

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5365**



Introduced by REP. JOSE T. PANGANIBAN, JR.
of ANAC-IP Partylist

EXPLANATORY NOTE

Presidential Decree No. 4 otherwise known as the National Grains Industry Development Act mandates to create the then National Grains Authority which was later reconstituted to become the National Food Authority. This agency of the government is vested with the functions of ensuring the food security of the country and the stabilization of supply and price of the staple grain rice. It is mandated to perform vast functions through various activities and interventions and strategies which includes procurement of paddy rice among farmers and their organizations, buffer stocking, processing activities, dispersal of paddy and milled rice to strategic locations across the country and the distribution of staple grain to numerous markets in time of the year.

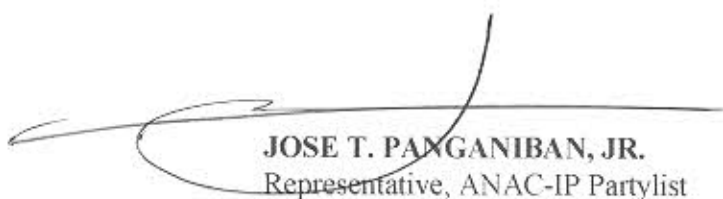
The bill seeks to ensure food security for all Filipinos, provide adequate supply of food grains at all times and in all places across the country, maintain adequate levels of food grains, and carry out regulatory and developmental functions to support farmers and food grains industry players in order to increase productivity and profitability under the regime of transparent governance and accountability.

In the recent developments of the lifting of waiver on the quantitative restriction on rice imports this June 2017 and the advent of trade liberalization, the bill specifically espouses the following reforms:

1. Confirmation of LEDAC set policy on Food Security: NFA should maintain a strategic rice reserve equivalent to at least 15 day national rice consumption for food security purposes, and at least 30 day buffer stock within July of each year, or as may be determine by the Board;
2. Stabilization function for palay and rice, the social cost of which will be charge against the concerned agencies;

3. Retain the regulatory function necessary to ensure sustainability of food supply, assure local food producers of reasonable profit margin, and protect the rights of the poor consumers to affordable rice and other food grains;
4. Clean financial state of National Agencies (NA), under which the NFA's debts will be transferred to the National Governments (NG). However, pending such transfer, the NG will provide a net lending to the NFA of at least ₱ 12 Billion annually, and its subsequent conversion to subsidy; and
5. Introduce middle price high-grade variety rice to avoid depressing ex-farm prices, protect consumers from price surges, and reduce NFA's losses.

In view of the forgoing premises, the enactment of this measure is earnestly sought.



JOSE T. PANGANIBAN, JR.
Representative, ANAC-IP Partylist

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Introduced by Rep. JOSE T. PANGANIBAN, JR.
of ANAC-IP Partylist

AN ACT
STRENGTHENING THE NATIONAL FOOD AUTHORITY
AND APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1. Title.-** This Act shall be known as the “National Food Authority
2 (NFA) Act”.

3 **SEC. 2. Declaration of Policy.-** It shall be the policy of the State to ensure food
4 security for all Filipinos, provide adequate supply of food grains at all times and in all
5 places, maintain adequate levels of food grains, and carry out regulatory and developmental
6 functions to support farmers and food grains industry players so as to increase their
7 productivity and profitability under a regime of transparent governance and accountability.

8 **SEC. 3. Definition of Terms.-** For purposes of this Act, the following terms are
9 herein defined as follows:

10 (a) *National Food Authority* refers to the government agency tasked to maintain an
11 adequate and continuous supply, at reasonable prices, of staple food grains in the
12 country.

13 (b) *Government rice buffer stock* refers to the country’s rice inventory by July 1 of
14 every year, of at least thirty (30) days national rice consumption, inclusive of the
15 strategic rice reserve, for price and supply stabilization purposes particularly in
16 deficit areas and during lean production periods.

17 (c) *Business capitalization* refers to the resources invested in the different lines of
18 activities by the food grains industry players. These resources could be the cost

- 1 of stocks, whether on consignment or bought on cash, cost of facilities and
2 equipment, loans applied for the business, and amount of working capital.
- 3 (d) *Calamities* refer to fortuitous events including acts of nature such as typhoons,
4 floods, droughts, earthquakes, volcanic eruptions, lahar flows, and acts of man
5 such as political or civil disturbances and widespread civil unrest.
- 6 (e) *Contumacy* refers to a person's willful refusal to appear before a court, comply
7 with a court order, or resistance to authority.
- 8 (f) *Cornering* refers to the act of restricting the flow or delivery of goods intended
9 for distribution in a specific area with the intent of accumulating such goods thus
10 depriving the intended area access to or the use thereof.
- 11 (g) *Diversion* refers to any act resulting in or for the purpose of the following:
- 12 1) unreasonable depletion of NFA stocks;
13 2) selling or lending government stocks to another grains businessman;
14 3) selling or offering to sell the government stocks beyond the maximum
15 quantity or price allowed by the Authority;
16 4) storing or selling the government stocks in other places, stores, or stalls
17 other than duly authorized by law; or
18 5) unreasonable, intentional, or undue delay in the delivery or unloading of
19 NFA stocks to any authorized warehouses, stores, or places for storing
20 food grains.
- 21 (h) *Farm gate price* refers to the prevailing buying price of a certain commodity at
22 the farm level in a certain locality at a given specific time.
- 23 (i) *Farmers* refer to the producers of agricultural food products. They can be tillers
24 of the land themselves or administrators or supervisors of the process.
- 25 (j) *Food grains* refer to *palay*, rice, corn, corn grits, and other food substitutes.
- 26 (k) *Food security* refers to the availability of staple foods at all times.
- 27 (l) *Minimum access volume* refers to the volume of a specific agricultural product
28 that is allowed to be imported with a lower tariff as commitment of the
29 Government of the Republic of the Philippines to the World Trade Organization
30 (WTO).
- 31 (m) *Price manipulation* refers to the act of hoarding, profiteering, or cartelizing
32 committed by any person or persons habitually engaged in the production,
33 manufacture, importation, storage, transport, distribution, sale or other methods
34 of disposition of food grains and other food substitutes.

1 (n) *Strategic rice reserve* refers to the minimum inventory of rice, currently set to be
2 at least fifteen (15) days national rice consumption, to be maintained year-round
3 in government depots for food security purposes in times of calamities and
4 emergencies whether natural or manmade.

5 **SEC. 4. The National Food Authority.-** Pursuant to its original mandate
6 prescribed in Presidential Decree No. 4, as amended by Presidential Decree Nos. 699 and
7 1485, the National Food Authority, hereinafter referred to as the Authority, shall be the
8 body tasked to maintain an adequate and continuous supply, at reasonable prices, of food
9 grains in the country and other food commodities, including raw or fresh and manufactured,
10 processed, or packaged food products as the Board, referred to in Section 6 hereof, may
11 determine from time to time. The Authority shall be attached to the Office of the President
12 and cannot be abolished without the approval of Congress.

13 **SEC. 5. Powers and Functions.-** The Authority shall exercise corporate,
14 developmental, and necessary regulatory powers and functions:

15 (a) Corporate:

- 16 1. To sue and be sued;
- 17 2. To adopt, alter, and use an official seal which shall be of judicial notice;
- 18 3. To own, lease, or acquire ownership by purchase, or invest in, hold, sell,
19 mortgage, pledge, or otherwise dispose of properties, stocks or bonds or any
20 interest in either, or any obligation or evidence of indebtedness in any
21 person, partnership, firm or corporation;
- 22 4. To enter into, make, perform, and carry out contracts necessary or incidental
23 to the realization of its functions with other persons, firms, or corporations,
24 private or public, including loans or borrowings from domestic or foreign
25 sources which shall be guaranteed by the National Government but within
26 specific limits, or initiate contracts or agreements between the Philippine
27 Government and any foreign government or institution;
- 28 5. To create and establish a provident fund which shall consist of contributions
29 made by both the Authority and its officers and employees to a common
30 fund for the payment of retirement and other benefits to such officers and
31 members or their heirs under such terms and conditions as the Board may
32 prescribe; and
- 33 6. To establish and restructure the internal organization and to fix the
34 remuneration, emoluments, allowances and other fringe benefits of the
35 officers and employees as the Board may deem fit, and if warranted,

1 recommend to the Governance Commission for Government Owned or
2 Controlled Corporations (GCG) the revision and modification of said
3 compensation and benefits scheme: *Provided*, That any recommendation
4 made by the Authority shall be in accordance with the Compensation
5 Position and Classification Scheme (CPCS) being developed or hereafter
6 developed by the GCG and the provisions of R.A. No. 10149, otherwise
7 known as the "GOCC Governance Act of 2011".

8 (b) Developmental:

- 9 1. To maintain and manage throughout the year a strategic rice reserve
10 equivalent to at least fifteen (15) days national rice consumption for food
11 security purposes, and at most a thirty-day buffer stock by July 1 of each
12 year or as may be determined by the Board;
- 13 2. To stabilize supply and price of food grains primarily through local
14 procurement. However, if local procurement will not be sufficient, the
15 deficiency will be sourced through rice importation;
- 16 3. To provide rice and other basic commodities for the pro-poor programs of
17 the Department of Social Welfare and Development (DSWD), which shall
18 pay for such services;
- 19 4. To determine the price support for palay and the selling price of NFA rice
20 and recommend the same to the Office of the President;
- 21 5. To maintain and manage rice and other food grains post-harvest facilities;
- 22 6. To undertake importation of rice and corn when authorized by the President
23 in order to maintain the appropriate volume of the country's strategic rice
24 reserve and be entitled to tax expenditure subsidy;
- 25 7. To establish rules and regulations governing the allocation of tariff import
26 quotas for rice with Minimum Access Volume (MAV) among the private
27 sector, entities, and farmer cooperatives, and impose fees and charges for
28 said transactions when necessary;
- 29 8. To introduce more efficient post-harvest systems and technologies and to
30 coordinate with research and development entities in food grains processing
31 and marketing;
- 32 9. To promote interrelationships among stakeholders in the food grains
33 industry;
- 34 10. To establish networks with national and international institutions for the
35 development of the food grains industry;

11. To monitor supply and demand indicators of food grains including the imports and exports of the private sector in coordination with concerned agencies;
 12. To avail of foreign grants and development aid to support its developmental goals and to ensure that technologies and expertise are updated;
 13. To coordinate with other government agencies engaged in the study, research and promotion of measures to enhance the integrated growth and development of the food grains industry; and
 14. To assist and support relevant agencies of the government in implementing policies and programs, including extension of technical and material services, to small farmers and farm workers and other low income or marginalized agricultural communities.
- (c) Regulatory functions necessary to attain the developmental mission of ensuring sustainability of food supply, assuring local food grains producers of reasonable profit margin, and protecting the rights of poor consumers to affordable rice and other food grains:
1. To establish rules and regulations regarding the importation of food grains, and to license, impose, prescribe penalties and fines for non-compliance with established rules and procedures, and collect fees and charges for said importations for the purpose of equalizing the selling price of such imported rice with prevailing domestic prices;
 2. To promote, support, and establish rules and regulations governing the export of rice and its substitutes or their by-products and to collect fees and charges for such exportation at rates to be determined by the Board;
 3. To register, license, and supervise persons, natural or juridical, who intend to or are engaged in the business of providing goods and services in support of the different activities involved in the production, processing, transporting, warehousing (whether bonded or not bonded), marketing and trading of food grains and their substitutes or their by-products or end-products and to prescribe, impose and collect fees, charges and surcharges in licensing and regulating the operations of such persons;
 4. To register, license and supervise mills, warehouses, whether bonded or not bonded; and to prescribe, impose and collect fees, charges, and surcharges in licensing and regulating warehouses and mills;

