

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress
First Regular Session

House Bill No. 1545

Introduced by REP. DOUGLAS RA. CAGAS

EXPLANATORY NOTE

This bill proposes to create the Philippine Cereals Research, Development and Extension Institute (PHILCEREAL), under the Department of Agriculture, which will fully engage in research, development and extension (RD&E) activities for cereals in the country.

Pursuant to Executive Order 1061, the Philippine Rice Research Institute (PRRI), otherwise known as PhilRice, was established on November 5, 1985. PhilRice has been in the forefront of national rice production programs, providing seeds, training and technology to help increase yields, farmers' income and national rice production.

Through the years, PhilRice yielded immeasurable benefits to small Filipino farmers and Local Government Units. Its strong leadership has unified all rice research and development (R&D) activities in the country. PhilRice has been placed in the forefront of national rice production. It is the coordinating agency for the Agrikulturang Makamasa Rice Program which serves as the implementing vehicle of the Agriculture and Fisheries Modernization Act (AFMA) of 1997.

Under the policy of reducing support to government-owned or -controlled corporation by 10% per year since 1997, the annual budget of PhilRice has been reduced from P193 Million in 1997 to P144 Million in 1999. The financial condition of PhilRice is dim; on the other hand, the volume of importation of corn, wheat and other cereals continue to increase.

Consequently, there is an urgent need to strengthen the institution.

This legislative measure, among others, seeks to expand the present coverage of PhilRice to include other cereals. It also aims to authorize the Institute to collect a certain percentage of the Competitiveness Enhancement Fund to finance its establishment and maintenance of research, development and extension facilities and equipment; to establish by law a minimum annual operating subsidy of P200 million from the annual General Appropriations Act for the salaries of its scientists and other personnel; to continue to authorize the Institute to earn income from its seed production and distribution operations and from importation of rice, corn, wheat and other cereals to finance its continuing staff development program and its capital outlay and other investment requirements; and for the Institute to establish a career, compensation and retirement program for its scientists and other personnel chargeable against its operating revenues and other income.

The immediate passage of this bill is therefore earnestly requested.

DOUGLAS RA. CAGAS
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AN ACT
ESTABLISHING THE PHILIPPINE CEREALS RESEARCH, DEVELOPMENT AND EXTENSION INSTITUTE (PHILCEREAL), AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. *Title.* - The short title of this Act shall be "The Philippine Cereals Research, Development and Extension Act of 2004."

SEC. 2. *Establishment.* - There is hereby established a body corporate to be known as the Philippine Cereals Research, Development and Extension Institute hereinafter referred to as PHILCEREAL, under the Department of Agriculture. The PHILCEREAL shall have its principal office at Muñoz, Nueva Ecija, but may establish other branches, offices or subsidiaries within its central office or elsewhere in the Philippines as may be necessary or proper for the accomplishment of its purposes and objectives.

SEC. 3. *Purposes and Objectives.* - Pursuant to Republic Act No. 8435, otherwise known as The Agriculture and Fisheries Modernization Act (AFMA) of 1997, PHILCEREAL shall develop and implement in coordination with the University of the Philippines at Los Baños (UPLB), a national research, development and extension program for rice, corn, wheat, sorghum, millet and other cereals. The program shall be consistent with the principles of food security,

poverty alleviation and social equity, rational use of resources, global competitiveness, sustainable development, people empowerment and protection from unfair competition, as embodied in R.A. 8435.

Consistent with the principles in the aforementioned law, PHILCEREAL shall pursue the following objectives:

(a) To transform the cereals sub-sector industry from being resource-based to technology-based;

(b) To enhance profits and income of small cereals farmers, by ensuring them equitable access to modern, cost-reducing, and labor-productivity-enhancing technology; high yielding varieties; excellent quality seeds; training; and helping them engage in value-added processing, agribusiness activities and agro-industrialization;

(c) To help ensure the accessibility, availability and stable supply of cereals at all times; and

(d) To improve the quality of life of the people involved in the cereal sub-sector.

SEC. 4. ***Powers and Functions***. - In furtherance of its purposes and objectives, PHILCEREAL shall have the following powers and functions:

(a) To unify all the research, development and extension programs and activities for cereals in the country;

(b) To plan, approve, organize, fund, direct, monitor and evaluate all cereals research, development and extension activities in the country;

(c) To plan, approve, fund, direct, prioritize, rationalize and guide the establishment and construction of cereals research, development and extension facilities in the country;

(d) To develop, scout, copy, adopt, verify, package and promote new technologies, machinery, varieties, procedures, and processes for cereals production developed in the country or abroad;

(e) To promulgate, organize, develop, implement and authorize training

curricula and training programs for farmers, seed growers, technicians and officials of local government units, research, development and extension managers, and others involved in the production of cereals in the country;

(f) To authorize or approve the release, publication and dissemination of research, development and extension results, findings and recommendations on cereals in the country;

(g) To develop, approve and implement career, promotion, incentive and retirement systems for scientists, researchers and managers involved in the research, development, and extension programs of cereals in the country;

(h) To train, qualify and disqualify individuals or organized cereal seed producers;

(i) To set the wholesale and retail prices of cereal seeds in the country and to impose royalties, fees and other charges from the sale, or use thereof;

(j) To adopt and use a corporate seal;

(k) To sue and be sued in its corporate name;

(l) To succeed by its corporate name;

(m) To adopt its by laws and promulgate rules and regulations and revoke, amend or rescind such as may be necessary or proper to implement the provisions of this Act;

(n) To borrow money and obtain loans from all sources, whether local or foreign and whether government or private, to finance its research programs and its capital and operating expenditures;

(o) To enter into contracts and execute agreements of any kind or nature with any person, firm, association or corporation, domestic or foreign;

(p) To invest in, acquire, own, lease, mortgage, pledge, encumber, sell, assign, convey, or exchange, real or personal property of whatever kind or nature, or any interest therein; shares of stock, bonds, notes, securities and other evidences of indebtedness by natural or juridical persons, whether domestic or foreign and whether government or private;

(q) To acquire from any governmental authority whether national or local, foreign or domestic; or from any person, corporation, partnership, association or entity, charters, franchises, licenses, rights, privileges, assistance, concessions, financial or otherwise, as are necessary or proper for the attainment of the purposes and objectives of this Act;

(r) To receive from any public or private individual or entities whether foreign or domestic, grants, donations and contributions as may be useful, necessary or proper to carry out the purposes and objectives of this Act, and administer the same in accordance with the terms of such grants, donations and contributions;

(s) To serve as the coordinating center of a national network of cereal research stations located in the different agro-ecological regions of the country;

(t) To plan and carry out research and development activities, especially in the areas of varietal improvement, planting and fertilizer management;

(u) To provide the data base or policy formulation that will stimulate and sustain cereal production, marketing and consumption;

(v) To organize, create and maintain subsidiaries, and other corporate offspring, and own fully or partially any corporation and entity as may be necessary for the effective realization of its purposes and objectives and the maximum delivery of services, and to engage in any other lawful business whatsoever in pursuance of the purposes and objectives of this Act;

(w) To have one or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any foreign country, state and territory;

(x) To adopt an Early Retirement Incentive Plan (ERIP) and financial assistance for the purpose of retirement of its own scientists, officials and employees;

(y) To establish and maintain a provident fund to pay the medical, health, insurance and retirement benefits of the PHILCEREAL scientists, officials and

employees or their dependents and heirs under such terms and conditions as it may prescribe, which shall not be inconsistent with those provided under existing laws;

(z) To submit, not later than June 30 of each year, an Annual Report on the implementation and enforcement of this Act to the President of the Philippines and to the Congress of the Philippines; and

(aa) To exercise all other powers of a corporation under the general corporation law, insofar as such powers are not inconsistent with the provisions of this Act.

SEC. 5. ***Board of Trustees.*** - The corporate powers and functions of PHILCEREAL shall be vested in and exercise by the Board of Trustees, hereinafter referred to as the Board, composed of the Secretary of Agriculture as ex officio Chairman, and twelve members representing the different sectors in the cereal industry, to be appointed by the President of the Philippines upon recommendation of the Secretary of Agriculture. The appointive members of the Board shall hold office for three years or until their successors are duly appointed and qualified. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only.

The Board shall meet regularly at least once a quarter or as often as the exigencies of the service demand. The presence of at least seven members shall constitute a quorum and the majority vote of the members present, there being a quorum, shall be necessary for the adoption of any resolution, rule, regulation, decision or any other act of the Board.

The members of the Board, including the Chairman, shall receive per diem, as the Board may determine, for each Board meeting actually attended: Provided, That such per diem shall not exceed Five thousand pesos (₱5,000.00) during any one month for each member. The said members shall also be entitled to reimbursable transportation and representation allowances in going to and coming

from Board Meetings and transacting official business for the Institute.

SEC.6. ***Powers and Functions of the Board.*** — The Board shall exercise the following powers and functions:

(a) To promulgate the by laws, policies, guidelines and implementing rules and regulations to effectively carry out the purposes and objectives of PHILCEREAL under this Act, and to revoke, amend or rescind such as may be necessary;

(b) To promulgate rules and regulations necessary or proper for the effective discharge of the duties and responsibilities of its officers and employees;

(c) To approve the research, development and extension programs and projects of the PHILCEREAL in accordance with this Act;

(d) To appoint scientists engaged in cereals research, development and extension programs and projects in the country into the PHILCEREAL scientific career system;

(e) To approve the annual operating and supplemental budgets, operating and capital expenditures and disbursements of the PHILCEREAL; (f) To review, amend and approve the organization structure and staffing pattern, the administrative systems and procedures and the compensation package for the scientists, officers and employees of PHILCEREAL;

(g) To approve the retail and wholesale prices as well as the royalties, fees and other charges, for the production, marketing and distribution of foundation, breeder, registered and certified seeds of cereals;

(h) To approve the amount of levy, fees and other charges to be imposed against all importation of cereals, whether for consumption, manufacturing or for seed purposes, into the country;

(i) To amend and approve, or authorize the promulgation of reasonable rules and regulations and the code of conduct of PHILCEREAL employees including procedures for reprimand, suspension, removal and other forms of

disciplinary action against any scientist and other official and employee of the PHILCEREAL, and to act on appeal, on all decisions of the Director-General. Unless otherwise amended, all existing rules and regulations of PHILCEREAL shall remain full force and effect; and

(j) To exercise such other powers and perform such other functions and other acts as may be necessary or proper for the attainment of the purposes and objectives of this Act.

SEC. 7. ***Qualifications, Appointment and Tenure of the Director-General and of Other Officials and Personnel.*** - The PHILCEREAL shall be headed by a Director-General who shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Agriculture. He shall serve for a term of six (6) years, without reappointment.

The Director-General shall be assisted by two (2) Deputy-Directors-General with established track records in research management and administration and other senior officials, the number of which shall be fixed by the Board, in addition to the usual supervisory and rank and file positions. The appointment of the Deputy Directors-General and other senior and supervisory officials, and rank and file personnel shall be issued by the Director-General in accordance with the Civil Service rules and regulations. The appointments shall be confirmed by the Board.

SEC. 8. ***Powers, Functions and Duties of the Director-General.*** - The Director-General of PHILCEREAL shall be its Chief Executive Officer and shall be directly responsible to the Board. He shall have the following powers, functions and duties:

(a) To exercise over-all supervision and direction over the implementation of all research and development programs of the Institute, and in general to supervise and direct the management, operation and administration of the Institute;

(b) Within the limits of the authority delegated to him by the Board, to execute contracts, incur obligations, acquire and dispose of assets and deliver documents on behalf of the Institute;

(c) To implement and enforce policies, decisions, orders, rules and regulations adopted by the Board; and

(d) To exercise such other powers and functions and perform such other duties as may be authorized or assigned by the Board.

SEC. 9. ***Compensation of PHILCEREAL Personnel.*** - The basic compensation of PHILCEREAL scientists, officials, and personnel shall be based on the Salary Standardization Law as well as other laws that may be promulgated for the purpose. Subject to guidelines approved by the Board of Trustees, PHILCEREAL shall have an incentive system similar to those provided for under the Magna Carta for Science and Technology Workers, a promotion system similar to the system in the Philippine Association of State Universities and Colleges (PASUC), retirement and other schemes and benefits for its scientists, officials and personnel on top of those provided under the Salary Standardization Law.

SEC. 10. ***Organization Structure and Staffing Pattern.*** - PHILCEREAL shall evolve an index of positions, organization structure and staffing pattern consistent with the dynamic nature of its RD&E programs. Such staffing pattern and organization structure shall be approved by the Board upon recommendation of the Director-General.

SEC. 11. ***Visiting Scientists, Research Fellows and Associates.*** - PHILCEREAL shall, for the purposes of this Act, obtain and secure the services of scholars, scientists, professional and technical personnel from other agencies in Government or the private sector. Such personnel may be hired as Visiting Scientists, Research Fellows and Associates to conduct specialized studies and

researches on cereals. Those so engaged by PHILCEREAL shall be issued appointments and shall be paid, as they are hereby authorized to be paid, such fees as determined by the Board in addition to whatever compensation or emoluments they are receiving from their respective mother agencies.

SEC. 12. ***Lands, Buildings, Facilities and Equipment.*** – PHILCEREAL is hereby authorized to own, sell and dispose lands; plan, construct, build, own, lease, sell or dispose buildings, facilities and equipment as may be necessary or proper to attain the purposes of this Act. It may also utilize facilities of any government agency which is engaged directly or indirectly in the research, development and extension of cereals.

SEC. 13. ***Tax Exemption.*** - PHILCEREAL is further authorized to purchase equipment, materials and articles, either locally or abroad, as may be necessary or proper to carry out its purposes and objectives under this Act, and shall be exempt from the payment, whether directly or indirectly, of any and all forms of taxes, duties, fees and charges imposed by any governmental authority, whether national or local, on any and all such importation of equipment, materials, articles and services.

All real and personal properties registered to PHILCEREAL and those whose beneficial use is granted to it by law, contract, grant or transfer, whether from the government, public or private sectors, shall be fully exempt from all forms of taxes, duties and fees, including but not limited to, realty taxes, transfer taxes, gains taxes, value added taxes, customs duties and fees, import and export taxes, and such other forms of tax and revenue imposed by or due to the government and/or any of its agencies or political subdivisions. The exemption herein mentioned shall supersede all existing laws and regulations.

Any provision of law notwithstanding, any donation, contribution, bequest, subsidy or financial aid which may be made to PHILCEREAL shall be exempt

from taxes of any kind and shall constitute allowable deductions in full from the income of the donors or the grantors for income tax purposes.

SEC. 14. ***Power of Eminent Domain.*** - PHILCEREAL is hereby authorized to expropriate lands, for cereals research, development and extension purposes provided just compensation is paid to the owners of the land. If the land belongs to the government or is inalienable, PHILCEREAL shall be granted automatic title to the land.

SEC. 15. ***Exemption from the Comprehensive Agrarian Reform Law Coverage.*** - All lands, farms, plantations, whether directly or indirectly owned, used, utilized or administered by PHILCEREAL, and those that it may hereinafter acquire or utilize for research, development and extension purposes, shall be exempt from the coverage of the Comprehensive Agrarian Reform Law.

SEC. 16. ***Automatic Appropriations for PHILCEREAL.*** - There is hereby and henceforth automatically appropriated for PHILCEREAL a minimum amount of Two hundred million pesos (₱200,000,000.00) annually to constitute its core funds to be released by the DBM automatically to PHILCEREAL. The core funds shall be used to finance the salaries, benefits and other mandatory expenditures and basic research activities of PHILCEREAL.

SEC. 17. ***Revolving Fund of PHILCEREAL.*** - In addition to the annual budget of PHILCEREAL, there shall be established an annual Revolving Fund which shall be considered part of the funds automatically released and appropriated to PHILCEREAL. The revolving fund, to be used for the purposes and objectives of this Act, shall be derived annually from the following sources:

a) Ten percent (10%) of the Competitiveness Enhancement Fund, to finance the establishment and maintenance of PHILCEREAL's research, development and

extension facilities and equipment;

b) Five percent (5%) of the total amount of customs duties and other charges imposed by the government on the annual importation of cereals, to finance the building of laboratories and other major capital outlay;

c) Five percent (5%) of the ten percent allotted for the annual research and development budget under R.A. 8435, to support projects implemented with the Local Government Units;

d) Contributions, donations, grants of loans from domestic and/or foreign sources to fund its special projects; and

e) Income from seed production and distribution and other investments and savings from its operations to fund the staff development program incentives, promotions, insurance and retirement benefits of scientists, officials and personnel.

SEC. 18. ***Civil Service Laws.*** - The officials, scientists, and employees of PHILCEREAL shall be subject to Civil Service Law, rules and regulations: Provided, That PHILCEREAL may establish its own qualifications standards, staff development program, career path, promotion system, insurance, incentives and retirement schemes for its officials, scientists and employees.

SEC. 19. ***Auditing.*** - The Chairman of the Commission on Audit shall be the ex officio auditor of PHILCEREAL. For this purpose, he may appoint a representative who shall be the auditor of the PHILCEREAL, together with the necessary personnel to assist said representative in the performance of his duties.

The Auditor shall, as soon as practicable, but not later than three months after accounts have been submitted to audit, send the annual report to the Board.

SEC. 20. ***Legal Counsel.*** - The PHILCEREAL shall establish its own legal services group and hire in-house counsel to take care of the handling of cases and

other legal services in coordination with the Office of the Government Corporate Counsel. The Government Corporate Counsel shall be the principal legal adviser and consultant of the PHILCEREAL. The PHILCEREAL may refer to the Office of the Government Corporate Counsel cases for legal action or trial, issues for legal opinions, preparation and review of contracts or agreements and other matters requiring the services of a lawyer.

SEC. 21. ***Transfer of Personnel, Assets and Liabilities.*** - All permanent personnel, records, appropriations, assets and liabilities of the PhilRice are hereby transferred to PHILCEREAL.

The incumbent Director-General of PhilRice shall be the officer-in-charge of PHILCEREAL pending the appointment of its Director-General.

SEC. 22. ***Residual Powers.*** - All powers and responsibilities of PhilRice not mentioned and which are not inconsistent with this Act shall be assumed by PHILCEREAL.

SEC. 23. ***Separability Clause.*** - If, for any reason part of this Act may be declared unconstitutional, the provisions not affected thereby shall remain in full force and effect.

SEC. 24. ***Repealing Clause.*** - Executive Order No. 1061, series of 1985 and Executive Order No. 60, series of 1986 are hereby repealed. Provisions of laws, decrees, executive orders, rules and regulations contrary to or inconsistent with the provisions of this Act are repealed, amended or modified accordingly.

SEC. 25. ***Effectivity Clause.*** - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,