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Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

PASAY CITY ALLIANCE
CHURCH/CAMACOP/REV.
WILLIAM CARGO,

G.R. No. 226908

Petitioners,

Present:

PERALTA, C.J., Chairperson,
CAGUIOA,*
REYES, J. JR.,**
LAZARO-JAVIER, and
INTING,*** JJ.

- versus -

Promulgated:

NOV 28 2019

FE BENITO,

Respondent.

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DECISION

REYES, J. JR., J.:

This is a Petition for Review on *Certiorari*¹ seeking the reversal of the Decision² dated May 13, 2016 and the Resolution³ dated September 8, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 140572. *Via* the assailed issuances, the CA annulled the Resolutions,⁴ respectively dated January 12, 2015 and February 27, 2015, of the National Labor Relations Commission (NLRC), which set aside the disposition of the Labor Arbiter for want of jurisdiction.

The facts are not in dispute.

* Working Chairperson, on official leave.
** Acting Working Chairperson.
*** Additional Member per Special Order No. 2726.
1 *Rollo*, pp. 7-19.
2 Penned by Associate Justice Pedro B. Corales, with Associate Justices Sesinando E. Villon and Rodil V. Zalameda (now a Member of the Court), concurring; *id.* at 21-33.
3 *Id.* at 45-46.
4 *Id.* at 35-43.

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Petitioner Pasay City Alliance Church (PCAC) is one of the local churches of its co-petitioner, Christian and Missionary Alliance Churches of the Philippines (CAMACOP), a religious society registered with the Securities and Exchange Commission.⁵

Respondent Fe P. Benito (Benito), on the other hand, is a licensed Christian Minister of CAMACOP.⁶ After completing a degree in Religious Education from CAMACOP's Ebenezer Bible College and Seminary as one of PCAC's scholars, Benito eventually served as PCAC's Head of Fellowship and Discipleship.⁷ In 2005, Benito was appointed Head of PCAC's Membership and Evangelism Ministry, which was renamed Pastoral Care and Membership in 2009.⁸ Benito served without a written contract.⁹ Pastoral Care and Membership is under the supervision of the Church Ministry Team (CMT) and co-petitioner Reverend William Cargo (Rev. Cargo).¹⁰

The present controversy stemmed from CAMACOP and PCAC's policy requiring pastors or ministers without written contracts to tender a courtesy resignation every year. The policy is expressed in Article VII, Section 3(2) of CAMACOP's Amended Local Church Administrative and Ministry Guidelines, worded as follows:

Appointment and Confirmation

- 1) A minister, duly licensed by CAMACOP, may apply or be invited by the local church through the District Ministry Supervisor (DMS).
- 2) His ministry in the local church shall be affirmed by the DMS in writing.
- 3) His term of ministry shall be determined mutually with the church and confirmed by the District Ministry Supervisor. In the absence of a contract[,] the pastor should tender a courtesy resignation every year.¹¹

Pastors who are not reappointed to their previous posts may reapply, in which case, they are assigned to another position, local church or specialized ministry.¹² Notwithstanding the adoption and ratification of this policy by CAMACOP's member congregations in 2005, the practice of requiring courtesy resignations in PCAC began implementation only in 2009, after Rev. Cargo assumed as Senior Pastor or during his leadership.¹³

⁵ Id. at 11 and 22.

⁶ Id.

⁷ Id. at 11, 35 and 37.

⁸ Id. at 35-36.

⁹ Id. at 11.

¹⁰ Id. at 22.

¹¹ Id. at 11.

¹² Id. at 22.

¹³ Id. at 36.

In compliance; Benito tendered her courtesy resignation as Head of Pastoral Care and Membership on January 30, 2011.¹⁴ The CMT reappointed Benito to the same position for another year.¹⁵

When the CMT convened the following year, or on February 12, 2012, it then decided not to reappoint Benito and recommended that she reapply to a more suitable position, citing the following:

- a) *Sinabi ni Ptr. Fe [na kasama] sa ministries niya ang Evangelism[,] tapos hindi niya nagagawa ang pagsishare sa new attendees.*
- b) *Hindi nabigay ang speaker's honorarium (Ptr. Wee) kaagad. Naibigay ito pagkatapos ng 2 Sundays ng kanyang pagspeak.*
- c) *Si Ptr. Carl ang nakalagay na speaker[,] pero si Ptr. Cargo ang nagsalita. Nung tinanong ni Ptr. Carl si Ptr. Fe[,] nakalimutan daw nya kung sino ang speaker ng Sunday na yun.*
- d) *Walang program ng 2 Sundays (1st and 2nd Sunday ng January S1-3 (sic). Dahil daw may bagong program naipapalabas.*
- e) *Walang ginawa ang PCAC nung pagkamatay ni Ruth[,] [A]s membership head dapat umaksyon sya. Mga youth naka-hang sa baptism kasi inulit pa ni Ptr. Fe ang baptism class. I can say no na sa kanyang position.¹⁶ (Italics supplied)*

The decision not to extend Benito's term was not immediately pursued by the CMT, and Benito held the post for another year.¹⁷

On February 17, 2013, Benito complied anew and submitted a courtesy resignation, without prejudice to the CMT's evaluation.¹⁸ Upon instructions, Benito also submitted her credentials to help the CMT in determining whether or not her term should be extended.¹⁹ Meanwhile, on May 29, 2013, Benito was instructed to endorse her workload and turn over the prayer ministry to another pastor.²⁰

Finally, Benito was informed, through a letter dated December 15, 2013, of the CMT's decision to uphold its February 12, 2012 recommendation to the District Ministry Supervisor regarding the non-extension of her engagement as PCAC's Head of Pastoral Care and Membership.²¹

¹⁴ Id. at 22 and 36.

¹⁵ Id.

¹⁶ Id. at 23.

¹⁷ Id. at 23 and 36.

¹⁸ Id.

¹⁹ Id.

²⁰ Id.

²¹ Id.

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Aggrieved, Benito filed a complaint for illegal dismissal, damages and attorney's fees before the Labor Arbiter, anchored on the claim that she had already attained regular status by operation of law and entitled to security of tenure in view of her long years of service with PCAC.

In response, PCAC questioned the Labor Arbiter's jurisdiction and asserted that Benito's vocation and ministry are not governed by the Labor Code, but by CAMACOP's Local Church Administrative and Ministry Guidelines and its By-Laws. According to PCAC, Benito's insistence on her right to security of tenure, which she takes to mean a lifetime assignment to her position, undermines CAMACOP's guidelines in routinely assigning their licensed ministers from one local church or ministry to another. It added that the non-renewal or non-extension of Benito's term is not even identical or tantamount to illegal dismissal as she was not even dismissed as a minister, but she simply refused to participate in the process of her transfer.

Benito countered that PCAC "hired" her, provided her with a monthly wage, decided which ministry she would be assigned, issues directives on her behavior and, in this instance, dismissed her from her duties. From these, Benito insists that all the elements of an employer-employee relationship are present.

Resolving the complaint, the Labor Arbiter ruled that an employment relationship existed between the parties, in view of the various letters and memoranda from PCAC concerning Benito's time-in and time-out, work assignments, and performance evaluations. The Labor Arbiter also considered her payslips and deductions for Social Security System (SSS), Philhealth, and Pag-ibig contributions. Concluding that Benito was illegally dismissed due to her involuntary resignation and the lack of evidence to justify non-renewal of her appointment, the dispositive portion of the Labor Arbiter's September 29, 2014 Decision reads:

WHEREFORE, foregoing premises considered, judgment is hereby rendered:

1. declaring the existence of an employer-employee relationship between the parties;
2. finding complainant to have been illegally dismissed; and
3. ordering Pasay City Alliance Church/Christian and Missionary Alliance Churches of the Philippines[,] Inc., to pay complainant Fe P. Benito the aggregate amount of Three Hundred Thirty Thousand Nine Hundred Forty One Pesos (₱330,941.00) representing separation pay and backwages.