- 1 5. To formulate and implement regulations governing the food grains
2 warehouse receipt;
- 3 6. To establish and enforce standards in storage, milling, distribution, shipping,
4 drying, handling, hauling, grading, sampling and inspection, test and
5 analysis, specification, nomenclature, units of measurement, code of practice
6 and packaging, conservation and transport for food items;
- 7 7. To inspect food grains stored in private warehouses for the purpose of taking
8 an inventory and monitoring commercial stock, prices, and stocks
9 movement;
- 10 8. To order the seizure, whenever there is cornering, hoarding, or improper
11 acquisition of stocks as defined herein of rice or corn and other food grains
12 and their substitutes or the by-products or end-products thereof, including
13 facilities and equipment used in said activities, or whenever there is scarcity
14 of supply of such commodity in the consumer market or an unwarranted
15 increase in the price of the hoarded commodity and its public sale in such
16 quantity as may be needed to stabilize prices to normal levels;
- 17 9. To order the transfer or conveyance of and accept the confiscated smuggled
18 food grains seized by the Bureau of Customs to form part of the Authority's
19 stock inventory;
- 20 10. To provide for the enforcement of the provisions of this Act or any
21 regulations issued or which may hereafter be issued pursuant thereto, the
22 implementation and enforcement of which is vested with the Authority and
23 prescribe and impose administrative fines and penalties; to conduct
24 investigations and to require by subpoena or subpoena *duces tecum* the
25 attendance and testimony of witnesses, the production of books, papers,
26 documents, exhibits, record, evidence; to administer oath; and to make
27 arrests. Any case of contumacy shall be dealt with in accordance with the
28 procedure prescribed pursuant to the Revised Administrative Code. All fines
29 imposed and collected under this paragraph shall form part of the Authority's
30 funds;
- 31 11. To arrest persons for violation of the prohibited acts enumerated in this Act
32 and other pertinent rules and regulations, circulars, orders and directives
33 which may be promulgated hereafter by the Authority under the following
34 circumstances:

- i. When the person to be arrested has committed or is actually committing an offense in the presence of the Administrator or his authorized representative;
- ii. When an offense has in fact been committed; and
- iii. There is reasonable ground to believe that the person to be arrested has committed the offense.

In the exercise of the foregoing functions, the Authority is authorized to do and perform any and all other acts necessary to carry into effect the provisions of this Act or as are essential to the proper conduct of the operations of the Authority.

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 following: the representative of the President of the Philippines, with a rank of Secretary, as Chairman; the Administrator of the National Food Authority as Vice Chairman; the Secretary of the Department of Agriculture (DA); Governor of the Bangko Sentral ng Pilipinas (BSP); Director General of the National Economic and Development Authority (NEDA); Secretary of the Department of Finance (DOF); Secretary of the Department of Trade and Industry (DTI); and President of the Land Bank of the Philippines (LBP) as ex officio members; and six (6) representatives from the private sector coming from the grains business, farmers and farm workers, consumers groups, and other relevant sectors, to be appointed by the President of the Philippines from a short list prepared by the GCG pursuant to Section 5(e) of Republic Act No. 10149.

The term of the appointive members of the Board shall be one (1) year, in accordance with the provisions of Republic Act No. 10149: *Provided*, 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 the Chairman and the 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 sufficient for the adoption of any rule, resolution, decision or any act of the Board.

