

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
Fifteenth Congress
First Regular Session

HOUSE BILL NO. 1528

Introduced by Honorable Dakila Carlo "Dax" E. Cua

AN ACT STRENGTHENING
THE NATIONAL FOOD AUTHORITY,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

To promote the growth and development of the grains industry, the National Grains Authority (NGA) was created under Presidential Decree No. 4 on September 26, 1972. The NGA was reconstituted into what is now the National Food Authority (NFA) through Presidential Decree No. 1770 on January 14, 1981 with an original mandate to promote the integrated growth and development of the grains industry, to provide food security in the staple cereals in times and places of calamity or emergency, both natural or man-made and to promote the stabilization of supply and prices of staple cereals both at the farm-gate and consumer levels. It performs these functions through various activities and strategies, which include procurement of paddy from individual bonafide farmers and their organizations, buffer stocking, processing activities, dispersal of paddy and milled rice to strategic locations and distribution of the staple grain to various marketing outlets at appropriate times of the year.

Tasked with the mandate to stabilize the supply and price of rice, the NFA buys palay from farmers at prices higher than farm-gate prices and then sells rice to consumers at lower than market prices. Such a practice had, over the years, resulted in mounting losses and debts to NFA. Based on NFA's 2009 Annual Report, it has a total outstanding obligations of P146.87 Billion, composed of short-term and long-term loans as well as the debt papers it issued to refinance existing debts and to fund operations. In addition, the NFA availed of P17.703 billion in tax subsidy from the government for its importation of rice and corn.

In view of these mounting losses and as part of the efforts to trim the national budgetary deficit, the government in the last five years has been looking into the possibility of restructuring, streamlining or privatizing certain activities of the NFA. To this end, there have been several bills filed in the Philippines' Congress designed to make NFA more relevant to the needs of the times. Unfortunately, none of them was enacted into law.

This House Bill, which the undersigned is filing for the Fifteenth Congress, aims to strengthen the National Food Authority by providing for the following, to wit:

- 1) The NFA shall stabilize the supply and price of foodgrains preferably through local procurement when commissioned by the Department of Agriculture and shall be paid for such service;
- 2) The NFA shall provide rice and other basic commodities for pro-poor programs of the Department of Social Welfare and Development and shall be paid for such service;
- 3) The NFA shall be attached to the Department of Agriculture and cannot be abolished or privatized without approval of Congress.
- 4) The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors which shall be chaired by the Secretary of the Department of Agriculture. Likewise, a representative from the business sector and the farmers sector shall seat in the Board.
- 5) The NFA shall start on a clean slate basis and shall transfer all its loans and its noncore program assets to an NFA Board of Liquidators (NFA-BOL) which shall handle the disposition and liquidation of the transferred assets and liabilities.
- 6) The NFA shall have a total authorized capitalization initially in the form of existing assets amounting to Twenty Billion Pesos. The balance shall be provided in the form of equity contribution thru the General Appropriations Act.
- 7) The Government, through the Department of Budget and Management, shall include in the annual President's budget proposal, funds to be utilized for personal services, interest and other maintenance and operating expenses to maintain its food security buffer stock.
- 8) The Authority shall provide for a continuing separation package for its officers and employees who choose to leave or retire from the government service.

In view of the foregoing, early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to be "D. Macun", is written in a cursive style.

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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 **SEC. 2. Declaration of Policy.** - It shall be the policy of the State to ensure food
4 security for all Filipinos, adequate supply of foodgrains at all times and in all places, and
5 reasonable levels of prices of foodgrains, and to carry out regulatory and developmental
6 functions to support farmers and grainsbusinessmen so as to increase their productivity and
7 profitability.

