

SENATE

396

Proposed Senate Resolution No. \_\_\_\_\_

20 MAY -7 P3:35

Introduced by Senators FRANCIS N. PANGILINAN and RISA HONTIVEROS

RESOLUTION

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ACTUATIONS OF THE PAGCOR IN LOBBYING FOR AN EXCEPTION IN FAVOR OF PHILIPPINE OFFSHORE GAMING OPERATORS (POGOS) DURING THE COMMUNITY QUARANTINE IMPOSED IN THE PHILIPPINES AMIDST THE THREAT OF COVID-19**

*WHEREAS*, in response to the growing threat of Coronavirus Disease 2019 (COVID-19), President Rodrigo Roa Duterte placed the entire Luzon under an Enhanced Community Quarantine (ECQ). It took effect on 17 March 2020 and was scheduled to end on 12 April 2020;

*WHEREAS*, on 18 March 2020, the Executive Secretary issued a memorandum containing additional guidelines for the community quarantine over the entire Luzon and management of the COVID-19 situation;

*WHEREAS*, said memorandum ordered the suspension of operations of Philippine Offshore Gaming Operators (POGOs) during the ECQ imposed over the entire Luzon;

*WHEREAS*, on 07 April 2020, another memorandum was issued extending the ECQ until 30 April 2020, thereby also extending the suspension of POGO operations until said date;

*WHEREAS*, on 30 April 2020, the President issued Executive Order No. 112 imposing ECQ in high-risk geographic areas of the Philippines and a general community quarantine in the rest of the country until 15 May 2020;

*WHEREAS*, on 01 May 2020, presidential spokesperson Harry Roque said the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) has allowed POGOs, which are mostly Chinese-run and based in Metro Manila, to resume partial operations, with a skeleton workforce, or only 30 percent of the total number of employees allowed to report for work;

*WHEREAS*, Philippine Amusement and Gaming Corporation (PAGCOR) chairman Andrea Domingo said POGOs are part of the Business Process Outsourcing (BPO) sector since the bettors are overseas while the platform and service providers are in the Philippines, similar to BPOs which are allowed to operate during the community quarantine;

**WHEREAS**, the PAGCOR chairman also said revenues from POGO operations can be a significant source of funds for the government's COVID-19 response;

**WHEREAS**, according to PAGCOR, operators are ordered to pay all tax obligations up to March 2020 before they will be allowed to resume operations and only registered workers cleared in COVID-19 rapid tests will be allowed to report back to work;

**WHEREAS**, the IT and Business Process Association of the Philippines (IBPAP) contradicted the claims that POGOs are part of the BPO industry, citing four key differences: (1) BPO companies are registered with the Philippine Economic Zone Authority (PEZA) or the Board of Investments, while POGOs are registered with PAGCOR, (2) the offshoring nature of POGOs are allegedly because they are unable to practice their betting or gambling functions in their respective shores, (3) IT-enabled jobs BPO companies create are of much higher value, requiring a range of technical, domain, and soft skills, and (4) BPOs come to the Philippines to leverage off the country's human capital, like strong English and technical skills, customer service orientation, *malasakit*, and ability to adapt to foreign cultures. On the other hand, majority of POGO staffing comes from foreign labor brought into the country to support their operations;

**WHEREAS**, IBPAP also said POGOs are not part of the annual IT-BPO Headcount and Revenue report, which in 2019 ended with 1.3 million direct employees and \$26.3 billion in revenues;

**WHEREAS**, in February 2020, the Bureau of Internal Revenue revealed that POGOs failed to pay the government an estimated P50 billion in withholding and franchise taxes in 2019;

**WHEREAS**, the uncollected taxes of POGOs could be a source of additional government funds for COVID-19 response. Said taxes need to be collected regardless of the industry's status of operations during the community quarantine;

**WHEREAS**, the resumption of POGO operations will have minimal impact on the country's economy as Anti-Money Laundering Council records show the industry only accounts for 0.04% of the domestic economy;

**WHEREAS**, while the government estimates that the POGO industry employs some 150,000 foreign and 31,000 Filipino workers, estimates from the real estate sector based on rental statistics indicate that POGOs employ close to half a million foreign workers, clustered mainly within Metro Manila;

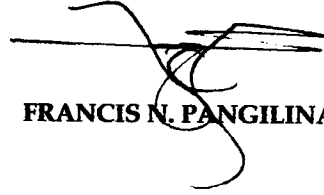
**WHEREAS**, even going by the official estimate, allowing more than 50,000 workers in the online gambling industry to return to work represents a substantial exception to the ECQ rules;

**WHEREAS**, allowing the partial resumption of POGO operations could reverse the efforts put in place to stem the spread of COVID-19 as there is no assurance that POGOs will follow the Department of Health's guidelines on physical distancing, wearing of masks, and frequent handwashing and sanitation; and

**WHEREAS**, PAGCOR's actuations in lobbying for an exception in favor of the POGO industry thus threatens to unduly put the health and well-being of the Filipino people at risk by undermining the ECQ.

**NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved, to direct the appropriate Senate committee to conduct an inquiry, in aid of legislation, on the actuations of the PAGCOR in lobbying for an exception in favor of Philippine Offshore Gaming Operators (POGOs) during the community quarantine imposed in the Philippines amidst the threat of COVID-19.

*Adopted,*



**FRANCIS N. PANGILINAN**



**RISA HONTIVEROS**