Each member of the Board 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. The members of the Board shall be reimbursed by the Authority for actual expenses, including travelling 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 powers and functions:

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

Sec. 8. Administrator.- The Authority shall have an Administrator to be appointed by the President of the Philippines for a term of one year with reappointment, and shall be the Chief Executive Officer of the Authority and ex officio Vice Chairman of the Board. In case of resignation, retirement, separation, transfer, re-assignment, removal and other cause of cessation from office of the Administrator, the replacement shall serve only for the unexpired portion of the term.

1 The Administrator shall be assisted by two (2) Deputy Administrators who shall be
2 appointed by the Administrator with the confirmation of the Board. Either one of the
3 Deputy Administrators, upon the designation of the Administrator, shall perform the duties
4 and exercise the powers and functions of the Administrator in the absence of the latter.

5 The Administrator shall possess a track record in the government service or the
6 private sector related to the food grains industry of at least five (5) years prior to
7 appointment. The Deputy Administrators shall be Career Executive Officers with at least
8 three (3) years of experience in the food grains industry.

9 There shall also be Assistant Administrators to supervise and cover functional areas
10 to be determined by the Administrator with the confirmation of the Board. The number of
11 assistant administrator positions shall be subject to approval by the Board but not to exceed
12 six (6). Any person appointed as assistant administrator shall be a Career Executive Service
13 eligible or a Career Service Executive eligible.

14 The Administrator and the Deputy Administrators shall not be less than thirty-five
15 (35) years of age, and the Assistant Administrators shall not be less than 30 years of age, all
16 of whom should be natural-born citizens of the Philippines with managerial competence.

17 **Sec. 9. Powers and Functions of the Administrator.-** The management of the
18 day-to-day operations of the Authority shall be vested in the Administrator, who shall have
19 the following powers and duties:

- 20 a. Direct and supervise the management, operation and administration of the
21 Authority and, for this purpose, may delegate any or some operational and
22 administrative responsibilities and duties to the other officers of the Authority;
- 23 b. Enter into and execute, on behalf of the Authority, all contracts and agreements
24 which the Authority may enter into, and to sign, accomplish, and deliver any and
25 all documents relative to such contracts and agreements, subject to the approval
26 of the Board;
- 27 c. Submit to the Board an annual budget and such supplemental budgets as may be
28 necessary for its consideration and approval;
- 29 d. Represent the Authority in all dealings with other offices, agencies, persons or
30 entities, domestic or foreign, government or private;
- 31 e. Appoint, with the approval of the Board, and discipline for cause in accordance
32 with civil service laws, rules and regulations, the subordinate officers and
33 personnel of the Authority;

- 1 f. Transfer officers and personnel as the exigencies of the service may require
2 without need of prior approval by the Board and in accordance with existing
3 rules and regulations; and
4 g. Exercise such other powers and perform such other duties as may be assigned by
5 the Board.

6 **Sec. 10. Departments.-** There shall be created the following departments within the
7 Authority: administrative, legal, operations, financial and management, auditing, planning
8 and programming, and such other department as may be necessary to effectively carry out
9 the functions of the Authority. The head of each Department shall be appointed by the
10 Board upon recommendation of the Administrator.

11 **Sec. 11. Merit System.-** All officials and employees of the Authority shall be
12 selected and appointed on the bases of merit and fitness in accordance with civil service
13 law, rules and regulations. The recruitment, transfer, promotion, and dismissal of all its
14 personnel including temporary workers shall be governed by a merit system that will be
15 established by the Authority in compliance with existing laws, rules and regulations.

16 **Sec. 12. Exemptions.-** The Authority is hereby exempted from:

- 17 a. the provisions of Republic Act No. 9184, otherwise known as the "Government
18 Procurement Reform Act", and its Implementing Rules and Regulations, insofar
19 as procurement of *palay* and corn, with due consideration to the interest of the
20 government in such negotiations;
21 b. payment of all taxes, duties, fees, imposts charges, costs and restriction to the
22 Republic of the Philippines, provinces, cities, municipalities and other agencies
23 and instrumentalities, including the taxes, duties, fees, imposts and other charges
24 provided for under Republic Act No. 1937, otherwise known as the "Tariff and
25 Customs Code of the Philippines", as amended by Presidential Decree No. 34,
26 dated October 27, 1972, and Presidential Decree No. 69, dated November 24,
27 1972; and all filing, docket, and service fees, bonds and other charges or costs in
28 any court or administrative proceedings in which the Authority may be a party
29 subject to the provisions on tax expenditure subsidies implemented by the Fiscal
30 Incentives Review Board (FIRB);
31 c. all duties and arrastre fees, in so far as the government's share is concerned,
32 including all charges and fees imposed under Presidential Decree No. 857,
33 otherwise known as the "Revised Charter of the Philippine Ports Authority",
34 wharfage taxes and tonnage dues on import and export of goods required for its
35 operations and projects;

- d. the payment of documentary stamp tax and registration fees for all documents or contracts executed by or in favor of the Authority: *Provided, however,* That this exemption shall not apply to taxes and assessments payable by persons and entities transacting business with the Authority;
- e. the coverage of Presidential Decree No. 711, "Abolishing All Existing Special and Fiduciary Funds and Transferring to the General Fund the Operations and Funding of all Special and Fiduciary Funds"; and
- f. compulsorily procuring from the Government Service Insurance System insurance coverage for its rice and corn importation.

Sec. 13. Assets and Liabilities.- Within six (6) months following the approval of this Act, the Authority shall transfer all its non-core program assets to the Governance Commission for GOCCs pursuant to Section 31 of Republic Act No. 10149, which shall handle the disposition and liquidation of the transferred assets.

The national government shall directly assume all the financial obligations of the Authority contracted in relation to its palay procurement and rice importation programs.

SEC. 14. Capitalization.- The 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 annual General Appropriations Act.

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

SEC. 15. Appropriation.- The Department of Budget and Management (DBM) shall include in the President's annual budget proposal the funds for personal services, interests and other maintenance and operating expenses of the Authority to maintain its food security buffer stock.

When commissioned to implement programs for palay price and supply stabilization, the Authority shall be provided by the Office of the President (OP) the funds to cover for the difference between the prevailing farm gate price and the desired price to influence the market. Such funds shall be included in the allocation for the Office of the President in the annual General Appropriations Act.

The budget for the purchase of rice stocks from the Authority for disaster relief operations and any other pro-poor programs of the DSWD and concerned government agencies shall be included in their respective allocations in the annual General Appropriations Act.

1 Local government units shall allocate in their respective annual budgets the cost of
2 rice to be purchased from the Authority for relief operations.

3 **SEC. 16. Separation Incentive Package.-** The authority may establish an early
4 retirement plan for its officials and employees.

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

9 a. Serious offenses – Any of the following acts or omissions shall constitute a
10 serious offense:

- 11 1. Hoarding, profiteering, or acting as a cartel involving food grains as defined
12 in Section 5, Illegal Acts of Price Manipulation, of Republic Act No. 7581,
13 otherwise known as the “Price Act”;
- 14 2. Diversion of food grains as defined in this Act;
- 15 3. Printing, issuing, or knowingly using, possessing or negotiating a cancelled,
16 unauthorized, illegal, counterfeit or falsified warehouse receipt;
- 17 4. Failure or refusal of a food grains bonded warehouseman, without any lawful
18 excuse, to deliver food grains deposited with him: *Provided, however,* That
19 the warehouseman shall be entitled to the allowance authorized for
20 depreciation of the food grains deposited;
- 21 5. Stock-piling of imported milled rice unless duly authorized by the Authority;
- 22 6. Re-milling of imported rice;
- 23 7. Repacking or mixing of imported milled rice with any local variety;
- 24 8. Trading or causing the distribution or sale of imported milled rice to the
25 public without any permit from the Authority;
- 26 9. Mislabeling or misrepresenting imported milled rice as a local rice variety;
27 or
- 28 10. Selling NFA rice at prices above the government-mandated prices.

