

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. 3787



Introduced by Hon. Delphine Gan Lee

EXPLANATORY NOTE

There is a need to rationalize irrigation fees management to increase agricultural productivity as well as farmers' incomes. The National Irrigation Authority (NIA) used to solely operate and maintain national irrigation systems (NIS). These are now operated and maintained jointly with irrigators associations. Operation and maintenance (OM) activities are mainly composed of operation of storage and diversion dams; running of pumps; operation of gates, turnouts and drainage ditches; preparation and implementation of cropping and irrigation schedules; maintenance of the physical facilities including service and access roads, and repairs on minor damages caused by floods and typhoons.

Figures from the NIA show that as of March 2010, there are 209 NIS nationwide with a total area of 748,367 hectares. Thirty percent (30%) of the areas are served by reservoir-backed systems, 65 percent by run-of-the river diversion systems, and five percent by pump systems. The dominant crop in these areas is rice comprising 95 percent. The remaining 5 percent are corn, sugarcane, bananas and some vegetables. There are about 585,515 farmers benefiting from NIS.

NIA has been authorized to impose charges to generate revenues sufficient to cover only O&M costs of such facilities and to recover within a period not longer than 50 years, the funds initially invested in such facilities; provided that such charges shall not impair the user's incentive to avail of the benefits from irrigation and provided further, that such charges are within the beneficiaries' capacity to pay.

The laws on irrigation fees are scattered on different pieces of legislation such as Republic Act No. 3601, Presidential Decree No. 552, and Presidential Decree No. 1702. This bill aims to rationalize and include in just one law the rules governing the irrigation fees that the National Irrigation Authority may charge.



HON. DELPHINE GAN LEE
Representative, AGRI Party-List

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**AN ACT
TO RATIONALIZE THE IRRIGATION FEES
LEVIED ON FARMERS**

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

SECTION 1. *Short Title.* – This Act shall be known as the “Irrigation Fee Rationalization Act of 2013.”

SECTION 2. *Irrigation Service Fee.* – The National Irrigation Authority is authorized to charge an Irrigation Service Fee from the beneficiaries in national irrigation systems as payment for the services rendered in the delivery of water. This includes such fees or administrative charges as may be necessary to cover the costs of operation, maintenance, and to recover the cost of construction within a reasonable period of time to the extent consistent with government policy.

SECTION 3. *Use of the Proceeds of the Fee.* – The fees collected by the National Irrigation Administration as irrigation fees, administration charges, drainage fees, equipment rentals, proceeds from the sale of unserviceable equipment and materials, and all other income shall be added to its operating capital.

SECTION 4. *Governing Policies.* – The collection and use of irrigation service fees (ISF) shall be governed by the following policies:

A. ISF rates are denominated in-kind but beneficiaries have the option to pay in-kind or cash. Payments in cash are based on the prevailing government support price for palay at the time of payment.

B. ISF payments for other crops and annual crops are the cash equivalent of the rates for rice crop at the prevailing government support price for palay at the time of payment.

C. Payments in cash shall be encouraged. Prompt cash payment in full of ISF current account is entitled to a twenty percent (20%) discount.

D. ISF payments in kind must have net weight of fifty (50) kilograms per cavan at fourteen (14) percent moisture content.

E. Unpaid ISF accounts shall be subject to a penalty of one percent (1%) for every sixty (60) days. Back accounts paid in cash shall be based on the prevailing government support price for palay at the time of payment.

F. Unpaid irrigation fees or administration charges shall be preferred liens, first upon the land benefited, and then on the crops raised thereon, which liens shall have preference over all other liens except for taxes on the land. Such preferred liens shall not be removed until all fees or administration charges are paid or the property is levied upon and sold by NIA for the satisfaction thereof. Judicial actions for the collection of unpaid irrigation fees or charges, drainage fees or other charges which the NIA is authorized to impose and collect, shall henceforth be governed by the provisions of the Rules of Court of the Philippines;

G. Farms with a rice yield of fifty (50) cavans per hectare or below are exempted from the payment of the ISF.

SECTION 5. *Program Report.* – The NIA shall annually submit to the agricultural

committee of both houses of congress a report assessing the irrigation program of the country.

SECTION 6. *Separability Clause.* – If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 7. *Repealing Clause.* – This Act hereby repeals Republic Act 3601, Section 2, paragraph (c); Presidential Decree (PD) 552, Section 1, paragraph (b); and PD 1702, Section 1 paragraph (b). Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the provision of this Act is hereby repealed, modified, or amended accordingly.

SECTION 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,