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

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

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

- 1 amount of working capital.
- 2 c) Cartel - refers to any combination of an agreement between two or more
3 persons engaged in the production, manufacturing, processing, storage, supply,
4 distribution, marketing, sale or disposition of any basic necessity or prime
5 commodity designed to artificially and unreasonably increase or manipulate its
6 price. There shall be prima facie evidence of engaging in a cartel whenever two
7 (2) or more persons or business enterprises competing for the same market and
8 dealing in the same basic necessity or prime commodity perform uniform or
9 complementary acts among themselves which tend to bring out artificial and
10 unreasonable increase in the price of any basic necessity or prime commodity
11 or when they simultaneously and unreasonably increase prices in their
12 competing products thereby lessening competition among themselves.
- 13 d) Contumacy - refers to a person's willful refusal to comply with summons of a
14 court or one's resistance to authority.
- 15 e) Cornering – refers to restricting the flow/delivery of goods intended for
16 distribution in other areas with the intent of accumulating such goods thus
17 depriving intended areas the use thereof.
- 18 f) Diversion - refers to any act of the following circumstances:
19 1) unreasonable depletion of stocks;
20 2) selling or lending government stocks to another grains businessmen;
21 3) selling or offering to sell the government stocks beyond the maximum
22 quantity or price allowed by the Authority;
23 4) storing and/or selling the government stocks in other places/stalls,
24 other than duly authorized by law; and
25 5) unreasonable, intentional or undue delay in the delivery or unloading
26 of NFA stocks to any NFA authorized warehouses, store or places for
27 storing food grains.
- 28 g) Farmgate Price - refers to prevailing buying price of a certain commodity at the
29 farm level in a certain locality at a given specific time.
- 30 h) Farmers – refers to producers of agricultural food products. They can be tillers
31 of the land themselves or administrators or supervisors of the process.
- 32 i) Foodgrains - refers to palay, rice, corn and corngrits.
- 33 j) Food security - refers to the policy objective, plan and strategy of substantially

meeting the food requirements of the present and future generations of Filipinos, ensuring that food is affordable and available to all, through a combination of local production and importation, and consistent with the overall national development objectives.

k) Grains Standards - refer to the standard specification for rice/palay and/or corn grains/ corn grits and approved by the Authority for adoption by the Bureau of Product Standards, Department of Trade and Industry.

l) Hoarding – refers to the undue accumulation by any person or a combination of persons of any basic necessity or prime commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to the unjustified taking out of any basic necessity or prime commodity from the channels of production, trade, commerce and industry. There shall be prima facie evidence of hoarding when a person has stocks of food grains fifty percent (50%) higher than the usual inventory and unreasonably limits, refuses, or fails to sell the same to the general public at the time of discovery of the stocks.⁷ The determination of a person's usual inventory shall be reckoned from the third month immediately preceding the discovery of the stocks in case the person has been engaged in the business for at least three (3) months; otherwise it shall be reckoned from the time he started his business.

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

n) Licensing – refers to the act of granting an authority/privilege to a qualified applicant to engage in a particular line of activity in the rice and/or corn industry.

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

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

q) Registration – refers to the act of requiring businessmen engaged in certain

activities in the rice and / or corn industry to enlist themselves with the NFA for purposes of monitoring only.

r) Standard – refers to a specification adopted for wide use or repeated utilization. It is the result of standardization effort approved by a recognized authority.

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

SEC. 4. National Food Authority. – Pursuant to the original mandate of Presidential Decree No. 4, as amended, entitled: “Proclaiming the Creation of the National Grains Authority and Providing Funds Therefor”, the National Food Authority, hereinafter referred to as the “Authority”, shall be the body corporate tasked to maintain an adequate and continuous food supply at reasonable prices in the country. The Authority shall be attached to the Department of Agriculture and cannot be abolished or privatized without approval of Congress.

The Authority shall have its principal place of business in Metro Manila and it may establish such branches, offices, or agencies within Metro Manila and in other places of the country as it may deem proper and necessary for the efficient and effective conduct of its operations and business.