29 The offender of any of the serious offenses enumerated herein shall, upon
30 conviction, be punished by imprisonment of not less than five (5) years and one day nor
31 more than fifteen (15) years, or a fine of not less than Fifty Thousand Pesos (P50,000.00)
32 but not more than Five hundred thousand pesos (P500,000.00), or both fine and
33 imprisonment at the discretion of the Court.

34 b. Less Serious Offenses – Any of the following acts or omissions shall constitute a
35 less serious offense:

1. Connivance in the concealment of a stock shortage in a food grains warehouse;
2. Knowingly submitting any report to the Authority containing false information or data;
3. Misrepresentation in connection with any application for license to engage in food grains business;
4. Failure or refusal of a warehouseman to allow the Authority or his duly authorized representative to inspect or examine their food grain stocks to conceal shortage or to misrepresent the quantity or quality of his food grain stocks, including the impeding of such inspection and examination by abandonment, absence or otherwise;
5. Engaging in the business of food grains retailing, wholesale, threshing, shelling, warehousing, milling, exporting, importing, trading, growing and selling of certified seed, manufacturing or processing without a valid license;
6. Possessing a rice polishing or rice color sorting machine unless authorized by the DA: *Provided*, That all rice polishing or rice color sorting machines being used or operated by any rice miller prior to the enactment of this Act shall be submitted to the Authority for inspection and recording and shall not be used nor operated unless authorized by the Authority;
7. Importing unmilled rice grains except upon proper showing that the same shall be used exclusively for agricultural or scientific purpose as duly certified by the DA and the Department of Science and Technology (DOST)

The offender of any of the less serious offenses enumerated herein shall, upon conviction, be punished by imprisonment of not less than six (6) months and one (1) day nor more than four (4) years, or by fine of not less than Thirty thousand pesos (P30,000.00) nor more than One hundred fifty thousand pesos (P150,000.00), or both fine and imprisonment at the discretion of the court.

c. Light Offenses – Any of the following acts or omissions shall constitute a light offense:

1. Non-compliance with the rules, regulations, decisions, orders, circulars or directives lawfully issued by the Council, provided non-compliance does not constitute a higher offense as herein above provided; or
2. Selling or offering to sell to the Authority by any person of palay or corn or other food grains other than that directly produced by him as farmer or

shared by him as tenant or landlord; knowingly buying such food grains by any authorized personnel for the Authority; and connivance by any person in the selling or buying of such food grains.

3. Buying or possessing rice polishing or rice color sorting machines unless authorized by the Authority. For this purpose, such machines already being used or operated by any rice miller prior to the enactment of this Act shall be submitted to the Authority for inspection and recording and shall not be used or operated unless duly authorized by the Authority.
4. Importing unmilled rice grains except upon a proper showing by the importer that the same shall be used exclusively for agricultural or scientific purposes and duly authorized by the DA and the Department of Science and Technology (DOST) for such purposes.

The offender of any of the light offenses enumerated herein shall, upon conviction, be punished by imprisonment of not less than three (3) months and one (1) day nor more than nine (9) months, or a fine of not less than Fifteen thousand Pesos (P15,000.00) nor more than Thirty thousand pesos (P30,000.00), or both such fine and imprisonment.

Rice polishing machines and rice color sorting machines found to be used in re-polishing or re-milling imported rice or used in color-sorting of rice after the promulgation of this Act shall be confiscated, after conviction of the offender, in favor of the government. Confiscated rice stocks, on the other hand, shall be immediately donated to government hospitals, jails, outposts and detachments of the Philippine National Police or Armed Forces of the Philippines, through the DSWD, in the areas where the same confiscated.

SEC. 18. Violation by Juridical Persons.- Whenever any violation of the provisions of this Act is committed by a juridical person, its officials or employees who are responsible for the violation shall be held liable therefor.

