

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

160
House Bill No. _____

INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

This is a re-submission of a proposed measure that has been in the legislative mill prior to the time the undersigned representation has been the Administrator of the National Food Authority in 2002, the government agency sought to be strengthened and which powers and functions, redefined.

Under Presidential Decree No. 4 the National Grains Authority was created to promote the integrated growth and development of the grains industry (rice and corn and other grains) so that it can adequately function as an institution conscious of its social responsibilities and capable of providing adequate and continuous food supply to the nation and of contributing to its proper share to the national economy. With the passage of Presidential Decree No. 1770, the limitation to the grains industry was removed, thus the National Grains Authority was reconstituted as the National Food Authority (NFA).

Over the years, the main focus of the NFA has been to maintain food security, to provide subsidy to rice farmers and to stabilize the prices of prime agricultural commodities, primarily corn, palay and rice. Thus, the NFA procures palay from farmers at prices which are usually higher than the prevailing farm gate prices. Then it sells rice to consumers at prevailing retail prices. Inevitably, the NFA incurs financial losses, which over the years has ballooned to more than 120 billion pesos.

The NFA, as dictated by its mandate, is bound to be financially ruined. As indicated by a study commissioned by the Department of Finance, it was revealed that about eighty percent (80%) of the losses suffered by the NFA was incurred, not due to managerial inefficiency but due to uncontrollable factors such as external policies it was imposed to implement. To date, the NFA's obligations has ballooned to

To say the least, an overhaul of the NFA is overdue.

This draft measure seeks to strengthen the NFA financially by wiping clean its current books and transferring its loans and non-core assets to the National Government; inject fresh new capitalization; and, provide for a more transparent funding mechanism.

It seeks to strengthen the NFA organizationally by streamlining its current organization; redefining the tasks of its individual units; strengthening and streamlining

its procedures and processes; and, to update its regulatory powers vis-à-vis current trade concepts.

Also, it endeavors to clarify the NFA operational mandates by redefining its main mandate as maintaining a buffer stock; allow realistic and market oriented pricing mechanism; redefine market areas wherein it can intervene; redefine and clarify its role in the development of the grains industry; and to enable it to act as a marketing service provider for purposes of farm and market stabilization.

Through this measure, the NFA shall become an effective tool in ensuring food security for all Filipinos. It would become more successful in stabilizing both the supply and prices of food grains. It would carry out regulatory and developmental functions to support farmers to increase their productivity and profitability. Finally, the NFA can ensure consumer's accessibility to, affordability and availability of food grains, especially during times of calamities.

In view of the foregoing, the immediate passage of the bill is earnestly sought.

A handwritten signature in dark ink, appearing to be 'A. Yap', with a large, sweeping flourish extending from the end of the signature.

ARTHUR C. YAP
Representative

Republic of the Philippines
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INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

AN ACT

AN ACT STRENGTHENING AND REDEFINING THE POWERS
AND FUNCTIONS OF THE NATIONAL FOOD AUTHORITY,
AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE
NOS. 4 AND 1770, AS AMENDED, RESPECTIVELY KNOWN AS
THE NATIONAL GRAINS AUTHORITY ACT AND THE
NATIONAL FOOD AUTHORITY ACT, APPROPRIATING FUNDS
THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "National Food
2 Authority Act of 2010".

3 **SECTION 2. *Declaration of Policy.*** - It shall be the policy of the State to ensure
4 food security for all Filipinos, and stability of both the supply and prices of foodgrains
5 and to carry out regulatory and developmental functions to support farmers to increase
6 their productivity, profitability, and to ensure consumer's accessibility and affordability
7 of foodgrains and availability during calamities.

8 **SECTION 3. *Statement of Goals and Objectives.*** - To carry out the foregoing
9 policy, the government shall orient its programs towards the immediate attainment of the
10 following goals and objectives.

- 11 1. To maintain the strategic rice reserve throughout the year during
12 calamities / emergencies;
- 13 2. To provide and promote effective and efficient government intervention

both at the farmgate and consumer level;

3. To promote marketing efficiency;

4. To provide and make available services including but not limited to marketing and post production technical services;

5. To strengthen the efficiency of the food grains supply chain;

6. To focus government subsidies to economically disadvantaged sectors;

7. To encourage private sector and Local Government Units to participate in the country's food security and price stabilization programs;

8. To institute measures to establish the integrity and assure the negotiability of warehouse receipts evidencing food grains in storage;

9. To promote developmental regulations aimed at enhancing competitiveness, transparency, and responsibility in the food grains industry.

