

CONGRESS OF THE PHILIPPINES)
16th Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES
House Bill No. 3477



INTRODUCED BY HONORABLE AGAPITO H. GUANLAO

EXPLANATORY NOTE

The current rice crisis brought about by Typhoon Yolanda and other calamities earlier brought to the fore the review of government policy on food security and the role of the National Food Authority. Rice being the national staple food and a political commodity deserves a special policy consideration. There is a need to ensure the commodity's steady and adequate production involving all the sectors in agriculture.

This measure envisions strengthened structures for the implementation of a food security program and the determination of strategic food / rice reserve of the country.

The importance and significance of this measure is further emphasized by the onslaught of natural and man-made calamities that resulted to shortfalls in production and the apparently tightening global rice supply particularly those in control of the commodity's global trade.

Tasked with the mandate to stabilize the supply and price of rice, the National Food Authority (NFA) buys palay more than its farmgate price and sell them at lower than the market price. This resulted from great losses that translate into more burdens of subsidy for the government. Today, NFA obligations reached about P150 billion composed of long and short term debts and losses.

In view of these, the government in the last five years has been contemplating on streamlining or privatizing certain operations of the NFA which are subject of many legislative measures from the House of Representatives, but none were enacted into law.

This piece of legislation aims to strengthen and continue the operations of the NFA through the implementation the following measures:

1. Provide a clean bill of health through mechanisms that transfers liabilities to the government and provide new funds therefor;
2. The provision of initial capitalization which shall be provided by law (GAA);
3. The government through the Department of Budget and Management shall include in the President's Budget Proposal funds to be utilized for personal services, interests and other maintenance and operating expenses to maintain its function at ensuring its buffer stock of rice.
4. Provide for necessary structural changes that shall include the private sectors concerned.

In view of the foregoing, the enactment of this piece of legislation is earnestly sought for.


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AN ACT

AMENDING PRESIDENTIAL DECREE NO. 1770 ENTITLED RECONSTITUTING THE NATIONAL GRAINS AUTHORITY TO THE NATIONAL FOOD AUTHORITY AND PROVING FUNDS THEREFOR

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

Section 1. **SECTION 6, is hereby amended to read as follows::**

Section 6. *Composition of the National Food Authority Council. The Council shall be composed of the following:*

The Office of the President as Chairman

Secretary, Department of Agriculture as Vice Chairman

Secretary, Department of Finance

Secretary, Department Of Trade And Industry

Secretary, Department Of Budget Management

Administrator, National Food Authority

Governor, Central Bank of the Philippines

President, Land Bank of the Philippines

Representatives from the Private Sector:

- (1) **Farmers Organizations (3)**
- (2) **Academic Community (1)**
- (3) **Private Business Grains Sector (1)**
- (4) **Consumers Sector (1)**

Section 2. **Section 7 is hereby inserted to read as follows:**

Section 7. *Additional Powers, Functions and Exemptions.* In addition to the powers, functions and exemptions of the Authority under P.D. No. 4, as amended, the Authority shall have the following powers, functions and exemptions:

- "(i) **TO BUILD UP AND MAINTAIN A MINIMUM STRATEGIC RICE RESERVE EQUIVALENT TO THIRTY (30) DAYS NATIONAL CONSUMPTION AT EVERY GIVEN TIME OF THE YEAR AND A BUFFER STOCK EQUIVALENT TO AT LEAST THIRTY (30) DAYS BY JULY 1 OF EVERY YEAR."**

- (ii) **CONTROL ALL PROCESSES INVOLVED IN PROCUREMENT, DISTRIBUTION AND PRICING OF RICE DURING TIMES OF CALAMITIES AND DISASTERS, NATURAL OR MAN-MADE.**

Section 3. *Section 11 is hereby inserted to read as follows:*

Section 11. ALL OUTSTANDING DEBTS AND LOSSES OF THE NATIONAL FOOD AUTHORITY SHALL BE ABSORBED BY THE NATIONAL GOVERNMENT. THE DEPARTMENT OF FINANCE AND DEPARTMENT OF BUDGET AND MANAGEMENT SHALL FORMULATE THE GUIDELINES PURSUANT TO THIS PROVISION.

Approved: