

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. 7006



INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

It is often argued that the very pitfall of agrarian or land reform is the concept itself.

Through land reform, there is a transfer of ownership of land from the hacienderos or big landowners to tenant farmers, in the well intentioned belief that giving land to the tiller will make him work harder and set him off on the road to prosperity. We herald this as a victory for peasant farmers and social justice achieved. However, without correct farming technology, mechanization, post harvest processes, logistics support and market access, all that we have achieved in the Philippines' land reform program is continuing poverty for our rural folk with formerly contiguous agricultural lands split into small and unmanageable parcels.

Naturally, this split translates to the discontinuation of the former purpose and use of the land. It is not an uncommon occurrence that a formerly large tract of land planted with palay would now be used for various purposes. The new landowners can now plant whatever crop they would like. At best, the fractured lands that resulted from the break-up are now planted inefficiently with the farmer getting deeper in debt every planting season and at worse, actually left idle, unproductive and dormant.

In case the lands were previously planted with plantation crops, like sugar cane, such would spell the end of it as these crops thrive on bigger economies of scale. In any case, what results is declining productivity, higher costs of production and greater damages in the face of climate change. Locally, income security is affected and regionally and nationally, even food security is at risk.

Considering the reality of fractured farm lots dotting the Philippine countryside today, the absence of rural finance and crop insurance, as well as archaic chattel mortgage and warehouse receipts laws, the absence of economies of scale in production, mechanization, post harvest processing and

preservation of crop harvests and poor logistics infrastructure and digital connectivity to enhance technology, extension, price discovery and market access, there is an urgent need, in these times of climate change, to incentivize and encourage farmers to come together and consolidate their farm lots to afford them a chance to produce in scale to lower their costs and attract businessmen, traders and entrepreneurs to partner with them for production and marketing activities.

This proposed bill is inspired by the practice in Malaysia, where the Federal Land Development Authority (FELDA), and the Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), pioneered in land distribution to tillers but under the condition that lands cannot be distributed and fractured into small lots, but distributed at a minimum land size of 4 hectares with the lots aggregated into vast sizes of thousands of hectares to corporatized farming. This way, the decided and focused to growing corporate and plantation type crops, affords farmers the Chane to employ the best science and technology, to growing crops at the lowest possible costs. This system is what gave Malaysia present day dominance in palm oil, rubber, tea and fruit trees.

Our objective now must be to incentivize farmers and cooperatives to come together and produce together and as one. They must be the given the opportunity to produce in scale. Small farm lot owners and agrarian beneficiaries must be encouraged to explore partnership arrangements with each other, or together as one, deal with Government and business to produce efficiently and at a profit. The objective is to consolidate small contiguous landholdings into bigger agricultural estates. The consolidation of said lands may be by direct acquisition or sale by the small landowners, usufruct, and/or long term lease of rights. Priority shall be the consolidation of unused, underutilized and underdeveloped lands. A comprehensive plan and study on optimum utilization and long term productivity of bigger landholdings shall be crafted. There shall be private sector participation in agricultural production and management through adequate security, incentives and reasonable returns on investments. A cooperative system shall be adopted to increase participation and protection of small farmers. There shall be employment opportunities for farmers so that they would be provided with a reasonable standard of living and improved level of income.

Most importantly, the nucleus provision of this Act, is to mandate mandatory state assistance in developing road, utility, logistics, processing and marketing support for farmers and parties who are willing to consolidate their lands into a minimum contiguous area of 50 hectares of agricultural land devoted to the production of a crop in scale in partnership with the private sector.

As the primary task under this Act is incentivizing and encouraging the consolidation of agricultural lands, primarily prioritizing, but nor exclusively devoted to, agrarian reform beneficiaries, the Department of Agrarian Reform shall be the agency tasked to implement the provisions of this Act. The

Presidential Agrarian Reform Council (PARC) created under Section 41, Chapter XI of Republic Act No. 6657, as amended is hereby tasked to craft a formulate, advocate, coordinate, oversee and assess the implementation the land consolidation program under this Act.

The country's need for food security cannot be over emphasized but our farmer's prosperity and rise from poverty is the ultimate objective. There is a grave need for the attainment of economies of scale in agricultural production. The consolidation of small landholdings into bigger agricultural estates, along with careful and proper planning, and most important, the cooperation of corporate businesses with small farmers, WITH MANDATORY STATE SUPPORT for basic infrastructure, utilities, processing and marketing, this can be achieved.

In the view of the foregoing, the passage of the bill is hereby being earnestly sought.



ARTHUR C. YAP
Representative

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AN ACT
ENSURING FOOD SECURITY, INCREASING
AGRICULTURAL YIELD, PRODUCTIVITY, AND
FARMERS' INCOME BY CONSOLIDATING
OWNERSHIP, RIGHTS AND UTILIZATION OF SMALL
LANDHOLDINGS, PROVIDING FUNDS THEREFOR,
AND FOR OTHER PURPOSES

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

1 **SECTION 1. Title.** – This Act shall be known as the “Land
2 Consolidation and Utilization Act”.

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the
4 State to ensure food security, maximize agricultural yield and productivity
5 and increase farmers’ income. Towards this end, the State shall promote the
6 consolidation of small scale agricultural landholdings, for unified or common
7 utilization, planting, production, and development, adopt effective field
8 management practices to increase farmers income by maximizing yields and
9 minimizing costs, contribute towards improving farmers’ well-being by
10 ensuring that they achieve a higher standard of living in a well-organized and
11 conducive manner; and to establish a dedicated and efficient management
12 team capable of implementing all the activities as planned.

1 **SEC. 3. *Land Consolidation and Utilization Program.*** –There is
2 hereby established a Land Consolidation and Utilization Program under this
3 Act. The objectives of the said program are as follows:

- 4 1. To consolidate small contiguous landholdings into bigger agricultural
5 estates. The consolidation of said lands may be by usufruct, and/or long
6 term lease of rights. Priority shall be the consolidation of unused,
7 underutilized and underdeveloped lands with a minimum of fifty (50)-
8 hectare cluster with at least ten (10) small landowners for synchronized
9 farming operations, from land preparation to harvesting, in cooperation
10 or contract with agricultural mechanized operation service providers.
11 Once farming operations over a fifty (50) – hectare cluster has been
12 done, development of these agricultural lands thru the allocation of
13 funds to develop farm to market roads, irrigation, utility, logistics,
14 processing and marketing support for farmers is hereby mandated.
- 15 2. To craft a comprehensive plan and study on optimum utilization and
16 long term productivity of bigger landholdings;
- 17 3. To enable private sector participation in agricultural production and
18 management through adequate security, incentives and reasonable
19 returns on investments;
- 20 4. To develop and adopt a cooperative system to increase participation and
21 protection of small farmers and other groups;
- 22 5. To create employment opportunity and increased family incomes in the
23 agriculture sector;
- 24 6. To provide a reasonable standard of living to the rural population
25 through stable and improved level of income on sustainable basis; and

1 7. To improve the quality of rural life through provisions on the upgrading
2 of the basic social amenities and facilities.

3 **SEC. 4. *Program Implementation.*** – The Presidential Agrarian
4 Reform Council (PARC) created under Section 41, Chapter XI of Republic
5 Act No. 6657, as amended is hereby tasked to craft a formulate, advocate,
6 coordinate, oversee and assess the implementation the land consolidation
7 program under this Act.

8 The Executive Committee under Section 42, as well as the Secretariat
9 under Section 43, shall likewise perform their functions for the Council under
10 this Act.

11 The Department of Agrarian Reform shall be the agency tasked to
12 implement the provisions of this Act.

13 **SEC. 5. *Manner of Land Acquisition, Compensation and***
14 ***Consolidation.*** – Land acquisition and compensation shall be in accordance
15 with Chapters V and VI of Republic Act No. 6657, otherwise known as the
16 Comprehensive Agrarian Reform Law, and which function shall be performed
17 by the pertinent office of the Department of Agrarian Reform.

18 As for long term lease and/or usufruct of lands, the Board shall take
19 into consideration existing market rates, among other factors. For lands
20 determined to be unused, undeveloped, underdeveloped or underutilized,
21 profit sharing schemes shall be adopted in lieu of rental payments.

22 **SEC. 6. *Administrative Adjudication and Judicial Review.*** – The
23 administrative adjudication under Chapter XII and Judicial Review under
24 Chapter XIII of Republic Act No. 6657, as amended, particularly as to
25 valuation of land acquisition shall be enforced under this Act.

1 **SEC. 7. *Appropriations.*** – The initial amount of TEN BILLION
2 PESOS (Php10,000,000,000.00) from the income of the Philippine
3 Amusement and Gaming Corporation (PAGCOR) shall be allocated for this
4 Act. Thereafter, such amount as may be necessary for the continuous
5 implementation of the Program under this Act shall be included in the annual
6 General Appropriations Act.

7
8 **SEC. 8. *Implementing Rules and Regulations.*** – The PARC shall
9 issue the implementing rules and regulations of this Act within ninety (90)
10 days starting from the effectivity of this Act.

11 **SEC. 9. *Repealing Clause.*** – All laws, decrees, executive orders and
12 rules and regulations or part or parts thereof inconsistent with any provision
13 of this Act are hereby repealed, modified or amended accordingly.

14 **SEC. 10. *Separability Clause.*** – If any provision of this Act is declared
15 unconstitutional, the validity of the remaining provisions hereof shall remain
16 in full force and effect.

17 **SEC. 11. *Effectivity.*** – This Act shall take effect fifteen (15) days after
18 its publication in the *Official Gazette* or in a newspaper of general circulation.

APPROVED.