SEC. 5. Powers and Functions of the Authority. – The Authority shall have the following purposes and functions:

a) Maintain and manage throughout the year a Strategic Rice Reserve equivalent to at least fifteen (15) days national rice consumption or as may be determined by the Department of Agriculture, for food security purposes;

b) Stabilize supply and price of foodgrains preferably through local procurement when commissioned by the Department of Agriculture and to be paid for such service;

(c) Provide rice and other basic commodities for pro-poor programs of the Department of Social Welfare and Development and to be paid for such service;

c) Maintain and operate post harvest facilities;

d) Undertake importation of rice and corn when authorized by the President in

- 1 order to maintain the appropriate volume of Strategic Rice Reserve and be
2 entitled to tax expenditure subsidy;
- 3 e) Engage in other commodities and undertake duty and tariff free importation of
4 such commodities when authorized by the President of the Philippines;
- 5 f) Establish rules and regulations governing the allocation of tariff import quotas
6 for rice with Minimum Market Access (MMA) among private sector, entities
7 and farmer cooperatives, and impose fees and charges for said transactions,
8 when necessary;
- 9 g) Monitor supply and demand indicators of foodgrains including the imports and
10 exports of the private sector in coordination with concerned agencies;
- 11 h) Own, lease, or acquire ownership by purchase, or to invest in, hold, sell,
12 mortgage, pledge or otherwise dispose of properties, stocks or bonds or any
13 interest in either or any obligation or evidence of indebtedness of any person,
14 partnership, firm or corporation;
- 15 i) Enter into, make, perform and carry out contracts and description necessary or
16 incidental to the realization of its functions with other persons, firms or
17 corporations, private or public, including loans or borrowings by the Authority
18 from domestic or foreign sources which shall be guaranteed by the National
19 Government but within specific limits or initiate contracts and/or agreements
20 between the Philippine Government and any foreign government or
21 institution;
- 22 j) Sue and be sued;
- 23 k) Adopt, alter and use an official seal which shall be of judicial notice; and
24 otherwise to do and perform any and all acts as may be necessary to carry into
25 effect the provisions of this Act or as are essential to the proper conduct of its
26 operations;
- 27 l) Avail of foreign grants and development aid to support its development thrusts
28 and to ensure that technologies and expertise are up-to-date;
- 29 m) Create and establish a Provident Fund which shall consist of contributions
30 made both by the Authority and its officers and employees to a common fund
31 for the payment of retirement and other benefits to such officers and
32 employees or their heirs under such terms and conditions as the Board may
33 fix;

- 1 n) Establish and/or restructure its own internal organization and to fix the
2 remuneration, emoluments, allowances, and other fringe benefits of its officers
3 and employees as the Board may deem fit;
- 4 o) Establish rules and regulations governing the importation of rice, and to
5 license, impose, prescribe penalties and fines for non-compliance with
6 established rules and procedures and collect fees and charges for said
7 importation for the purpose of equalizing the selling price of such imported
8 rice with the normal prevailing domestic prices;
- 9 p) Establish rules and regulations governing the export of rice, and/or its
10 substitutes and its by-products and to collect fees and charges for such
11 exportation at rates to be determined by the Board;
- 12 q) Register, license and supervise persons, natural or juridical, who shall engage
13 in the business of providing goods and services in support of the different
14 activities involved in the production, processing, transporting, warehousing
15 (whether bonded or not bonded), marketing and trading of foodgrains and/or
16 their substitutes and/or their by-products/end products and to prescribe,
17 impose and collect fees, charges and/or surcharges in licensing and regulating
18 the operations of such persons;
- 19 r) Register, license and supervise mills, warehouses, whether bonded or not
20 bonded; and to prescribe, impose and collect fees, charges, and/or surcharges
21 in licensing and regulating warehouses and mills.
- 22 s) Formulate and implement regulations governing the foodgrains warehouse
23 receipt;
- 24 t) Establish and enforce standards in storage, milling, distribution, shipping,
25 drying, handling, hauling, grading, sampling and inspection, test and analysis,
26 specification, nomenclature, units of measurement, code of practice and
27 packaging, conservation, and transport for food items;
- 28 u) Introduce more efficient post harvest systems and technologies, and to
29 coordinate with research and development entities in foodgrains processing
30 and marketing;
- 31 v) Promote interrelationships among foodgrains industry stakeholders;
- 32 w) Establish networks with national and international institutions for the
33 development of the food grains industry;

- 1 x) Coordinate with other government agencies engaged in the study, research and
2 promotion of measures desired to enhance the integrated growth and
3 development of the foodgrains industry;
- 4 y) Inspect foodgrains stored in private warehouses for the purpose of taking
5 inventory and monitoring commercial stock, prices and stocks movement;
- 6 z) Order the seizure whenever, there is cornering, hoarding or improper
7 acquisition of stocks as may be defined by the Authority of rice and/or corn
8 and/or other food grains and substitutes and/or their by-products/end-products
9 thereof, including facilities and equipment used in said activities, or whenever
10 there is a scarcity of supply of such commodity in the consumer market and/or
11 an unwarranted increase in the price thereof, of the hoarded commodity and its
12 public sale in such quantity as may be needed to stabilize prices to normal
13 levels;
- 14 aa) Provide for the enforcement of the provisions of this Act or any Regulations
15 issued or which may hereafter be issued pursuant thereto, the implementation
16 and enforcement of which is vested with the Authority, and for actually
17 committing violation thereto, shall prescribe and impose administrative fines
18 and penalties, to conduct investigations and to require by subpoena and/or
19 subpoena "duces tecum" the attendance and testimony of witnesses, the
20 production of books, papers, documents, exhibits, records, evidence; to
21 administer oath by himself or his duly authorized representative, and to make
22 arrests. Any case of contumacy shall be dealt with in accordance with the
23 procedure prescribed in the provisions of Section Five Hundred Eighty (580)
24 of the Revised Administrative Code. Any fine imposed and collected under
25 this paragraph shall form part of the Authority's funds; and
- 26 bb) Make arrest of persons for violation of acts prohibited enumerated under this
27 Act and other pertinent rules and regulations, circulars, orders and directives
28 which may be promulgated hereafter by the Authority under the following
29 circumstances:
- 30 1) when the person to be arrested had committed or is actually
31 committing an offense in the presence of the Administrator or his
32 authorized representative;
- 33 2) when an offense has in fact been committed and

3) has reasonable ground to believe that the person to be arrested has committed it.

SEC. 6. Board of Directors. - The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the Secretary of the Department of Agriculture (DA) as Chairman, the Administrator of the National Food Authority as Vice Chairman, and the Governor of the Bangko Sentral ng Pilipinas (BSP), the President of the Land Bank of the Philippines (LBP), the President of the Development Bank of the Philippines (DBP), the Secretary of the Department of Finance (DOF), the Secretary of the Department of Trade and Industry (DTI), and a representative each from the grains business sector and the farmers sector, respectively, as members. The President shall appoint the representatives of the farmer sector and the grains business sector from among the nominees of duly-accredited farmers and grains business sector organizations, respectively.

The term of the appointive members shall be three (3) years: *Provided*, That the terms of the first two appointive members shall be one (1) and two (2) years for the first appointive member and second appointive member, respectively: *Provided, further*, That they shall continue to hold office until their successors shall have been appointed and duly qualified. All vacancies, prior to the expiration of the term, shall be filled for the unexpired term only.

In the absence of the Chairman, the Vice Chairman shall act as the Chairman. In the absence of both Chairman and Vice Chairman, the Board shall elect a temporary presiding officer.

The Board shall meet regularly at least once a month and as frequently as necessary to discharge its duties and responsibilities properly. The Board shall be convened by the Chairman or upon the written request of a majority of its members. Except when otherwise provided for in this Act, the vote of a majority of the members constituting a quorum shall be the sufficient for the adoption of any rule, resolution, decision or any act of the Board.

