

Title: Civil Service Commission and Philippine Amusement and Gaming Corporation vs. Rafael M. Salas (G.R. No. 123708)

Facts:

Rafael M. Salas was appointed as a member of the Internal Security Staff (ISS) by the Chairman of the Philippine Amusement and Gaming Corporation (PAGCOR) on October 7, 1989, and assigned to the casino at the Manila Pavilion Hotel. His employment was terminated on December 3, 1991, due to alleged loss of confidence after a covert investigation indicated his engagement in proxy betting. Salas appealed to the PAGCOR Board for reinvestigation, which was denied. He escalated the appeal to the Merit Systems Protection Board (MSPB), which was also denied on the basis that, being a confidential employee, his term merely expired. The Civil Service Commission (CSC) affirmed MSPB's decision. Salas then petitioned the Supreme Court, which referred the case to the Court of Appeals in line with Revised Administrative Circular No. 1-95. The Court of Appeals ruled Salas was not a confidential employee, thus reversing the CSC's resolution and ordered his reinstatement with full back wages.

Issues:

1. Whether Rafael M. Salas is considered a confidential employee.
2. The applicability of the "proximity rule" as a standard in determining the nature of Salas' employment.

Court's Decision:

The Supreme Court affirmed the Court of Appeals' decision, holding that Rafael M. Salas is not a confidential employee. The Court reasoned that the nature of Salas' position did not involve a close and confidential relationship with the appointing authority that is characterized by a high degree of trust and confidence. The Court emphasized that a position's classification as primarily confidential must be based on the nature of the functions of the office, not on a blanket statutory declaration. The Court further upheld the use of the "proximity rule" to determine the confidential nature of a position, stating that Salas' duties did not entail close intimacy with the PAGCOR Chairman to qualify as primarily confidential.

Doctrine:

This case reiterates the doctrine that the determination of whether a position is primarily confidential is based on the nature of the functions of the office and the relationship between the appointing authority and the employee, not solely on statutory declarations or

titles. It also reaffirmed the applicability of the “proximity rule” in assessing the confidential nature of a position.

Class Notes:

- Definition of a confidential employee: One whose position entails a close, intimate relationship with the appointing authority, characterized by trust and confidence, and whose duties involve the handling of confidential matters.
- “Proximity Rule”: A standard to determine the nature of employment, establishing that a position can only be deemed confidential if it entails close proximity and a high degree of trust between the employee and the appointing authority.
- Statutory declarations of a position’s nature (e.g., Presidential Decree No. 1869 for PAGCOR employees) do not conclusively determine its confidentiality; the nature of the position and the relationship with the appointing authority are decisive.
- The principle of security of tenure applies to all employees, including those in positions that are not determined by competitive examination but by their nature as policy-determining, primarily confidential, or highly technical.

Historical Background:

This case represents a significant judicial examination of the classifications of employment within government-owned or controlled corporations (GOCCs) in the Philippines, particularly regarding the distinction between regular and confidential employees. The ruling underscores the judicial system’s role in interpreting statutory provisions related to employment and protections against arbitrary dismissal, illustrating the evolving understanding and application of constitutional rights to security of tenure within the context of Philippine jurisprudence.