SEC. 19. Violation by Government Officials or Employees.- Any public official or employee who, by reason of his office, with or without consideration, conspires in the commission or knowingly conceals violations of the offenses prescribed in this Act or the other provisions of this Act shall likewise be principally responsible for the violation and shall suffer the additional penalty of removal from office and permanent disqualification to hold any public office.

SEC. 20. Criminal Penalties Without Prejudice to Administrative Sanctions.- The foregoing criminal penalties shall be without prejudice to the administrative sanctions which the Authority, in the exercise of its powers and functions, may impose under this Act or under any other law.

1 **SEC. 21. Congressional Oversight Committee on the National Food Authority.**

2 – A Congressional Oversight Committee on the Authority, hereinafter referred to as the
3 Oversight Committee, is hereby created to be composed of the Chairmen of the Committee
4 on Agriculture and Food of both Houses, Chairmen of the Committee on Ways and Means
5 of both Houses, Chairman of the Special Committee on Food Security of the House of
6 Representatives, Chairman of the Committee on Government Enterprises and Privatization
7 of the House of Representatives, Chairman of the Committee on Government Corporations
8 and Public Enterprises of the Senate, Chairman of the Committee on Trade, Commerce and
9 Entrepreneurship of the Senate, and three (3) other members each of the House of
10 Representatives and the Senate, to be designated respectively by the Speaker of the House
11 and the President of the Senate.

12 The Chairs of the Committees on Agriculture in the Senate and House of
13 Representatives, shall be, respectively, the Chair and Co-Chair of the Oversight Committee.
14 The other members shall receive no compensation; however, traveling and other necessary
15 expenses shall be allowed.

16 The Oversight Committee shall oversee and monitor the implementation of all
17 programs, projects and activities related to the accomplishment of the policy objectives
18 herein set forth including the disposition of assets no longer needed by the Authority as
19 source of additional operating funds.

20 **SEC. 22. Powers and Functions of the Oversight Committee on the National**
21 **Food Authority.**– The oversight committee on the Authority shall exercise the following
22 powers and functions:

- 23 a) Prescribe and adopt guidelines that will govern its work;
24 b) Hold hearings, receive testimonies and reports pertinent to its specified concerns;
25 c) Secure from any department, bureau, office or instrumentality of the Government
26 such assistance as may be needed, including technical information, preparation and
27 production of reports and submission of recommendations or plans as it may require;
28 d) Summon by subpoena any public or private citizen to testify before it, or require
29 by subpoena *duces tecum* to produce before it such records, reports or other documents as
30 may be necessary in the performance of its functions;
31 e) Use resource persons from the public and private sectors as may be needed;
32 f) Approve the budget for the work of the Committee and all disbursements
33 therefrom, including compensation of all personnel;
34 g) Organize its staff and hire and appoint such employees and personnel whether
35 temporary, contractual or on consultancy, subject to applicable rules; and

1 h) Generally, to exercise all the powers necessary to attain the purposes for which it
2 is created.

3 **SEC. 23. Periodic Reports.** – The Oversight Committee shall submit periodic
4 reports on its findings and make recommendations on actions to be taken by Congress and
5 the appropriate departments. In order to carry out the objectives of this Act, an initial
6 amount of Ten million pesos (P10,000,000) is hereby appropriated for the Oversight
7 Committee for the first year of its operation.

8 **SEC. 24. Separability Clause.**– If, for any reason, any provision of this Act or the
9 application of such provision to any person, group, or circumstance is declared invalid or
10 unconstitutional, the remainder of this Act shall not be affected by such declaration.

11 **SEC. 25. Repealing Clause.**– The provisions of Presidential Decree No. 4, as
12 amended and all other laws, decrees, executive orders, rules and regulations, issuances or
13 parts thereof inconsistent with the provisions of this Act are hereby repealed or modified
14 accordingly.

15 **SEC. 26. Effectivity.**– This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or in a newspaper of general circulation.

17 Approved,