10. To promote interrelationships among foodgrains industry stakeholders; and

11. To adopt all other measures for the food grains industry as may be necessary to achieve the foregoing policy.

SECTION 4. *Definition of Terms.* – As used in this Act, the following terms shall mean:

1) "Calamities" - refers to the fortuitous events which include acts of God such as but not limited to typhoons, floods, droughts, earthquakes, volcanic eruptions, lahar flows, and acts of man such as political and/or civil disturbances, and widespread civil unrest.

2) "Business Capitalization" - refers to the resources invested in the different lines of activities by the foodgrains businessmen. For purposes of this Act, capitalization includes the cost of stocks, whether on consignment or bought on cash basis, cost of facilities and equipment, loans used in the business and amount of working capital.

3) "Cartel" - is any combination of an agreement between two or more persons

1 engaged in the production, manufacturing, processing, storage, supply,
2 distribution, marketing, sale or disposition of any basic necessity or prime
3 commodity designed to artificially and unreasonably increase or manipulate its
4 price. There shall be prima facie evidence of engaging in a cartel whenever two
5 (2) or more persons or business enterprises competing for the same market and
6 dealing in the same basic necessity or prime commodity perform uniform or
7 complementary acts among themselves which tend to bring out artificial and
8 unreasonable increase in the price of any basic necessity or prime commodity or
9 when they simultaneously and unreasonably increase prices in their competing
10 products thereby lessening competition among themselves.

11 4) "Contumacy" - refers to a person's willful refusal to comply with summons of a
12 court or one's resistance to authority.

13 5) "Cornering" - Restricting the flow/delivery of goods intended for distribution in
14 other areas with the intent of accumulating such goods thus depriving intended
15 areas the use thereof.

16 6) "Diversion" - refers to any act of the following circumstances:

17 a) unreasonable depletion of stocks;

18 b) selling or lending government stocks to another grains businessmen;

19 c) selling or offering to sell the government stocks beyond the maximum
20 quantity or price allowed by the Authority; and

21 d) storing and/or selling and/or rep-packing the government stocks in other
22 places/stalls, and/or un-authorized markings, other than duly authorized by
23 law.

24 e) Unreasonable, intentional or undue delay in the delivery or unloading of NFA
25 stocks to any NFA authorized warehouses, store or places for storing food
26 grains.

27 7) "Farmgate Price" - refers to prevailing buying price of a certain commodity at the
28 farm level in a certain locality at a given specific time.

29 8) "Farmers" - refers to producers of agricultural food products. They can be tillers

1 of the land themselves or administrators or supervisors of the process.

2 9) "Foodgrains" - refers to palay, rice, corn and corngrits.

3 10) "Food security" - refers to the policy objective, plan and strategy of substantially
4 meeting the food requirements of the present and future generations of Filipinos,
5 ensuring that food is affordable and available to all, through a combination of
6 local production and importation, and consistent with the overall national
7 development objectives.

8 11) "Grains Standards" - refers to the standard specification for rice/palay and/or
9 corn grains/ corn grits and approved by the Authority for adoption by the Bureau
10 of Product Standards, Department of Trade and Industry.

11 12) "Hoarding" - refers to the undue accumulation by any person or a combination of
12 persons of any basic necessity or prime commodity beyond his or their normal
13 inventory levels or the unreasonable limitation or refusal to the unjustified taking
14 out of any basic necessity or prime commodity from the channels of production,
15 trade, commerce and industry. There shall be prima facie evidence of hoarding
16 when a person has stocks of food grains fifty (50 %) higher than the usual
17 inventory and unreasonably limits, refuses, or fails to sell the same to the general
18 public at the time of discovery of the stocks. The determination of a person's
19 usual inventory shall be reckoned from the third month immediately preceding the
20 discovery of the stocks in case the person has been engaged in the business for at
21 least three (3) months; otherwise it shall be reckoned from the time he started his
22 business.

23 13) "Illegal Acts of Price Manipulation" - refers to acts of hoarding, profiteering,
24 cartelizing committed by persons habitually engaged in production, manufacture,
25 importation, storage, transport, distribution, sale or other methods of disposition
26 of foodgrains.

27 14) "Licensing" - refers to the act of granting an authority/privilege to a qualified
28 applicant to engage in a particular line of activity in the rice and/or corn
29 industry.

1 15) "Minimum Market Access (MMA)" – refers to the volume of a specific
2 agricultural product that is allowed to be imported with a lower tariff as
3 commitment by the Philippines to the World Trade Organization (WTO).

4 16) "Price Manipulation"- refers to the act of causing prices of foodgrains to fall or
5 rise for one's own profit by changing or falsifying figures, accounts and other
6 related information.

7 17) "Registration" - shall mean the act of requiring businessmen engaged in certain
8 activities in the rice and / or corn industry to enlist themselves with the NFA for
9 purposes of monitoring only.

10 18) "Standard" - a specification adopted for wide use or repeated utilization. It is the
11 result of standardization effort approved by a recognized authority.

12 19) "Strategic Rice Reserve" – refers to the minimum inventory of rice equivalent to
13 at least fifteen days (15) national rice consumption or as maybe determined by
14 the Department of Agriculture to be maintained all year round under government
15 control as a matter of national policy to ensure food security during times of
16 calamities / emergencies whether natural or man made.

17 SECTION 5. *Policy Implementation* - To execute the foregoing policy, the
18 National Food Authority hereinafter referred to as the Authority shall be governed by the
19 National Food Authority Council hereinafter referred to as the Council. The powers and
20 functions of the Authority shall be vested in the Council which shall have the overall
21 responsibility for formulating and coordinating a comprehensive program for the
22 development of the food grains industry. The Council shall be composed of the
23 following:

24 Chairman:

25 Secretary of the Department of Agriculture

26 Vice Chairman:

27 The Administrator of the National Food Authority

28 Members:

29 Governor, Bangko Sentral ng Pilipinas

1 President of the Land Bank of the Philippines

2 President of the Development Bank of the Philippines

3 The Secretary of the Department of Finance

4 The Secretary of the Department of Trade and Industry

5 Representative of the Office of the President

6 Representative of the Farmers Sector

7 The Chairman shall be the Secretary of the Department of Agriculture. The Vice-
8 Chairman shall be the Administrator of the NFA. In the absence of the Chairman, the
9 Administrator of the National Food Authority shall act as the Chairman of the Council.

10 The Council shall meet regularly at least once a month on any date to be
11 determined by the Chairman. Provided, that the Chairman may convene special meetings
12 to discuss any urgent matters needing immediate resolution. The Council members shall
13 be entitled to a per diem for each meeting actually attended by them and as may be
14 determined by the Council in accordance with existing policies of the government. The
15 Council member in his absence may designate an alternate who should at least be a third
16 ranking official of the department/office. The alternate should be designated for at least
17 one year.

18 The Council shall adopt its own rules and regulations to govern its proceedings
19 and determine its official location and address.

20 **SECTION 6. *Organization*** - The Authority shall be governed by a Council
21 which shall create and administer, through, an Administrator as hereinafter provided, the
22 necessary staff and line units of the Authority, whose personnel compensation shall be
23 governed by the latest compensation laws. The Authority shall be attached to the
24 Department of Agriculture (DA) and shall not be abolished or privatized without
25 approval of Congress.

26 **SECTION 7. *Management*** - The Management of the Authority shall be vested
27 in an Administrator who shall be appointed by the President of the Philippines and who
28 shall direct and manage the affairs of the Authority, subject to the supervision of the
29 Council. The Administrator shall hold office for a term of three (3) years, except, when

1 earlier removed for cause, or until his successor shall have been appointed and qualified.

2 There shall be two (2) Deputy Administrators, appointed by the Administrator
3 with the confirmation of the Council, who shall assist the Administrator in the
4 performance of his functions. Either one of the Deputy Administrators, upon designation
5 of the Administrator, shall perform the duties and exercise the powers and functions of
6 the Administrator in the absence of the latter.

7 There shall also be Assistant Administrators as the Administrator may deem
8 necessary to assist him in the performance of his functions to supervise and cover
9 functional areas as the Administrator may determine with the confirmation of the
10 Council.

11 The Administrator shall appoint, remove, suspend or otherwise discipline in
12 accordance with the existing civil service laws, rules and regulations other officers and
13 employees whose appointments do not require confirmation of the Council.

