

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. **2225**

HOUSE OF REPRESENTATIVES	
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**Introduced by HONORABLE ZAJID G. MANGUDADATU**

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**EXPLANATORY NOTE**

The Constitution, Article II, Section 17 states:

“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.”

Moreover, the same Article, Section 15 declares:

“SECTION 15. The State shall protect and promote the right to health of the people and instill health consciousness among them.”

Furthermore, the same Article, Section 18 provides:

“SECTION 18. The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.”

The Business Process Outsourcing (BPO) sector, also dubbed as the “sunshine industry” of the country shines brighter in the Philippines as we have edged out India as the call center capital of the world. The World Bank estimates that over one million Filipinos are employed by the BPO and related Information Technology (IT) sectors, with projections that it can generate up to \$55 billion by 2020 or roughly eleven percent (11%) of the country’s Gross Domestic Products (GDP).

The Information Technology and Business Process Association of the Philippines (IBPAP) projects a \$20 billion in revenue for 2016. But more importantly, however, is the estimated 1.5 million new jobs that will be created in 2017 courtesy of the industry. As a matter of fact, the positive growth from the BPO sector was one of the reasons why credit ratings agencies have maintained the stable outlook for the Philippines.

A major reason why the country has emerged at the top of the call center industry, aside from lower labor costs, is the skill of the young workforce. US companies most especially prefer Filipinos because of their familiarity with the language, not to mention that their accent comes close to that of Americans. It also helps that Filipinos are more patient – a trait that comes in very handy in handling inquiries and complaints from angry customers.

BPO employees are often exposed to stress because they take calls of agitated and/or angry costumers. They likewise make calls to customers of their companies for purposes of addressing concerns, making sales or other matters that require a lot of activity, resulting to undue stress. In addition, most BPO's operate during the night and this adds to the employees' exposure to health hazards.

The existing applicable provision in the Labor Code only mandates an additional pay of ten percent (10%) for work done between ten o'clock in the evening (10:00 pm) to six o'clock in the morning (6:00 am). Daily or frequent exposure to work during said hours and the stress involved in working in BPOs might cause serious health problems. As such, it is proper that Filipino employees of BPOs be properly compensated for such health risks.

Therefore, there is a need to increase the mandated additional pay for work done during night time in BPOs. The proposed increase is just a small price to pay for owners and operators of BPOs, some of whom enjoy tax benefits for being located in Philippine Economic Zone Authority (PEZA) accredited locations.

In view of the foregoing, approval of this bill is earnestly sought.



**REP. ZAJID G. MANGUDADATU**  
2<sup>nd</sup> District, Cavite

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**AN ACT INCREASING THE NIGHT SHIFT PREMIUM PAY IN BUSINESS  
PROCESS OUTSOURCING FIRMS IN THE PHILIPPINES**

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

**Section 1. Title.-** This Act shall be known as the “*Additional Pay for Business  
Process Outsourcing Employees Act.*”

**Section 2. Declaration of Policy.** – The Business Process Outsourcing (BPO) industry makes great contributions to business and the economy of the Philippines. It also provides employment and opportunities to millions of Filipinos. Employees in the BPOs often work during the night and are heavily exposed to tremendous stress in taking and making calls to foreign and/or local third-parties. However, said employees are only granted a minimal additional pay, not commensurate to the hazards they are exposed to.

The Constitution provides that 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.

Moreover, the Constitution declares that the State shall protect and promote the right to health and instill health consciousness to the people.

Likewise, the Constitution affirms labor as a primary social work force and that the State shall protect the rights of the workers and promote their welfare.

Therefore, the State recognized the right of employees engaged by BPOs to the proper compensation for their exposure to health hazards brought about by the nature of their work.

**Section 3. Definition of Terms.-** As used in this Act, the following terms shall mean:

- a.) Business Process Outsourcing (BPO) – refers to business in the Philippines that are engaged in providing product support, marketing and sales, or information inquiries of local or foreign customers. This term shall also refer to the totality of business process outsourcing entities in the Philippines or those entities that are hired or engaged to handle business activities of other companies.
- b.) BPO Employees – refers to employees hired as regular, probationary, or contractual employees by Call Centers.

- c.) Graveyard Shift – refers to work undertaken by Employees in BPOs between ten o'clock in the evening (10:00 pm) to six o'clock in the morning (6:00 am)
- d.) Graveyard Shift Additional Pay – refers to the additional compensation for Employees in BPOs who work in the graveyard shift.
- e.) Basic Pay – refers to the compensation that BPO Employees will receive that does not include the Graveyard Shift Additional Pay or other payments provided by BPOs.
- f.) PEZA – refers to the Philippine Economic Zone Authority.
- g.) DOLE – Department of Labor and Employment.
- h.) DTI – Department of Trade and Industry.

**Section 4. Graveyard Shift Additional Pay in BPOs.** – All BPO Employees shall be paid an additional Graveyard Shift Additional Pay of twenty-five percent (25%) of their Basic Pay for work undertaken during Graveyard Shift. The Graveyard Shift Additional Pay shall be paid by BPOs to BPO Employees irrespective of the latter's Basic Pay or any other benefits given that are appurtenant to their work.

**Section 5. Non-diminution.** – The Basic Pay and/or all other benefits, monetary or non-monetary, provided by BPOs to BPO Employees shall not be removed or diminished because of the application of this Act.

**Section 6. Coverage.** – The Graveyard Shift Additional Pay granted to BPO Employees under this Act shall be applied in the entire BPO industry, including those which are located in Information Technology Centers (ITC) or other locations that are accredited by PEZA.

**Section 7. Implementing Rules and Regulations.** The DOLE, after consultation with the DTI and representatives from the BPOs, shall formulate and issue rules and regulations implementing this Act within thirty (30) days upon its effectivity.

**Section 8. Penalty Clause.** – Any violation of this Act shall be punished suspension of the business permit of the violating BPO for thirty (30) days and by a penalty of Two Hundred Fifty Thousand Pesos (P250,000.00).

**Section 9. Repealing Clause** – All laws, decrees, orders, rules, and regulations, or any part thereof inconsistent with this Act are hereby repealed or amended accordingly.

**Section 10. Separability Clause.** – If any provision of this Act or application of such provision to any person or circumstances is declared unconstitutional, the remainder of this Act or the application of such provision to other persons or circumstances shall not be affected by such declaration.

**Section 11. Effectivity.** – This Act shall take effect fifteen days after its publication in the Official Gazette or any newspaper under general circulation.

*Approved,*