are hereby authorized to enter into contracts