

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**EIGHTEENTH CONGRESS
Second Regular Session**

HOUSE BILL NO. 7477



Introduced by Representative Michael John R. Duavit

EXPLANATORY NOTE

The 1987 Constitution provides in Article II, Section 9 that:

“Sec. 18. The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

For many years, poverty is one of the biggest dilemmas of the Philippines. The poverty rate of our country seems to increase rather than to decline and one of the causes of poverty is unemployment. In 2019, the unemployment rate in the Philippines was approximately 2.15% and on a steady downward trend from 3.6 % in 2014.

Unemployment is not a choice that is given to people, it is due to the scarcity of job opportunities and if there is any, qualifications are easily unmet. Some citizens are even willing to work even if they are over-qualified for the position just to earn a living. With that said, the government earnestly keeps on finding ways to provide employment for its citizens.

It is undeniable that the country has been dependent on our agricultural sector to supply our crops, livestock, poultry and fisheries. Demand for produce increase every day due to the growth of our population and there is always an oversupply of products from the said sector.

Agriculture have been very profitable but only for the major suppliers of our country. Even importers gain so much because of our country's demands.

However, despite the demand from our citizens, it appears that the members of the sector seem to have little to no gain from their produce. Others are even having difficulty to sustain and manage their own lands just provide people's demands.

All things considered, the authors would like to introduce the State Managed Farming Law of the Philippines, in order to provide employment opportunities within the agricultural value chain in both the government and private sectors.

Furthermore, the bill allows the National Commission of Indigenous Peoples, the Local Government Units, State Universities and Colleges of the Philippines and Government Owned and Controlled Corporations to manage and make use all public lands for agricultural business – for the benefit of its constituency and their respective sectors.

This bill seeks to ease the burden of the indigenous people who have difficulty in earning a stable revenue as this allows them to share in the lease and business net income and at the same time augment the income of LGUs and SUCs thus making them more capable of sustaining their respective programs.

The authors of this measure wish to bring forth the provisions of the Constitution, which mandates that the State shall provide stable employment to the people in order to have an improved quality of life.

Very truly yours,



MICHAEL JOHN R. DUAVIT
Representative
1st District of Rizal

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HOUSE BILL NO. 7477

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State Managed Farming Law of the Philippines

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

I.

SECTION 1. *Short Title.* – This Law shall be known and cited as the “**State Managed Farming Law of the Philippines**”.

II.

SECTION 2. *Declaration of Policy.* - This Law is enacted pursuant to the declared principle of the Philippine Constitution stated in Article II, Section 9:

“The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.”

III.

STATED POLICY

SECTION 3. It is declared as a State Policy to free all Filipinos from poverty by creating stable employment opportunities within the agriculture value chain in both the Government and Private sectors.

SECTION 4. The ownership rights by the Agrarian Reform beneficiaries and their heirs over the agricultural lands distributed to them are recognized subject to the limitations stated by law.

SECTION 5. The development of the rural areas for agriculture and industries must be actively pursued by Government.

IV.

DECLARED OBJECTIVES

SECTION 6. The State through this Law shall pursue the following objectives:

- a. Fight poverty thru the creation of many jobs within the agriculture value chain;
- b. Achieve food security in the Philippines by strengthening our food crops production and livestock farming;
- c. Achieve business opportunities in the Philippines by allowing cash crops production;
- d. To fully utilize idle government and private lands for agriculture;
- e. To allow the farmers & the Agrarian Reform beneficiaries the option to lease their lands to the Government, the Government Offices, the NCIP, LGUs & the GOCCs & to have the opportunity to work for Government & its Offices, the LGUs, SUC & the GOCCs while retaining ownership of their lands;
- f. To make the lands earn property taxes for the LGUs;
- g. For Government, the Government Offices, the NCIP, LGUs, SUC & the GOCCs to be able to decrease the price of agricultural products without price control by tempering its profits; and
- h. To discourage dole out & lessen subsidy expenses by the Government with the creation of many jobs.

V.

DEFINITIONS

SECTION 7. *Definition of terms* – For the purpose of this Law, the following terms shall be understood as follows:

- a. Agricultural-Industrial classification - is a land classification given by the Cities & Municipalities as to the mixed usage of a land for agriculture & industry;
- b. Agricultural classification - is a land classification given by the Cities & Municipalities as to the usage of a land for agriculture;
- c. Agriculture - is the practice of growing crops & raising animals;
- d. Agriculture value chain - is the range of activities and set of actors that bring a basic agricultural product from the various stages of inputs, production, processing, packaging & distribution;
- e. Ancestral domains - as defined under Republic Act No. 8371 of 1997;
- f. Ancestral lands – as defined under Republic Act No. 8371 of 1997;
- g. BIR – Bureau of Internal Revenue;
- h. Business of agriculture - is the business at any stage of the agriculture value chain;
- i. Farm Management – The Government, the Government Offices, the National Commission of Indigenous Peoples (NCIP), the LGU, SUC and the GOCC Office that will engage in the business of agriculture;
- j. Government - refers to the Philippine Government;
- k. Government Offices - refers to the Departments, Bureaus & Offices of the Philippine Government;
- l. Government Owned and Controlled Corporation (also known as GOCC) - is a government corporation created by law through its own charter;
- m. Industrial - is a broad term to describe all aspects of industry;

- n. Industry - is a sector of manufacturers or businesses that produces a particular kind of goods or services;
- o. IRR – Implementing Rules & Regulations;
- p. Landowner – owner of the land by title or by hereditary succession;
- q. Local Government Units (also known as LGUs) – Refers to provinces, cities, municipalities & the barangays;
- r. National Commission of Indigenous Peoples (also known as the NCIP) – refers to the Office created under R.A. No.8371 of 1997 which is under the Office of the President, and which is the primary government agency responsible for the formulation and implementation of policies, plans and programs to recognize, protect and promote the rights of the Indigenous Cultural Communities/Indigenous Peoples (ICCs/Ips);
- s. Public lands - consist of alienable or disposable, timber and mineral lands;
- t. SUC – State Universities and Colleges in the Philippines.

VI.

SCOPE

SECTION 8. *Land coverage* - This Law shall cover all lands in the Philippines described as follows:

- a. All public lands;
- b. All lands in the name of the Government, Government Offices, local government units (LGUs), SUC and government owned and controlled corporations (GOCCs) regardless of the classification for use by the Cities and Municipalities;
- c. Ancestral domains;
- d. Ancestral lands;
- e. All titled lands classified as agricultural &/or agricultural-industrial by the Cities and Municipalities;
- f. All lands officially distributed through the past and the present agrarian reform programs of government classified as agricultural &/or agricultural-industrial by the Cities and Municipalities;
- g. All untitled lands classified as agricultural &/or agricultural-industrial by the Cities and Municipalities; and
- h. All untitled alienable or disposable lands actually used for agriculture.

VI.

AUTHORITY OF THE GOVERNMENT & ITS OFFICES, THE LGUs AND THE GOCCs TO DO AGRICULTURAL BUSINESS

SECTION 9. *Authority* – The Government, Government Offices, the National Commission of Indigenous Peoples (NCIP), the LGUs, SUC and the GOCCs shall be allowed to engage in the business of agriculture and its value chain without limit to the size of the land used.

SECTION 10. That in the conduct of the business in all of the agriculture value chain, the Government, the Government Offices, the National Commission of Indigenous Peoples (NCIP), the LGUs, SUC and the GOCCs shall be allowed to do the following:

- a. For the Government to possess, utilize, control and manage all public lands for agricultural business;

- b. For the Government, Government Offices, the LGUs, SUC and the GOCCs to possess, utilize, control and manage for agricultural business all lands titled in their names regardless of the land classification by the Cities and Municipalities;
- c. For the National Commission of Indigenous Peoples (NCIP) to possess, utilize, control and manage for agricultural business, all lands of ancestral domains & ancestral lands regardless of the land classification by the Cities and Municipalities through lease from the Indigenous People residents made subject to the 2/3 approval vote by ballot of all the indigenous people of legal age who are actual residents in the subject land to be used for agricultural business for at least one year before the vote process. The voting process for the said purpose shall be supervised by the Department of the Interior and Local Government.

The lease income and the business net income shall be shared yearly by the NCIP and the Indigenous People residents at 10% as management fee for the NCIP and 90% of the lease & business net income to be shared by the Indigenous Peoples residents of legal age actually occupying the subject land for at least one year.

- d. For the Government, Government Offices, the LGUs, SUC and the GOCCs to possess, utilize, control and manage for agricultural business, the ancestral domains & ancestral lands through lease from the Indigenous People residents of the subject land of legal age as represented herein by the NCIP subject to the approval of at least 3/4 of all the members of the NCIP and the 2/3 approval vote by ballot of all the indigenous people of legal age who are actual residents of the subject land for at least one year before the vote process. The voting process for the said purpose shall be supervised by the Department of the Interior and Local Government; In this situation, the yearly lease income shall be shared by the NCIP and the Indigenous People residents at 10% as management fee for the NCIP and 90% of the lease income to be shared by the Indigenous Peoples residents of legal age actually occupying the subject land for at least one year. The business income is owned by the Lessee government, government offices, LGUs, SUC and the GOCCs.
- e. For the Government, Government Offices, LGUs, SUC and GOCCs to possess, utilize, control and manage through lease for agricultural business all titled lands classified as agricultural &/or agricultural-industrial by the Cities and Municipalities;

SECTION 11. *Employment Rules* – Regular, contractual and job order employees hired by the Government, Government Offices to include the NCIP, LGUs, SUC and the GOCCs engaged in the business of agriculture and its value chain shall be considered government employees and shall be covered by the Civil Service Rules but shall be exempted from civil service qualifications for entry into government service.

SECTION 12. In the hiring of managerial & supervisory employees, the Government, Government Offices, the NCIP, LGUs, SUC and the GOCCs are given the discretion to choose their choice of managerial & supervisory officers.

SECTION 13. That except for managerial & supervisory positions, the hiring of work qualified regular employees, contractual & job order workers as needed by the Government, Government Offices, the NCIP, the LGUs, SUC & the GOCCs, shall follow this top-to bottom order of priorities:

1. Land owner/s, members of the Indigenous Cultural Communities/Indigenous Peoples (ICCs/Ips) & the agrarian reform beneficiary or beneficiaries named in the title of the land subject to a lease;
2. Upon the non-availability of the land owner/s, members of the Indigenous Cultural Communities/Indigenous Peoples (ICCs/Ips) as nominated by the NCIP & agrarian reform beneficiary or beneficiaries named in the title of the land subject to a lease, their replacement will be one representative nominee of the land owner/s, the nominees of the NCIP & one representative nominee of the agrarian reform beneficiary or beneficiaries named in the title of the land subject to the lease as chosen by the farm management;
3. When the land owner/s, members of the Indigenous Cultural Communities/Indigenous Peoples (ICCs/Ips) as nominated by the NCIP & the agrarian reform beneficiary or beneficiaries named in the title of the land and their representatives & nominees are not available, their replacement will be one family member of the land owner/s, one family member of each NCIP nominee & one family member of the agrarian reform beneficiary or beneficiaries named in the title of the land subject to a lease as chosen by the farm management;
4. A family member of an occupant of the land subject to be farmed as chosen by the farm management;
5. The regular agricultural workers of the land subject to be farmed as chosen by the farm management;
6. The contractual or seasonal agricultural workers of the land subject to be farmed as chosen by the farm management;
7. Residents of the Cities & Municipalities where the land subject to be farmed is located as chosen by the farm management;
8. Residents of the Province where the land subject to be farmed is located as chosen by the farm management;
9. Residents of the Region where the land subject to be farmed is located as chosen by the farm management; and
10. Workers of choice by the farm management.

SECTION 14. The students of the SUC shall be allowed to do farming activities in lands managed for farming by the SUC as part of their school training. The said students who shall be supervised by the SUC shall however not be considered as regular, contractual or job workers of the SUC.”

VII.

AGRARIAN REFORM CONCERNS

SECTION 15. Lands acquired by the beneficiaries of the Government’s past & existing agrarian reform programs may be sold by the beneficiaries or upon their death by their heirs to a private sector buyer after 10 years from its acquisition & after the said land has been fully paid to the Government. For the sale to be effective, it must be published by the private sector buyer where the land is located in both newspaper of general and provincial circulation within one (1) year from the sale. However, the Government as first

priority, its offices as second priority, the LGUs as third priority, the SUC as fourth priority and the GOCCs as last priority purchasers, are given the right to purchase the land subject to the sale from the private sector buyer within one (1) year from the required last dated publication of the sale. The purchase price to be paid by the Government its offices, the LGUs, SUC and the GOCCs to the buyer shall not exceed the BIR zonal valuation amount of any land that have been sold by the Agrarian Reform beneficiaries and their heirs to the Private sector.

SECTION 16. When the land owner or a land beneficiary of the government's past & existing agrarian reform program consents, the Government, Government Offices to include the NCIP, LGUs, SUC and the GOCCs are allowed to buy lands owned by the land owner or a land beneficiary of the government's past & existing agrarian reform program in an amount not to exceed 10% over the land value based on the BIR zonal valuation at the time of the sale.

SECTION 17. The Government, Government Offices to include the NCIP, LGUs, SUC and the GOCCs shall be allowed to lease, possess, utilize, control and manage lands for agricultural business without a limit to size.

BUDGETARY PROVISION

SECTION 18. That except when budget support is allowed by Congress in the annual budget, the Government, Government Offices to include the NCIP, LGUs, SUC and the GOCCs shall be responsible for their respective budgets in their engagement of their business of agriculture and its value chain.

VIII.

MISCELLANEOUS PROVISIONS

SECTION 19. *National Commission of Indigenous Peoples* - In the event that the function of the NCIP is replaced by another Government Office by reason of Law, the said new Office shall replace the legal personality & function of NCIP in relation to this Law.

SECTION 20. *Implementing Rules and Regulations* - The Department of Agriculture through its Secretary, the Department of Agrarian Reform through its Secretary and the Land Bank of the Philippines through its Board as representing the GOCCs shall issue the IRR of this Act within sixty (60) days from its effectivity. In case of disagreement amongst the three Offices, the vote of any two of the three Offices is enough to finalize the IRR.

SECTION 21. *Separability Clause* - If for any reason, any section or provision of this Act is declared null and void, no other sections, provisions, or part hereof shall be affected and the same shall remain in full force and effect.

SECTION 22. *Effectivity Clause* - This Act shall take effect immediately upon publication in the Official Gazette and at least two (2) national newspapers of general circulation.

Approved,