14 The Administrator and the Deputy Administrators shall not be less than thirty-five
15 (35) years of age, while the Assistant Administrators shall not be less than 30 years of
16 age, all of whom should be natural-born citizens of the Philippines, of proven honesty
17 and integrity, and of recognized managerial competence.

18 SECTION 8. *Powers, Functions and Responsibilities of the Authority.* – The
19 Authority shall have the following powers, functions and responsibilities:

- 20 1. To maintain and manage throughout the year a Strategic Rice Reserve equivalent
21 to at least fifteen (15) days national rice consumption or as may be determined by
22 the Department of Agriculture, for food security purposes;
- 23 2. To undertake stabilization function when commissioned by the Department of
24 Agriculture and to be paid for such service;
- 25 3. To provide rice for the Department of Social Welfare and Development pro-poor
26 programs and to be paid for such service;
- 27 4. To maintain and operate post harvest facilities to be able to provide services;
- 28 5. To undertake importation of rice and corn in order to maintain the appropriate
29 volume of Strategic Rice Reserve and shall be entitled to tax expenditure subsidy;

- 1 6. To enter into an agreement with another government to import rice and corn and
2 other foodgrains when approved by the President;
- 3 7. To engage in other food commodities on opportunity and need basis;
- 4 8. To undertake when authorized by the President of the Philippines duty and tariff
5 free importation of other food commodities;
- 6 9. To establish rules and regulations governing the allocation of tariff import quotas
7 for rice with Minimum Market Access (MMA) among private sector, entities and
8 farmer cooperatives, and impose fees and charges for said transactions, when
9 necessary;
- 10 10. To monitor supply and demand indicators of foodgrains including the imports and
11 exports of the private sector in coordination with concerned agencies;
- 12 11. To own, lease, or acquire ownership by purchase, or to invest in, hold, sell,
13 mortgage, pledge or otherwise dispose of properties, stocks or bonds or any
14 interest in either or any obligation or evidence of indebtedness of any person,
15 partnership, firm or corporation;
- 16 12. To own, lease, operate or otherwise hold land, buildings, equipment, facilities and
17 such other properties as may be necessary to carry out its functions;
- 18 13. To enter into, make, perform and carry out contracts of class and description
19 necessary or incidental to the realization of its functions with other persons, firm
20 or corporation, private or public, including loans or borrowings by the Authority
21 from domestic or foreign sources which shall be guaranteed by the National
22 Government but within specific limits or initiate contracts and/or agreements in
23 behalf of the industry between the Philippine Government and any foreign
24 government or institution;
- 25 14. To sue and be sued. To adopt, alter and use an official seal which shall be of
26 judicial notice; and otherwise to do and perform any and all acts as may be
27 necessary to carry into effect the provisions of this Act or as are essential to the
28 proper conduct of its operations.
- 29 15. To avail of foreign grants and development aid to support its development thrusts

1 and to ensure that technologies and expertise are up-to-date;

2 16. To set aside part of its revenues and fees generated to finance reward and
3 incentive systems for programs such as but not limited to anti-hoarding and anti-
4 smuggling;

5 17. To invest its fund or assets in such undertaking as it may deem wise and
6 necessary such as but not limited to investment in any and all kinds of securities,
7 stocks, bonds and other secured collateral and to issue debt instruments that are
8 agri-agra eligible;

9 18. To create and establish, a Provident Fund which shall consist of contributions
10 made both by the Authority and its officers and employees to a common fund for
11 the payment of retirement and other benefits to such officers and employees or
12 their heirs under such terms and conditions as the Council may fix;

13 19. To establish and/or restructure its own internal organization and to fix the
14 remuneration, emoluments, allowances, and other fringe benefits of its officers
15 and employees as the Council may deem fit;

16 20. To establish rules and regulations governing the importation of rice, and to
17 license, impose, prescribe penalties and fines for non-compliance with established
18 rules and procedures and collect fees and charges for said importation for the
19 purpose of equalizing the selling price of such imported rice with the normal
20 prevailing domestic prices;

21 21. To establish rules and regulations governing the export of rice, and/or its
22 substitutes and its by-products and to collect fees and charges for such exportation
23 at rates to be determined by the Council;