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All other claims are dismissed for lack of merit.

SO ORDERED.²²

On appeal, however, the NLRC overturned the Labor Arbiter's Decision, ruling that the non-renewal of Benito's appointment to her previous position, due to a church policy requiring ministers to tender a courtesy resignation yearly for their possible reassignment, should be treated as an ecclesiastical matter outside of the labor tribunal's jurisdiction. As disposed in its January 12, 2015 Resolution:

WHEREFORE, premises considered, the appeal is **GRANTED**. The 29 September 2014 Decision of Labor Arbiter Veneranda C. Guerrero is **REVERSED** and **SET ASIDE** and a new one entered **DISMISSING** the complaint for want of jurisdiction.

SO ORDERED.²³ (Emphases in the original)

Benito moved for reconsideration, but this was denied by the NLRC on February 27, 2015.²⁴

When Benito challenged the NLRC's resolutions before the CA, the latter annulled the resolutions. Taking the view that the decision not to renew Benito's appointment was secular in nature and not an ecclesiastical affair, the *fallo* of the CA's assailed decision reads:

WHEREFORE, the instant petition for *certiorari* is hereby **GRANTED**. The January 12, 2015 and February 27, 2015 Resolutions of the National Labor Relations Commission in NLRC LAC No. 11-002948-14 are hereby **ANNULLED** and **SET ASIDE**. The case is **REMANDED** to the National Labor Relations Commission for resolution of the validity of herein petitioner's dismissal from employment with utmost dispatch.

SO ORDERED.²⁵ (Emphases in the original)

The CA subsequently denied²⁶ petitioners' motion for reconsideration on September 8, 2016. Hence, petitioners are now before this court, raising the sole issue of:

WHETHER OR NOT THE COURT OF APPEALS ERRED IN DECLARING THAT THE "TERMINATION" OF RESPONDENT FE BENITO BY PETITIONER PCAC IS NOT AN "ECCLESIASTICAL AFFAIR" BUT INSTEAD A SEVERANCE OF

²² Id. at 9 and 25-26.

²³ Id. at 40-41.

²⁴ Id. at 42-43.

²⁵ Id. at 32.

²⁶ Id. at 45-46.

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**AN EMPLOYER-EMPLOYEE RELATIONSHIP OVER WHICH
THE LABOR ARBITER HAS JURISDICTION[.]²⁷**

In particular, petitioners reassert that the non-renewal or non-extension of Benito's tenure is a consequence of the enforcement of validly enacted ecclesial regulations of the CAMACOP, and not based on any of the grounds provided in our Labor Code. They contend that the matter of who are fit to be the congregation's ministers, including where and how ministering is to be conducted, is undoubtedly church or denomination-related. Thus, a minister or pastor's fitness to continue in a particular ministry or congregation is an ecclesiastical affair over which our labor tribunals have no jurisdiction.

Petitioners also invite our attention to the fact that Benito continues to be a licensed minister of CAMACOP. It is only her relationship with PCAC, one of CAMACOP's local churches, that was severed. Thus, Benito is bound to be reassigned to other local churches under CAMACOP. According to petitioners, this prerogative is akin to a Catholic priest's reassignment to another parish or diocese, in consonance with the rules of the Catholic church or a religious order.

They also contend that the CA and Benito's reliance on *Pastor Austria v. NLRC*²⁸ is misplaced because the causes for termination of the Adventist minister in *Pastor Austria* were unrelated to his ministry, while the non-extension of Benito's term with a local church under CAMACOP is due to the enforcement of denominational rules. Thus, petitioners opine that a blanket interpretation of Section 1, Rule I, Book VI of the Implementing Rules and Regulations of the Labor Code²⁹ goes against religious freedom and the separation of church and state.

