

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 771

Introduced by **HONORABLE EDCEL C. LAGMAN**

EXPLANATORY NOTE

The Constitution mandates that the State shall "promote industrialization and full employment based on sound agricultural development and agrarian reform." A transformed agricultural sector becomes a reliable market for the consumer goods and farm implements produced by the industrial sector. Through the multiplier process, an initial impulse of agricultural activity spreads to other sectors of the economy.

Agricultural development, however, can be an end in itself. The income of the farmer must be raised to allow him to satisfy his basic needs and to enhance his self-esteem.

For the *palay* farmer's income to increase, his value added in rice production must rise. Over the decades the farmer's contribution to rice production has been confined to tilling the land and harvesting the crop. Necessarily, his income has been limited to a fraction of the value of *palay* harvested.

Yet, as the pernicious practice of rice cartels indicates, the bigger income is earned from the time the harvested *palay* leaves the farm to the time milled rice reaches the market.

This bill proposes that the farmer gets the lion's share in this off-farm income. Hence, the proposal to have the farmer own post-harvest facilities like warehouses, rice mills and transport facilities to be provided and advanced by the government and acquired by farmers' cooperatives at cost to be amortized for a period of time. The farmers' control and ownership of the storage, milling and transport facilities of rice production will markedly increase their income.

Corollarily, the bill encourages the formation and development of farmers' cooperatives which will own and manage the post-harvest facilities.

In the long term, the bill will render the *palay* and rice price subsidies unnecessary and will therefore be a source of budgetary relief for the government.

The bottom line is to make rice the end-product of the farmers to assure their economic stability. For as long as *palay* is their end-product their lives will be as wretched as ever despite continuing *palay* and rice price subsidies which barely benefit them.

The enactment of this bill is of critical immediacy.


EDCEL C. LAGMAN

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AN ACT
PROVIDING POST-HARVEST FACILITIES TO RICE FARMERS

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

SECTION 1. This Act shall be known as the "Post-Harvest Facilities Support Act of 2010."

SEC. 2. It is the policy of the State to promote agricultural and, more broadly, rural development. Specifically, the State aims to raise farm incomes to a level high enough to allow the farmers to satisfy their material needs and enhance their self-esteem. It is also the policy of the State to encourage and strengthen non-government organizations, such as farmers' organizations and cooperatives.

SEC. 3. The Department of Public Works and Highways, in consultation with the Department of Agriculture, the Department of Agrarian Reform, and farmers' cooperatives shall construct warehouses and rice mills in every rice-producing municipality and city in the Philippines: *Provided*, That in the initial phase of the program, every district with at least one rice-producing municipality shall be the beneficiary of at least one warehouse and rice mill.

SEC. 4. The Department of Trade and Industry, in consultation with the Department of Agriculture, the Department of Agrarian Reform, and farmer cooperatives, shall provide the equipment and machinery necessary to operate these warehouses and rice mills as well as the necessary transport facilities.

SEC. 5. The warehouses and rice mills, including the equipment and machinery required to operate them, shall be sold to the accredited farmers' cooperatives which will be given 25 years to amortize the facilities at cost or without interest.

SEC. 6. The amount of One Billion (P1-B) Pesos is initially appropriated for the program. In subsequent years, the amount necessary to pursue the program shall be incorporated in the General Appropriations Act, and the funding shall come from, among others, the savings realized from the phasing out of the palay and rice subsidies and from amortizations then accumulated.

SEC. 7. Within thirty (30) days from the effectivity of this Act, the Department of Public Works and Highways, the Department of Agriculture, the Department of Agrarian Reform and the Department of Trade and Industry shall jointly promulgate the necessary rules and regulations to implement this Act.

SEC. 8. If any provision in this Act or the application thereof is held invalid or unconstitutional, the validity of other provisions not affected thereby, shall be in full force and effect.

SEC. 9. All laws, decrees, orders, proclamations, rules and regulations, and other issuances, inconsistent herewith, are hereby repealed or modified accordingly.

SEC. 10. This Act shall take effect upon its approval.

Approved,