

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2521

Introduced by Anakpawis Partylist Representative RAFAEL V. MARIANO, Bayan Muna Representatives TEODORO A. CASIÑO and NERI J. COLMENARES, Gabriela Women's Party Representatives LUZVIMINDA C. ILAGAN and EMERENCIANA A. DE JESUS, Kabataan Partylist Representative RAYMOND V. PALATINO, and ACT Teachers Partylist Representative ANTONIO L. TINIO

EXPLANATORY NOTE

Six years ago, in November 2004, peasant unrest erupted at Hacienda Luisita, more than 6,457 hectares of agricultural lands owned by the Cojuangco-Aquinos, the family of current Philippine President Benigno "Noy" Aquino III. Thousands of farmers and farmworkers, including their families, launched a strike demanding, among others, the revocation/recall of the Stock Distribution Option (SDO) scheme under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law (CARL) of 1988, as amended, implemented at the sprawling sugar estate in 1989.

On November 16, 2004, state security forces violently dispersed the strike and opened-fire against the farmers and farmworkers. Seven farmers and farm workers instantly died on that fateful day which is now known as the Hacienda Luisita massacre.

The peasant strike and the massacre of Hacienda Luisita farmers has put on the stage of national debate the CARP's stock distribution option scheme as an alternative to land acquisition and distribution. In December 2005, the Presidential Agrarian Reform Council (PARC) revoked/recalled the SDO plan in Hacienda Luisita stating, among others, that: "the policy of no-work, no-shares of stock is contrary to law and public policy; the setup under the 1989 memorandum of agreement is one-sided in favor HLI; the farm workers remain ordinary farmers and the land remain under the full ownership and control HLI; and, the farmworkers' economic conditions become onerous and has miserably deteriorated."

Immediately after the PARC's revocation of the SDO in 2005, the Cojuangco-Aquinos ran to the Supreme Court in 2006 and managed to secure a temporary restraining order.

The High Court has yet to decide with finality on the Hacienda Luisita agrarian dispute pending before it. Despite the existing and standing order of the PARC revoking/nullifying the SDO, the Cojuangco-Aquinos hatched a so-called compromise agreement maintaining the SDO. The "compromise agreement" was widely criticized by farmers, agrarian reform advocates and constitutional experts as a move to pre-empt the Supreme Court case and as another maneuver to evade land distribution.

Relatedly, Fr. Joaquin Bernas, a constitutional law expert, in an article in the Philippine Daily Inquirer titled "Focus on Hacienda Luisita" published on July 12, 2010, wrote:

"The mandate for agrarian reform is founded on "the right of farmers and regular farm workers, who are landless, to own directly or collectively the lands they till or, in the case of other farm workers, to receive a just share of the fruits thereof." xxx

"It will be noticed that the Constitution makes a distinction between what it calls "farmers who are regular farm workers" and "other farm workers." "Farmers who are regular farm workers" are those who at the time of the enactment of the Constitution had a tenancy relationship with the landowners. They are given the right to own the land they till or its equivalent. The purpose of granting such farmers the right to own the land they till is to abolish tenancy relationship. This reflects the thinking that tenancy relations have been a source of many inequities."

As to "other farm workers," e.g., seasonal workers, what is assured them is not the right to acquire ownership but a just share in the proceeds from the land."

It should be noted that Fr. Bernas' piece clarified the intent of the 1987 Constitution on agrarian reform that is, "to abolish tenancy relations which have been a source of many inequities," and distinguished and clearly defined the agrarian reform beneficiaries.

The SDO in Hacienda Luisita did not abolish tenancy relations. More than fifteen years before the PARC rendered its resolution revoking/nullifying the SDO and up to now, feudal relations continue to exist in the Hacienda. The Cojuangco-Aquinos continuously acts as feudal lords and treat farmers as their serfs that can be forced to do and sign anything, including a sham deal that retains the onerous SDO and the Cojuangco feudal lords' ownership and control over the lands.

Data from Department of Agrarian Reform shows that thirteen (13) farmlands were placed under Stock Distribution Option scheme, with a total

of 7,703 hectares and mostly big sugar landholdings which includes the 4,916 hectares of Hacienda Luisita. Of these, nine are from Negros Occidental, two from Iloilo, and one in Davao and Tarlac. The landholdings where SDO was implemented are the following:

Corporation	Province	Crop	Area (Has)
Hacienda Luisita, Inc.	Tarlac	Sugarcane	4,916
Archie Fishpond, Inc.	Negros Occidental	Sugarcane	102
Archie Al Acuna Agricultural Corp.	Negros Occidental	Sugarcane	108
Elenita Agricultural Development Corp.	Negros Occidental	Sugarcane	113
Ma. Clara Marine Ventures, Inc.	Negros Occidental	Sugarcane	58
Palma Kabankalan Agricultural Corp.	Negros Occidental	Sugarcane	219
Tabigue Marine Ventures, Inc.	Negros Occidental	Sugarcane	50
Ledesma Hermanos Agricultural Corp.	Negros Occidental	Sugarcane	1,024
Hernandez Sugar Plantation, Inc.	Iloilo	Sugarcane	231
Negros Industrial By-Prod and Proc., Inc.	Negros Occidental	Sugarcane	438
Wuthrich Hermanos, Inc.	Iloilo	Sugarcane	174
SVJ Farms, Inc.	Negros Occidental	Sugarcane	170
Asia Agro-Industrial Services	Davao del Sur	Coconut	100
TOTAL			7,703

The nine landholdings which were placed under SDO Scheme in Negros Occidental have a total area of 2,282 hectares, with 1,728 agrarian reform beneficiaries, six of these have been in existence since 1991, the other three since 1992.