Each member of the Board members shall be entitled to a per diem of at least Two Thousand Five Hundred Pesos (P2,500.00) for each meeting actually attended by them, but not to exceed Ten Thousand Pesos (P10,000.00) a month. Members of the Board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of their duties for the Authority as may be specifically authorized by the Board.

SEC. 7. Powers and Functions of the Board. - The Board shall have the following

1 powers and functions:

- 2 a) Formulate policies, guidelines and programs to effectively implement and
3 carry out the purposes, objectives and powers of the Authority;
- 4 b) Promulgate such rules and regulations as may be necessary and proper for the
5 effective exercise of the powers and functions, as well as the discharge of the
6 duties and responsibilities of the Authority, its officers and employees;
- 7 c) Adopt by-laws consistent with existing laws and amend, repeal or alter such
8 by-laws;
- 9 d) Pass upon and approve the appointment of the principal officers of the
10 Authority as nominated by the Administrator and by a majority vote of all
11 members of the Board, suspend, remove or otherwise discipline for just cause
12 such officers;
- 13 e) Determine and approve the organizational structure of the Authority, create
14 such positions as may be necessary for the economical, effective and efficient
15 discharge of its functions and responsibilities, and pay scales of the Authority,
16 its officers and employees subject to existing rules and regulations;
- 17 f) Approve the annual and supplemental budgets, including corporate plan s and
18 annual and medium-term investments, submitted to it by the Administrator;
- 19 g) Pass upon and approve all borrowings of the Authority;
- 20 h) Render annual reports, and such special reports, as may be requested by the
21 President of the Philippines and both Houses of Congress; and
- 22 i) Exercise such other powers and perform such other functions as may be
23 necessary to carry out the provisions of this Act.

24 **SEC. 8. Administrator.** – The Authority shall have an Administrator to be appointed
25 by the President of the Philippines who shall be the Chief Executive Officer of the Authority
26 and ex-officio Vice Chairman of the Board. The Administrator shall hold office for a term of
27 three (3) years, except, when earlier removed for cause. In case of resignation, retirement,
28 separation, transfer, re-assignment, removal and other cause of cessation from office, the
29 replacement shall serve only for the unexpired portion of the term.

30 The Administrator shall be assisted by two (2) Deputy Administrators, appointed by
31 the Administrator with the confirmation of the Board, in the performance of his functions.
32 Either one of the Deputy Administrators, upon designation of the Administrator, shall
33 perform the duties and exercise the powers and functions of the Administrator in the absence

1 of the latter. The Deputy Administrators shall be Career Executive Officers.

2 There shall also be Assistant Administrators who shall be Career Executive Service
3 eligibles, as the Administrator may deem necessary to assist him in the performance of his
4 functions to supervise and cover functional areas as the Administrator may determine with
5 the confirmation of the Board.

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

10 **SEC. 9. Powers and Functions of the Administrator.** – The management of the
11 day-to-day operations of the Authority shall be vested in the Administrator, who shall have
12 the following powers and duties:

- 13 a) Direct and supervise the management, operation and administration of the
14 Authority, and for this purpose, may delegate any or some operational and
15 administrative responsibilities and duties to the other officers of the Authority;
- 16 b) Enter into and execute, on behalf of the Authority, all contracts and
17 agreements which the Authority may enter into, and to sign, accomplish, and
18 deliver any and all documents relative to such contracts and agreements,
19 subject to the approval by the Board;
- 20 c) Submit to the Board, an annual budget and such supplemental budgets as may
21 be necessary for its consideration and approval;
- 22 d) Represent the Authority in all dealings with other offices, agencies, persons or
23 entities, domestic or foreign, government or private;
- 24 e) Appoint, with the approval of the Board, and discipline for cause in
25 accordance with civil service laws, rules and regulations, the subordinate
26 officers and personnel of the Authority;
- 27 f) Transfer officers and personnel as the exigencies of the service may require
28 without need of prior approval by the Board and in accordance with existing
29 rules and regulations; and
- 30 g) Exercise such other powers and perform such other duties as may be assigned
31 by the Board.

32 **SEC. 10. Departments.** – There shall be created the following departments within
33 the Authority: the Administrative, Legal, Operations, Financial and Management, Auditing,

1 Planning and Programming, and such other department as may be necessary to effectively
2 carry out the functions of the Authority. The head of each Department shall be appointed by
3 the Board upon recommendation of the Administrator.

4 **SEC. 11. Merit System.** – All officials and employees of the Authority shall be
5 selected and appointed on the bases of merit and fitness in accordance with civil service law,
6 rules and regulations. The recruitment, transfer, promotion, and dismissal of all its personnel
7 including temporary workers shall be governed by a merit system that will be established by
8 the Authority in compliance with existing laws, rules and regulations.

9 **SEC. 12. Exemptions -** The Authority is hereby exempted:

- 10 a) From the provisions of R.A. 9184 and its IRR, insofar as procurement of rice
11 and corn, including services for trucking, handling, stevedoring, arrastre and
12 warehousing.
- 13 b) From payment of all taxes, duties, fees, imposts charges, costs and restrictions
14 to the Republic of the Philippines, provinces, cities, municipalities and other
15 agencies and instrumentalities, including the taxes, duties, fees, imposts and
16 other charges provided for under the Tariff and Customs Code of the
17 Philippines, R.A. No. 1937, as amended by Presidential Decree No. 34, dated
18 October 27, 1972, and Presidential Decree No. 69, dated November 24, 1972,
19 and all filing, docket, and service fees, bonds and other charges or costs in any
20 court or administrative proceedings in which the Authority may be a party.
- 21 c) From all income taxes, franchise taxes and realty taxes to be paid to the
22 National Government, its provinces, cities, municipalities and other
23 government agencies and instrumentalities; and
- 24 d) From all duties, arrastre fees in so far as the government's share is concerned,
25 including all charges and fees imposed under Presidential Decree No. 857,
26 compensating taxes and advance sales taxes, wharfage fees and tonnage dues
27 on import or export of goods required for its operations and projects.
- 28 e) All documents or contracts executed by or in favor of the Authority shall also
29 be exempt from the payment of documentary and science stamp taxes and
30 registration fees: Provided, however, that this exemptions shall not apply to
31 taxes and assessments payable by persons or entities transacting business with
32 the Authority.
- 33 f) From coverage of Presidential Decree No. 711 (Abolishing All Existing

Special Fiduciary Funds and Transferring to the General Fund the Operations and Funding of all Special and Fiduciary Funds).

- g) From compulsorily procuring from the Government Service Insurance System for its insurance coverage for its rice and corn importation.

SEC. 13. Assets and Liabilities. - The National Food Authority shall start on a clean slate basis and shall transfer all its loans and its noncore program assets to an NFA Board of Liquidators (NFA-BOL) which shall handle the disposition and liquidation of the transferred assets and liabilities. It shall be deemed abolished upon full disposition of assets and liquidation of all liabilities but not later than ten (10) years. The Personnel Services (PS) and the Maintenance and Other Operating Expenses (MOOE) of the NFA-BOL shall be provided for by the National Government.

SEC. 14. Capitalization - The National Food Authority shall have a total authorized capitalization initially in the form of existing assets amounting to Twenty Billion Pesos (P20,000,000,000.00). The balance shall be provided in the form of equity contribution thru the General Appropriations Act.

The National Government shall make additional equity investment into the Authority out of funds appropriated in the General Appropriation Act.

SEC. 15. Appropriation - The Government through DBM shall include in the annual President's budget proposal, funds to be utilized for personal services, interest and other maintenance and operating expenses to maintain its food security buffer stock. In the event that the Authority is commissioned to implement programs for price and supply stabilization and poverty alleviation, the Department of Agriculture will provide NFA the funds difference between the prevailing farmgate price and the desired price to influence the market, while the Department of Social Welfare and Development will provide NFA the price difference between the prevailing commercial market price and DSWD's desired price for pro-poor programs. Funds for the programs shall likewise be included by DBM for DA and DSWD in the President's budget

SEC. 16. Separation Incentive Package - The Authority shall provide for a continuing separation package for its officers and employees who choose to leave or retire from the government service subject to Council approval and shall be given a separation incentive package equivalent to the following scale:

1 – 20 years 1.5 x gross monthly pay x yr of service for the first 20 years

21 – 30 years 2.0 x gross monthly pay x yr. of service in excess of 1st 20 years

1 more than 30 years 2.5 x gross monthly pay x yr. of service in excess of 1st 30
2 years

3 In addition to other retirement benefits to which they are entitled to under existing
4 laws and regulations. Employees who opt to retire under RA 1616 shall receive only 1.5
5 gross monthly pay for every year of service under SIP.

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

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

- 12 1) Hoarding of foodgrains as defined in this Act;
- 13 2) Any act of diversion as defined in this Act;
- 14 3) The act of manipulating the prices of foodgrains as defined in this Act;
- 15 4) Printing, issuing, or knowingly using, possessing or negotiating a
16 canceled, unauthorized, illegal, counterfeit or falsified warehouse
17 receipt;
- 18 5) Failure or refusal of foodgrains bonded warehouseman, without any
19 lawful excuse, to deliver foodgrains deposited with him: Provided,
20 however, that the warehouseman shall be entitled to the allowance
21 authorized for depreciation of the foodgrains deposited.

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

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

- 28 1) Connivance in the concealment of a stock shortage in a foodgrains
29 warehouse;
- 30 2) Knowingly submitting any report to the Authority containing false
31 information or data;
- 32 3) Misrepresentation in connection with any application for license to
33 engage in foodgrains business;

- 1 4) Failure or refusal of a warehouseman to allow the Authority or his duly
2 authorized representative to inspect or examine their foodgrain stocks
3 to conceal shortages or to misrepresent the quantity or quality of his
4 foodgrain stocks, including the impeding of such inspection and
5 examination by abandonment, absence or otherwise; and
6 5) Engaging in the business of foodgrains retailing, wholesaling,
7 threshing, shelling, warehousing, milling, exporting, importing,
8 trading, growing and selling of certified seed, manufacturing or
9 processing without a valid license.

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

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

- 16 1) Non-compliance with the rules, regulations, decisions, orders, circulars
17 or directives lawfully issued by the Council, provided non-compliance
18 does not constitute a higher offense as herein above provided;
19 2) Selling or offering to sell to the Authority by any person of palay or
20 corn or other foodgrains other than that directly produced by him as
21 farmer or shared by him as tenant or landlord, knowingly buying such
22 foodgrains by any authorized personnel for the Authority; connivance
23 by any person in the selling or buying of such foodgrains; and
24 3) Any other violation of the provision of this Act for which no specific
25 penalty is prescribed and which is not punished under any other
26 existing law.

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

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

33 **SEC. 18. Repealing Clause.** - Provisions of Presidential Decree No. 4 as amended

1 and all other laws, decrees, executive orders, rules and regulations, issuances or parts thereof
2 inconsistent with the provisions of this Act are hereby expressly repealed or modified
3 accordingly

4 **SEC. 19. Separability Clause.** - The provisions of this Act are hereby declared to
5 be separable, and in the event one or more such provisions are held unconstitutional, the
6 validity of the other provisions shall not be affected thereby.

7 **SEC. 20. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
8 complete publication in at least two (2) national newspapers of general circulation.