

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

16th Congress
First Regular Session

House Bill No. **274**



Introduced by **HON. PRYDE HENRY A. TEVES**

EXPLANATORY NOTE

The Philippines is primarily an agricultural country, specifically food crops. It is blessed with fertile land, which is very conducive for planting almost all types of plants and trees which yield food products. A vast majority of our country's land area is utilized for growing various crops.

As an agricultural country, the Philippines is expected to have a strong food security with no threat of the lack of supply of food for the Filipino people and always be self-sustaining in terms of food. Unfortunately, this expectation is not realized for a very long time already, until today. There is always a danger in our food security and supply of food products that necessitates us to import these food products from other countries.

Cereals such as rice, corn, wheat, sorghum, millet and the like comprise a great part of our food production. However, to this date, only rice has received concrete support from the State thru the Philippine Rice Research Institute (PRRI). The other cereals also need help from the State in terms of research, development and extension activities. This is not to mention that the appropriation for PRRI alone is clearly inadequate to support this major food industry.

PRRI of PhilRice was created by virtue of Executive Order 1061 issued by then President Ferdinand Marcos on November 5, 1985. Since the passage of this E.O., 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.

At the start of its creation, PhilRice extended priceless benefits to small Filipino farmers and Local Government Units. However, through the years, the financial support by the government to this institution, thru appropriation, greatly decreased. In 1997, the annual budget for PhilRice stood at Php 193 Million. But in 2007, the annual budget plummeted to a lowly Php 162 Million. This decrease was caused by the State policy of reducing support to government owned and controlled corporations by 10% per year since 1997. Hence, the financial condition of PhilRice is discouraging. Worse, the volume of importation of corn, wheat and other cereals continue to increase. Therefore, without any positive measure from the legislature as soon as

possible, it is possible that the cereal industry will become a "dead" industry. This possibility will be a big negative blow on the economy of the nation.

A legislative measure to create a government institution is always better than a mere Executive Order in terms of mandate and strength of the institution.

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

This bill 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. It also aims to establish by law a minimum annual operating subsidy of Php 200 Million from the annual General Appropriations Act for the salaries of scientists and other personnel. Further, to strengthen the practice of the Institute to earn income from its seed production and distribution operations to finance its continuing staff development program and its capital outlay and other investment requirements.

In view of the foregoing, the approval of this bill is highly sought.


PRYDE HENRY A. TEVES

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HOUSE BILL NO. 274

Introduced by: **HON. PRYDE HENRY A. TEVES**

**AN ACT EXPANDING AND STRENGTHENING THE PHILIPPINE RICE RESEARCH
INSTITUTE AND RENAMING IT TO THE PHILIPPINE RICE AND CEREALS
RESEARCH AND DEVELOPMENT INSTITUTE (PhilRice)**

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

Section 1. *Short Title.* This Act shall be "The Philippine Rice and Cereals Research and Development Institute (PhilRice) Act of 2013:.

Section 2. *Establishment.* The Philippine Rice Research Institute (PhilRice), a body corporate established under Executive Order No. 1061, series of 1985, as amended, is hereby expanded and strengthened and shall hereinafter be renamed as the Philippine Rice and Cereals Research and Development Institute or PhilRice, attached to the Department of Agriculture. The PhilRice shall have its principal office at the Science City of Muñoz, Nueva Ecija, but may establish other branches, offices, subsidiaries, or corporate offsprings within its central office or elsewhere in the Philippines as may be necessary or proper for the accomplishment of its purposes and objectives.

Section 3. *Purposes and Objectives.* PhilRice shall develop and implement in coordination with its National Rice Research and Development Network, composed of State Universities and Colleges, Research Centers and Development Institutions, a National Research and Development Program for rice, corn, sorghum, millet and other cereals.

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

- (a) To plan, approve, organize, fund, direct, monitor, evaluate, and unify all research and development programs and activities for cereals in the country;

- (b) To plan, approve, fund, direct, prioritize, rationalize and guide the establishment and construction of research and development facilities for cereals in the country;
- (c) To develop, scout, adopt, verify, package and promote new technologies, machinery, varieties, crop management and production procedures and processes for cereals developed in the country or abroad;
- (d) 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 others involved in the production of cereals in the country;
- (e) To authorize or approve the release, publication and dissemination of research and development results, findings and recommendations on cereals in the country;
- (f) To develop, approve and implement career, promotion, incentive and retirement systems for scientists, researchers and managers involved in the research and development programs for cereals in the country;
- (g) To train, qualify and disqualify accredited individuals or organized cereal seed producers;
- (h) To set the wholesale and retail prices, and royalties for seeds of cereals produced and traded in the country;
- (i) To adopt and use a corporate seal;
- (j) To sue and be sued in its corporate name;
- (k) To succeed by its corporate name;
- (l) To adopt its by laws and promulgate rules and regulations as may be necessary or proper to implement the provisions of this Act;
- (m) To borrow money and obtain loans from all sources, whether government or private, to finance its research and development programs and all its capital and operating expenditures;
- (n) To enter into contracts and execute agreements of any kind or nature with any person, firm, association or corporation, domestic or foreign;
- (o) 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;
- (p) 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, or concessions, financial or otherwise, as are necessary or proper for the attainment of the purposes and objectives of this Act;
- (q) 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;
- (r) To serve as the coordinating center of a national network of cereal research stations located in the different agro-ecological regions of the country;
 - (s) To plan and carry out research and development activities, in the areas of varietal improvement, water, fertilizer, pest management, grain, quality, seed health, farm mechanization or the overall integrated crop management;
 - (t) To provide database and policy formulation that will stimulate and sustain cereal production, marketing and consumption;
 - (u) 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;
 - (v) To have one or more offices in the Philippines and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines;
 - (w) To adopt an Early Retirement Incentive Plan (ERIP) and financial assistance for the purpose of retirement of its own scientists, officials and employees;
 - (x) To establish and maintain a provident fund to pay the medical, health, insurance and retirement benefits of PhilRice 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;
 - (y) 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;
 - (z) To impose and collect, through the Bureau of Customs, one percent (1%) levy on all exportations of cereals from the country to be used to fund the R&D activities of PhilRice;
 - (aa) To constitute all its income, collections from levies and royalties, saving, and other excess funds into a revolving fund to fund its R&D activities; and
 - (bb) 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.

Section 5. *Board of Trustees.* The corporate powers and functions of PhilRice shall be vested in and exercised by a Board of Trustees, hereinafter referred to as the Board, composed of the Secretary of Agriculture as ex officio Chairman, and eight (8) members representing the different sectors in the cereal industry. Except for the ex-officio chair who is appointed by the President of the Philippines, the members of the Board shall be nominated and confirmed by a majority of its incumbent members through a transparent and competitive nominating process. Each confirmed member shall hold office for a

maximum of five (5) years, provided that, the incumbent members of the Board shall continue to act as members until their term has expired.

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 five (5) members shall constitute 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. 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.

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

- a. To define and approve the programs, plans, policies, procedures and guidelines for the Institute in accordance with its purposes and objectives, and to control the management, operation and administration of the Institute;
- b. To approve the Institute's organizational structure, staffing pattern, operating and capital expenditure, and financial budgets, prepared in accordance with the corporate plan of the Institute;
- c. To approve salary ranges, benefits, privileges, bonuses, and other terms and conditions of service for all officers and employees of the Institute, upon recommendation of the Director-General;
- d. To appoint, transfer, promote, suspend, remove, or otherwise discipline any subordinate officer or employee of the Institute, upon recommendation of the Director-General;
- e. To create such committee or committees and appoint the members thereof, as may be necessary or proper for the management of the Institute or for the attainment of its purposes and objectives;
- f. To determine the research priorities of the Institute consistent with the framework of its purposes and objectives;
- g. To promulgate the by laws, policies, guidelines and implementing rules and regulations to effectively carry out the purposes and objectives of PhilRice under this Act, and to revoke, amend or rescind such as may be necessary;
- h. 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;
- i. To impose the levy, fees and other charges to be imposed against all importation of rice and other cereals, whether for consumption, manufacturing or for seed purposes, into the country, as authorized herein; 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.

Section 7. *Qualification, Appointment and Tenure of the Director-General and of other Officials and Personnel.* PhilRice shall be by a Director-General who shall be appointed by the Board of Trustees, and shall serve for a term of five (5) years, renewable for another term, based on outstanding performance.

The Director-General shall be assisted by 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 Director-General in accordance with the rules regulations promulgated by the Board and Civil Service Commission. Their appointments shall be confirmed by the Board.

Section 8. *Powers, Functions and Duties of the Director-General.* The Director-General of PhilRice 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 documentation 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.

Section 9. *Compensation of PhilRice Personnel.* Since PhilRice shall derived its budget from its income and levies provided in this law, the salaries of its officials and employees shall be exempted from the Salary Standardization Law. The Board of Trustees shall develop a compensation scheme to enable PhilRice to keep its critical mass of outstanding scientists, researchers and staff. Keeping outstanding researchers and staff is a vital component in any R&D institution. To further justify its exemption from Salary

Standardization Law, staff members of PhilRice shall also serve as mentors to undergraduate and graduate students of various agricultural colleges and universities, who seek internship or use of PhilRice R&D facilities, laboratories and operation system for the conduct of their research theses or case studies.

In addition, to the salary structure, the Board of Trustees, shall also develop an incentive system similar to those provided for under the DOST Scientific Career System and Magna Carta for Science and Technology workers, a promotion system similar to the system in the Philippine Association of State Universities and Colleges (PASUC), standard life and medical insurance to permanent scientists and staff and their spouses and children, retirement and other schemes and benefits for its scientists, officials and personnel.

Section 10. *Organization Structure and staffing pattern.* PhilRice shall evolve an index of positions, organization structure and staffing pattern consistent with the dynamic nature of its R&D programs. Such staffing pattern and organization structure shall be approved by the Board upon recommendation of the Director-General.

Section 11. *Visiting Scientists, Research fellows and Associates.* PhilRice 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 rice and other cereals. Those so engaged by PhilRice shall be issued appointments and shall be paid, as they 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 agencies.

Section 12. *Lands, Buildings, Facilities and Equipment.* PhilRice is hereby authorized to own, sell and 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 and development of rice and other cereals.

Section 13. *Tax Exemptions.* Philrice may receive donations, contributions or bequest of property or services which shall be utilized only for the implementation of the program. Such donations or bequest of property shall be exempt from donor's tax and such amount of donations shall be deductible from the gross income of the donor in accordance with the pertinent provisions of the NIRC of 1997, as amended; provided, that such donations shall not be disposed of or sold.

Importations of capital equipment which is actually, directly and exclusively used by PhilRice shall be exempt from taxes and custom duties.

All lands, buildings and improvements, actually, directly and exclusively owned by PhilRice shall be exempt from real property tax.

Section 14. *Power of Eminent Domain.* PhilRice is hereby authorized to expropriate lands, for cereal 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 alienable, PhilRice shall be granted automatic title to the land;

Section 15. *Exemption from the Comprehensive Agrarian Reform Law Coverage.* All lands, farms, plantations, whether directly or indirectly owned, used, utilized or administered by PhilRice, 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.

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

Section 17. *Revolving Fund of PhilRice.* In addition to the annual budget of PhilRice, there shall be established an annual Revolving Fund out of its income from its R&D operations and the levies and royalties authorized herein, which shall be considered part of the funds automatically released and appropriated to PhilRice. The Revolving Fund, to be used for the purposes and objectives of this Act, shall be derived annually from the following sources:

- a. One percent (1%) levy on all importations of Cereals into the country, and two (2%) percent levy on all exportations of cereals from the country to used to fund the R&D activities of PhilRice.
- b. Ten percent (10%) of the Agricultural Competitiveness Enhancement Fund (ACEF) collection;
- c. Five percent (5%) royalty on the cost of each bag of Registered seeds, and two percent (2%) royalty on the cost of each bag of Certified seeds of the varieties of cereals developed or the release of which are coordinated by PhilRice to be used to fund the R&D activities of PhilRice;
- 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.

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

Section 19. *Auditing.* The Chairman of the Commission on Audit shall be the ex-officio auditor of PhilRice. For this purpose, he or she may appoint a representative who shall be the auditor of PhilRice, together with the necessary personnel to assist said representative in the performance of his/her duties. The Auditor shall, as soon as practicable, but not later than three (3) months after accounts have been submitted to audit, send the annual report to the Board.

Section 20. *Legal Counsel.* PhilRice 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 Counsel shall be the principal legal adviser and consultant of the PhilRice.

PhilRice 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.

Section 21. *Transfer of personnel, Assets and Liabilities.* All permanent personnel, records, appropriations, assets and liabilities previously held by PhilRice are hereby transferred to the newly established PhilRice. The present Executive Director of PhilRice shall serve as OIC – Director-General, until the Board of Trustees shall have appointed a regular Director-General.

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

Section 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.

Section 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.

Section 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,