24 22. To register, license and supervise persons, natural or juridical, who shall engage
25 in the business of providing goods and services in support of the different
26 activities involved in the production, processing, transporting, warehousing
27 (whether bonded or not bonded), marketing and trading of food grains and/or their
28 substitutes and/or their by-products/end products and to prescribe, impose and
29 collect fees, charges and/or surcharges in licensing and regulating the operations

1 of such persons;

2 23. To register, license and supervise persons, natural or juridical, engaged in the
3 wholesale and/or retail business of rice and corn and their by-products and to
4 impose and collect fees to be determined by the Council;

5 24. To register, license and supervise persons, natural or juridical, engaged in the
6 processing or manufacture of good where rice or corn are used as ingredients in
7 the manufacture of premix, starch, oil and animal feeds and/or similar
8 commodities and/or their by-products and to impose and collect fees to be
9 determined by the Council;

10 25. To register, license and supervise mills, warehouses, whether bonded or not
11 bonded; and to prescribe, impose and collect fees, charges, and/or surcharges in
12 licensing and regulating warehouses and mills.

13 26. To formulate and implement regulations governing the foodgrains warehouse
14 receipt;

15 27. To import/export or cause the importation/exportation of food grains
16 products/commodities and/or raw materials, equipment and facilities needed in
17 the manufacture/processing of food grains commodities as may be approved by
18 the Council;

19 28. To engage in the production, manufacturing, processing and/or packaging of food
20 products/commodities as may be necessary to effectively carry out its functions
21 and as approved by the Council;

22 29. To establish and enforce standards in storage, milling, distribution, shipping,
23 drying, handling, hauling, grading, sampling and inspection, test and analysis,
24 specification, nomenclature, units of measurement, code of practice and
25 packaging, conservation, and transport for food items;

26 30. To introduce more efficient post harvest systems and technologies, and to
27 coordinate with research and development entities in foodgrains processing and
28 marketing;

29 31. To promote interrelationships among foodgrains industry stakeholders;

1 32. To establish networks with national and international institutions for the
2 development of the food grains industry;

3 33. To coordinate with other government agencies engaged in the study, research and
4 promotion of measures desired to enhance the integrated growth and development
5 of the foodgrains industry;

6 34. To call upon and/or deputize any official of such government agencies as may be
7 necessary to assist the Authority in carrying out its functions;

8 35. To inspect foodgrains stored in private warehouses for the purpose of taking
9 inventory and monitoring commercial stock, prices and stocks movement;

10 36. To order the seizure whenever, there is cornering, hoarding or improper
11 acquisition of stocks as may be defined by the Authority of rice and/or corn
12 and/or other food grains and substitutes and/or their by-products/end-products
13 thereof, including facilities and equipment used in said activities, or whenever
14 there is a scarcity of supply of such commodity in the consumer market and/or an
15 unwarranted increase in the price thereof, of the hoarded commodity and its
16 public sale in such quantity as may be needed to stabilize prices to normal levels;

17 37. To provide for the enforcement of the provisions of this Act or any Regulations
18 issued or which may hereafter be issued pursuant thereto, the implementation and
19 enforcement of which is vested with the Authority, and for actually committing
20 violation thereto, shall prescribe and impose administrative fines and penalties, to
21 conduct investigations and to require by subpoena and/or subpoena "duces tecum"
22 the attendance and testimony of witnesses, the production of books, papers,
23 documents, exhibits, records, evidence; to administer oath by himself or his duly
24 authorized representative, and to make arrests. Any case of contumacy shall be
25 dealt with in accordance with the procedure prescribed in the provisions of
26 Section Five Hundred Eighty (580) of the Revised Administrative Code. Any
27 fine imposed and collected under this paragraph shall form part of the Authority's
28 funds; and

29 38. To coordinate with appropriate enforcement agencies to make arrest of persons

1 for violation of any offenses enumerated in this Act and other pertinent rules and
2 regulations, circulars, orders and directives which may be promulgated hereafter
3 by the Authority under the following circumstances: a) when the person to be
4 arrested had committed or is actually committing an offense in the presence of the
5 Administrator or his authorized representative; b) when an offense has in fact
6 been committed and; c) has reasonable ground to believe that the person to be
7 arrested has committed it;

8 **SECTION 9. *Exemptions.*** - The Authority is hereby declared exempt:

- 9 1. From the provisions of R.A. 9184 and its IRR, for the procurement of rice and
10 corn, upon the express written approval of the President of the Philippines;
 - 11 2. From payment of all taxes, duties, fees, imposts charges, costs and restrictions to
12 the Republic of the Philippines, provinces, cities, municipalities and other
13 agencies and instrumentalities, including the taxes, duties, fees, imposts and other
14 charges provided for under the Tariff and Customs Code of the Philippines, R.A.
15 No. 1937, as amended by Presidential Decree No. 34, dated October 27, 1972,
16 and Presidential Decree No. 69, dated November 24, 1972, and all filing, docket,
17 and service fees, bonds and other charges or costs in any court or administrative
18 proceedings in which the Authority may be a party.
 - 19 3. From all income taxes, franchise taxes and realty taxes to be paid to the National
20 Government, its provinces, cities, municipalities and other government agencies
21 and instrumentalities; and
 - 22 4. From all duties, arrastre fees in so far as the government's share is concerned,
23 including all charges and fees imposed under Presidential Decree No. 857,
24 compensating taxes and advance sales taxes, wharfage fees and tonnage dues on
25 import or export of goods required for its operations and projects.
- 26 All documents or contracts executed by or in favor of the Authority shall also be
27 exempt from the payment of documentary and science stamp taxes and
28 registration fees: Provided, however, that this exemptions shall not apply to taxes

1 and assessments payable by persons or entities transacting business with the
2 Authority.

3 5. From coverage of Presidential Decree No. 711 (Abolishing All Existing Special
4 Fiduciary Funds and Transferring to the General Fund the Operations and
5 Funding of all Special and Fiduciary Funds).

6 6. From compulsorily procuring from the Government Service Insurance System for
7 its insurance coverage for its rice and corn importation.

8 **SECTION 10. *Assets and Liabilities.*** - The National Food Authority shall
9 transfer all its loans and its non core assets to an NFA Board of Liquidators (NFA-BOL)
10 which shall handle the disposition and liquidation of the transferred assets and liabilities.
11 It shall be deemed abolished upon full disposition of assets and liquidation of all
12 liabilities but not later than ten (10) years. The Personnel Services (PS) and the
13 Maintenance and Other Operating Expenses (MOOE) of the NFA-BOL shall be provided
14 for by the National Government.

15 **SECTION 11. *Capitalization.*** - The National Food Authority shall have a total
16 authorized capitalization initially in the form of existing assets amounting to Twenty
17 Billion Pesos (P20,000,000,000.00). The balance shall be provided in the form of equity
18 contribution thru the General Appropriations Act.

19 The national government shall make additional equity investment into the
20 Authority out of funds appropriated in the General Appropriations Act.

21 **SECTION 12. *Funding.*** - The Government through DBM shall include in the
22 annual President's budget proposal, funds to be utilized for personal services, interest and
23 other maintenance and operating expenses to maintain its food security buffer stock. In
24 the event that the Authority is commissioned to implement programs for price and supply
25 stabilization and poverty alleviation, the Department of Agriculture will provide NFA the
26 funds difference between the NFA buying price and the desired ex-farm price to
27 influence the market or NFA selling price vis-à-vis the desired consumer price, while the
28 Department of Social Welfare and Development will provide NFA the price difference
29 between the NFA's selling price and DSWD's desired price for pro-poor programs.

1 Funds for the programs shall likewise be included by DFM for DA and DSWD in the
2 President's budget.

3 **Section 13. *Separation Incentive Package.*** - The Authority shall provide for a
4 continuing separation package for its officers and employees who choose to leave or
5 retire from the government service subject to Council approval and shall be given a
6 separation incentive package equivalent to the following scale:

7 1 - 20 years 1.5 x gross monthly pay ^{1/12} x yr of service for the first 20 years
8 21 - 30 years 2.0 x gross monthly pay ^{1/12} x yr. of service in excess of 1st 20 years
9 more than 30 years 2.5 x gross monthly pay ^{1/12} x yr. of service in excess of 1st 30
10 years

11 In addition to other retirement benefits to which they are entitled to under existing
12 laws and regulations. Employees who opt to retire under RA 1616 shall receive only 1.5
13 gross monthly pay for every year of service under SIP. No NFA personnel shall be
14 involuntarily separated.

15 **SECTION 14. *Offenses and Penalties.*** - Notwithstanding the provisions of any
16 laws or regulations to the contrary, and for purposes of carrying out the provisions of this
17 Act, the following acts or omissions are hereby considered as serious, less serious and
18 light offenses and corresponding penalties therefore are herein prescribed:

19 a) **Serious Offenses-** Any of the following acts or omissions shall constitute a
20 serious offense:

- 21 1) Hoarding of foodgrains as defined in this Act;
- 22 2) Any act of diversion as defined in this Act;
- 23 3) The act of manipulating the prices of foodgrains as defined in this Act;
- 24 4) Printing, issuing, or knowingly using, possessing or negotiating a canceled,
25 unauthorized, illegal, counterfeit or falsified warehouse receipt;
- 26 5) Failure or refusal of foodgrains bonded warehouseman, without any lawful
27 excuse, to deliver foodgrains deposited with him: Provided, however, that the
28 warehouseman shall be entitled to the allowance authorized for depreciation
29 of the foodgrains deposited.

1 The offender shall, upon conviction, be punished by imprisonment of not less than
2 four (4) years and one (1) day nor more than six (6) years, or a fine of not less than
3 Fifty Thousand Pesos (P50,000.00) nor more than One Hundred Twenty Thousand
4 Pesos (P120,000.00) or both fine and imprisonment at the discretion of the court.

5 b) **Less Serious Offenses** - Any of the following acts or omissions shall constitute a
6 less serious offense:

- 7 1) Connivance in the concealment of a stock shortage in a foodgrains warehouse;
- 8 2) Knowingly submitting any report to the Authority containing false
9 information or data;
- 10 3) Misrepresentation in connection with any application for license to engage in
11 foodgrains business;
- 12 4) Failure or refusal of a warehouseman to allow the Authority or his duly
13 authorized representative to inspect or examine their foodgrain stocks to
14 conceal shortages or to misrepresent the quantity or quality of his foodgrain
15 stocks, including the impeding of such inspection and examination by
16 abandonment, absence or otherwise; and
- 17 5) Engaging in the business of foodgrains retailing, wholesaling, threshing,
18 shelling, warehousing, milling, exporting, importing, trading, growing and
19 selling of certified seed, manufacturing or processing without a valid license.

20 The offender shall, upon conviction, be punished by imprisonment of not less
21 than six (6) months and one (1) day nor more than four (4) years, or by fine
22 of not less than Thirty Thousand Pesos (P30,000.00), nor more than Fifty
23 Thousand Pesos (P50,000.00), or both fine and imprisonment, at the discretion
24 of the court.

25 c) **Light Offenses** - Any of the following acts or omissions shall constitute a light
26 offense:

- 27 1) Non-compliance with the rules, regulations, decisions, orders, circulars or
28 directives lawfully issued by the Council, provided non-compliance does not
29 constitute a higher offense as herein above provided;

1 2) Selling or offering to sell to the Authority by any person of palay or corn or
2 other foodgrains other than that directly produced by him as farmer or shared
3 by him as tenant or landlord, knowingly buying such foodgrains by any
4 authorized personnel for the Authority; connivance by any person in the
5 selling or buying of such foodgrains; and

6 3) Any other violation of the provision of this Act for which no specific penalty
7 is prescribed and which is not punished under any other existing law.

8 The offender shall, upon conviction, be punished by imprisonment of not less
9 than one (1) month and one (1) day nor more than six (6) months, or a fine of
10 not less than Five Thousand Pesos (P5,000.00) nor more than Thirty
11 Thousand Pesos (P30,000.00) or both such fine and imprisonment, at the
12 discretion of the court.

13 In addition to the foregoing penalties, the Administrator is hereby authorized to
14 prescribe and impose fines and penalties.

15 **SECTION 15. *Repealing Clause.*** - Provisions of Presidential Decree Nos. 4
16 and 1770, as amended and all other laws, decrees, executive orders, rules and regulations,
17 issuances or parts thereof inconsistent with the provisions of this Act are hereby
18 expressly repealed or modified accordingly.

19 **SECTION 16. *Repealing Clause.*** - All laws, executive orders, presidential
20 decrees, proclamations, rules, regulations, issuances and enactments of parts thereof
21 inconsistent with this Act are hereby repealed or modified accordingly.

22 **SECTION 17. *Effectivity.*** - This Act shall take effect fifteen (15) days from its
23 complete publication in the Official Gazette or in a newspaper of general circulation in
24 the Philippines, whichever comes earlier.

APPROVED.