Finally, petitioners argue that while membership in the SSS, Pag-ibig and Philhealth ordinarily denotes an employment relationship, the peculiar activity or undertaking that PCAC is engaged in should primarily be taken into account. They reasoned that PCAC should not be faulted for looking after the well-being of its ministers and members by enrolling them with the SSS, Pag-ibig and Philhealth, as they also have families to tend to and are not exempt from the perils of old age and illness.

On April 11, 2017, Benito submitted a Comment and Opposition to the Petition (with notice of counsel's change of address).³⁰ Benito echoes the

²⁷ Id. at 12.

²⁸ 371 Phil. 340 (1999).

²⁹ This Rule shall apply to all establishments and undertakings, whether operated for profit or not, including educational, medical, charitable and religious institutions and organizations, in cases of regular employment with the exception of Government and its political subdivisions including government-owned or controlled corporations.

³⁰ *Rollo*, pp. 50-61.

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CA's reasoning that religious organizations are clearly covered by our Labor Code on termination of employment, and while the case involves a church and its religious minister as regards an internal church policy, it does not automatically confer the issue with religious significance.

Undeterred, petitioners filed a Reply³¹ on October 6, 2017, stating that the policy requiring annual courtesy resignations from licensed ministers is their assurance that ministers continue to be theologically, intellectually and morally fit, in accordance with the faith and mission of their church. Petitioners argue that it is an opportunity for ministers whose terms have ended to seek other forms of ministry within the umbrella of CAMACOP in light of their peculiar gifts, endowments and charisma.

We find merit in the petition.

In our jurisdiction, we hold the Church and the State to be separate and distinct from each other.³² "Give to Ceasar what is Ceasar's and to God what is God's."³³

There is no question among the parties in this case that our constitutionally protected policy is non-interference by the State in matters that are purely ecclesiastical. It is also settled that religious associations can be employers for whom religious ministers often perform dual roles. They not only minister to the spiritual needs of their members in most instances, but also take on administrative functions in their organizations. Our sole concern here is whether or not the matter at hand is an ecclesiastical matter over which our labor tribunals are deprived of jurisdiction.

In *Pastor Austria v. NLRC*,³⁴ as reiterated in *United Church of Christ in the Philippines, Inc. v. Bradford United Church of Christ, Inc.*,³⁵ we already defined which matters are outside the jurisdiction of civil courts and tribunals. Thus:

An **ecclesiastical affair** is "one that concerns doctrine, creed, or form [of] worship of the church, or the **adoption and enforcement within a religious association of needful laws and regulations for the government of the membership**, and the **power of excluding from such associations those deemed unworthy of membership**. Based on this definition, an ecclesiastical affair **involves the relationship between the church and its members and relate to matters of faith**, religious doctrines, worship and **governance of the congregation**. To be concrete, examples of this so-called ecclesiastical affairs to which the State cannot meddle are proceedings for excommunication, ordinations, of religious

³¹ Id. at 65-68.

³² *Taruc v. Bishop De la Cruz*, 493 Phil. 292, 296 (2005).

³³ Id.

³⁴ 371 Phil. 340, 353 (1999).

³⁵ 688 Phil. 408, 419-420 (2012).

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ministers, administration of sacraments and other **activities x x x attached [with] religious significance.**³⁶ (Emphasis supplied, citation omitted)

As shown in *Pastor Austria*, the mere fact that a termination dispute involves a church and its religious minister does not *ipso facto* clothe a case with religious significance. The Adventist minister in *Pastor Austria* was removed for alleged misappropriation of denominational funds, willful breach of trust, serious misconduct and other grounds found in the Labor Code. While the said grounds for termination may reflect on a minister's fitness to continue as such, the facts in *Pastor Austria* indicate that the grounds for the minister's dismissal from service were secular in nature. Furthermore, the Seventh Day Adventist Church in that case admitted before the Labor Arbiter that the minister was its employee, only to belatedly raise the issue of jurisdiction on appeal. In contrast, the petitioners already questioned the Labor Arbiter's jurisdiction at the inception of this case.

At the center of the present controversy is the enforcement of a religious denomination's internal rules in the governance of its member churches. Petitioners' contention that there was no dismissal to speak of and the matter concerns their right to transfer or reassign one of their licensed ministers is well taken. We find the claimed right to be infused with religious color because it bears down on the relationship of a church and its members in faith-based matters. If a church or religious association has the sole prerogative to exclude members perceived to be unworthy in light of its doctrinal standards, all the more does it have sole prerogative in determining who are best fit to minister to its members in activities attached with religious significance.

We disagree with the CA's interpretation that the non-renewal of Benito's appointment was due to her inefficiency as an administrative officer for her ministry and, thus, purely secular. This conclusion ignores the significance of Benito's position under contention, as the Head of Pastoral Care and Membership, formerly known as Membership and Evangelism Ministry. It also overlooks the fine line between efficiency and effectiveness. Here, the CMT cited failure on Benito's part to "share" with new attendees, Benito's inaction on the death of a member, and several other administrative lapses that impact on the conduct of PCAC's ecclesiastical activities, such as evangelism, baptism and Sunday praise or worship activities.

³⁶ *Pastor Austria v. NLRC*, supra note 34, at 353.

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Guided by the foregoing, we hold that the termination of a religious minister's engagement at a local church due to administrative lapses, when it relates to the perceived effectivity of a minister as a charismatic leader of a congregation, is a prerogative best left to the church affected by such choice. If a religious association enacts guidelines that reserve the right to transfer or reassign its licensed ministers according to what it deems best for a particular congregation, ministry or undertaking in pursuit of its mission, then the State cannot validly interfere. Indeed:

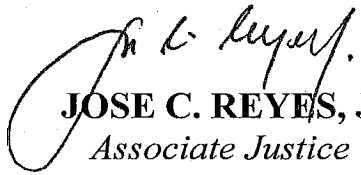
It is not for the courts to exercise control over church authorities in the performance of their discretionary and official functions. Rather, it is for the members of religious institutions/organizations to conform to just church regulations. In the words of Justice Samuel F. Miller:

... all who unite themselves to an ecclesiastical body do so with an implied consent to submit to the Church government and they are bound to submit to it.³⁷ (Citation omitted)

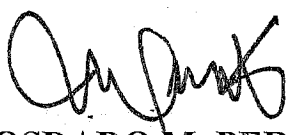
As a licensed minister of CAMACOP, Benito was aware of its policy requiring annual courtesy resignations that give its local churches a free hand in assigning, reassigning or transferring pastors and ministers, subject to reasonable guidelines and supervision. We cannot interfere with the implementation of the policy, much less subject a religious congregation to a minister in whom it appears to have lost confidence.

WHEREFORE, the petition is hereby **GRANTED**. The May 13, 2016 Decision and the September 8, 2016 Resolution⁴ of the Court of Appeals in CA-G.R. SP No. 140572 are **REVERSED** and **SET ASIDE**. Accordingly, Fe P. Benito's illegal dismissal complaint before the National Labor Relations Commission is **DISMISSED** for want of jurisdiction.

SO ORDERED.

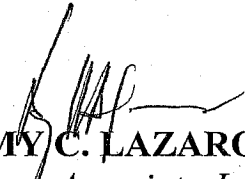

JOSE C. REYES, JR.
Associate Justice

WE CONCUR:


DIOSDADO M. PERALTA
Chief Justice
Chairperson

³⁷ *Taruc v. Bishop De la Cruz*, 493 Phil. 292, 297 (2005).

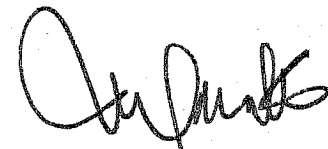
(On Official Leave)
ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


DIOSDADO M. PERALTA
Chief Justice

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