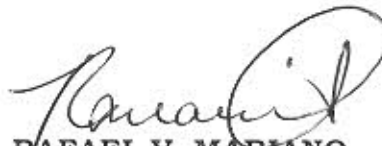
Hacienda Luisita was exempted from CARP distribution converting sugar workers into stockholders and daily workers receiving Php 9.50 per day without any share in the gross sales. Similarly, agrarian reform beneficiaries of the SVJ Farms complain of low wages and unclear dividends which is contrary to the Memorandum of Agreement (MOA) between the landowner and farmworkers. Profit-sharing is not honored. Also, there is neither rice subsidy nor housing support. Likewise, farmworkers complain of similar problems in Hacienda Palma. They only receive Php 500 for every person per year as dividend, at most.

Farmworkers and agrarian reform beneficiaries of Hacienda Palma, Najalin Agri Ventures, Inc., Ma. Clara Marine Ventures, Inc. and SVJ Farms asked DAR-Negros for the immediate cancellation of SDO and move instead for land distribution.

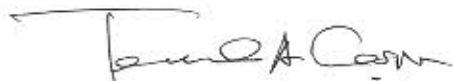
The SDO, embodied in Section 10 of Executive Order 229, PROVIDING THE MECHANISMS FOR THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM issued by President Corazon Cojuangco-Aquino on July 22, 1987, and in Sections 3 and 31 of RA 6657, were designed for corporate farms which do not involve actual land transfer but the distribution of so-called corporate stocks to peasants. It gave leeway to landowners to evade land distribution, and retain control of the landholdings.

This bill intends to stop big landlords' circumvention of agrarian reform and to correct the centuries-old social injustice inflicted against farmers and farm workers across the country through the SDO. The implementation of stock distribution option as a mode of compliance with CARP, the farmworkers remain impoverished thus necessitates the immediate actual distribution of lands.

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



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AN ACT AMENDING SECTIONS 3 AND 31 OF
REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS
COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS AMENDED

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

SECTION 1. Section 3(a) of Republic Act No. 6657, as amended, otherwise known as the Comprehensive Agrarian Reform Law of 1988, is hereby further amended to read as follows:

SECTION 3. *Definitions.* - For the purpose of this Act, unless the context indicates otherwise:

(a) *Agrarian Reform* means the redistribution of lands, regardless of crops or fruits produced, to farmers and regular farm workers who are landless, irrespective of tenurial arrangement, to include the totality of factors and support services designed to lift the economic status of the beneficiaries [and all other arrangements alternative to the physical redistribution of lands, such as production or profit-sharing, labor administration, and the distribution of shares of stock which will allow beneficiaries to receive a just share of the fruits of the lands they work].

SECTION 2. Section 31 of RA 6657, as amended, is hereby further amended as follows:

SECTION 31. *Corporate Landowners.* - Corporate landowners may voluntarily transfer ownership over their agricultural landholdings to the Republic of the Philippines pursuant to Section 20 hereof or to qualified beneficiaries, under such terms and conditions consistent with this Act, as they may agree upon, subject to confirmation by the DAR.

[Upon certification by the DAR, corporations owning agricultural lands may give their qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the agricultural land, actually devoted to agricultural activities, bears in relation to the company's total assets, under such terms and conditions as may be agreed upon by them. In no case shall the compensation received by the workers at the time the shares of stocks are distributed be reduced. The same principle shall be applied to associations, with respect to their equity or participation.

Corporations or associations which voluntarily divest a proportion of their capital stock, equity or participation in favor of their workers or other qualified beneficiaries under this section shall be deemed to have complied with the provisions of this Act: *Provided*, That the following condition are complied with:

- (a) In order to safeguard the right of beneficiaries who own shares of stocks to dividends and other financial benefits, the books of the corporation or association shall be subject to periodic audit by certified public accountants chosen by the beneficiaries;
- (b) Irrespective of the value of their equity in the corporation or association, the beneficiaries shall be assured of at least one (1) representative in the board of directors, or in a management or executive committee, if one exists, of the corporation or association;
- (c) Any shares acquired by such workers and beneficiaries shall have the same rights and features as all other shares; and
- (d) Any transfer of shares of stocks by the original beneficiaries shall be void *ab initio* unless said transaction is in favor of a qualified and registered beneficiary within the same corporation.

If within two (2) years from the approval of this Act, the land or stock transfer envisioned above is not made or realized or the plan for such stock distribution approved by the PARC within the same period, the agricultural land of the corporate owners or corporation shall be subject to the compulsory coverage of this Act.]

SECTION 3. Repealing Clause. Section 10 of Executive Order 229 dated July 22, 1987 is hereby repealed. All laws, presidential decrees, administrative orders, and rules and regulations, or parts thereof, inconsistent with the provisions of this Act are also hereby repealed or modified accordingly.

SECTION 4. Effectivity Clause. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved.