



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH (18th) CONGRESS
First Regular Session

HOUSE BILL NO. 538

Introduced by **Hon. ARGEL JOSEPH T. CABATBAT**

AN ACT
CREATING THE DEPARTMENT ON AGRICULTURAL REFORM, DEFINING ITS
MANDATES, POWERS AND FUNCTIONS, PROVIDING THEREFOR AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

The Philippine Department of Agriculture's vision to modernize small-holder agriculture and fisheries to a diversified rural economy that is dynamic, technologically advanced and internationally competitive has remained futile. People who are dependent on land and fishing grounds are one of the most vulnerable sectors in the Philippines. In 2015, farmers and fishermen consistently posted as having the highest incidence of poverty with 34.3% and 34%, respectively, among the nine (9) basic sectors; as they did in 2006, 2009 and 2012 (www.psa.gov.ph).

The agrarian reform program, the country's centerpiece platform designed to reduce social inequality, is yet to prove its effectiveness due to intractable circumvention of the law by landlords and multinational corporations which left Filipino peasants and agricultural workers to remain landless. Its vision to uphold the rights of tillers to own, control, secure, cultivate and enhance their agricultural lands, improve their quality of life towards rural development and national industrialization has also remained as an elusive dream. Even the majority of those who have successfully owned the land that they till are having difficulties in accessing much needed support services like access to capital, seedlings, fertilizer and farm implements. This has left them at the mercy of predatory loan sharks and

agricultural cartels, who reap the lion's share of the fruits of the farmer's labor. As a bitter consequence, agrarian reform beneficiaries are constrained to sell their farms to commercial and large corporations - land reform has gone full circle.

Agrarian and agricultural reform has been a dubbed as a top priority since the Philippines became a Republic. In 2014, we have witnessed the end of the most recent 26-year Agrarian Reform Program and since then, there has been no indication that Congress would reform, extend or revive the said law. The country's agriculture sector has remained backward and stagnant due to archaic and misguided measures that generally do not serve the sector it was supposedly meant to protect. What it has resulted is anarchy in agricultural production, where large multinational corporations reign as the market leaders, with the public-sector lagging lightyears behind.

This apparent agricultural and agrarian mismanagement is also at the heart of the country's insurgency problem. The long arm of the government has been an empty metaphor for the impoverished and neglected farmer. The usual story of the aggrieved land-dispossessed farmer as a victim of social injustice who took up arms against the government has been etched in the mind of Filipinos in the countryside. It took us fifty (50) years to realize that a military solution to the insurgency is a dead-end; guns and bombs cannot quell an ideology with an empty stomach.

For this reason, there is a need to reinvent the Department of Agriculture and Department of Agrarian Reform and to develop new programs that will ensure not only the concerns and welfare of the farmers, fisherfolk and agricultural workers, but will also guarantee food security, sovereignty and agricultural development in the country. It is high time to take agriculture seriously. Massive industrialization and professionalization of the agricultural sector must be made a priority by the government.

Also, for this purpose, the State must take the lead in establishing a viable, sustainable, profitable, and technologically-advanced agricultural sector in the country and control, manage and operate an agri-business venture. The State shall employ rural workers, including farmworkers, fishworkers and other agricultural workers, and shall seek to professionalize the sector and train more efficient and reliable workers. This shall solve the endemic poverty in the countryside by providing a stable and constant source of income for agricultural workers. As an effective social justice tool, such project will also be a deterrent, if not a solution, to the long-standing issue of insurgency in the countryside.

In view of the foregoing reasons, the approval of this bill is earnestly sought.



ARGEL JOSEPH T. CABATBAT
Representative
MAGSASAKA Party-List



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

CHAPTER I
TITLE AND DECLARATION OF POLICY

SECTION 1. Short Title. - This Act shall be known as the "Department of
Agricultural Reform Act".

SEC 2. Declaration of Policy. – The State recognizes that our country is an
agricultural country with 47% of its land area mainly devoted on farming, agri-
industry, and livestock raising and fishing.

To this end, the State recognizes its role in building and prioritizing the
agricultural sector and promoting it as a viable and sustainable means of vocation
for its citizenry. The State shall also promote the collective ownership of agricultural
lands and waters, and collective farming where each members of the community
shall directly benefit from the means of production and ensure food sovereignty.

1 The State may, in the interest of national welfare or defense, establish and
2 operate vital industries and, upon payment of just compensation, transfer to public
3 ownership utilities and other private enterprises to be operated by the Government.

4 The State shall recognize the right of farmers, farmworkers and landowners,
5 as well as cooperatives and other independent farmers' organizations, to participate
6 in the planning, organization, and management of the program, and shall spearhead
7 agricultural reform through appropriate technology and research, and adequate
8 financial production, marketing and other support services.

9 The State shall provide incentives to landowners to invest the proceeds of the
10 agrarian reform program to promote rapid industrialization and employment creation
11 in agriculture.

12 The State shall protect the rights of subsistence fishermen, especially of local
13 communities, to the preferential use of communal marine and fishing resources,
14 both inland and offshore. It shall provide support to such fishermen through
15 appropriate technology and research, adequate financial, production and marketing
16 assistance and other services. The State shall also protect, develop and conserve
17 such resources. The protection shall extend to offshore fishing grounds of
18 subsistence fishermen against foreign intrusion. Fishworkers shall receive a just
19 share from their labor in the utilization of marine and fishing resources.

20 The State recognizes and promotes the rights of indigenous cultural
21 communities within the framework of national unity and development.

22 The State shall encourage non-governmental, community-based, or sectoral
23 organizations that promote the welfare of the nation.

24 25 **CHAPTER II** 26 **DEFINITION OF TERMS**

27
28 **SEC. 3. *Definition of Terms.*** – For the purpose of this Act, the following shall be
29 understood as follows:

- 30 a) Collective farms – refers to aggregate of lands by agrarian reform beneficiaries
31 and/or government lands and/or government sequestered lands for the purpose
32 of agriculture, fishing and livestock raising which are controlled and managed by
33 the government;

- 1 b) Collective farming – refers to the agricultural production in which multiple
2 farmers run their holdings as a joint enterprise which are controlled and
3 managed by the government.
- 4 c) Collective fishing - refers to marine agricultural production in which multiple
5 fisherfolk/fishworkers run a joint enterprise, which is controlled and managed by
6 the government.
- 7 d) Farmers - refers to a natural person whose primary livelihood is cultivation of
8 land or the production of agricultural crops, either by himself, or primarily with
9 the assistance of his immediate farm household, whether the land is owned by
10 him, or by another person under a leasehold or share tenancy agreement or
11 arrangement with the owner thereof.
- 12 e) Farmworkers - is a natural person who renders service for value as an employee
13 or laborer in an agricultural enterprise or farm regardless of whether his/her
14 compensation is paid on a daily, weekly, monthly or "pakyaw" basis. The term
15 includes an individual whose work has ceased as a consequence of, or in
16 connection with, a pending agrarian dispute and who has not obtained a
17 substantially equivalent and regular farm employment.
- 18 f) Fisherfolk - refers to a natural person whose primary livelihood is fishing.
- 19 g) Fishworkers - is a natural person who renders service for value as an employee
20 or laborer in an fishing enterprise or fish farms regardless of whether his/her
21 compensation is paid on a daily, weekly, monthly or "pakyaw" basis.
- 22 h) Voluntary aggregation – refers to individual farm-owner's voluntary bringing
23 together of their lands for the purpose of collective farming to be managed and
24 controlled by the government.
- 25 i) Agricultural workers - refers to all other workers in the agricultural sector,
26 including farmworkers and fishworkers, regardless of whether his/her
27 compensation is paid on a daily, weekly, monthly or "pakyaw" basis.

28
29 **CHAPTER III**
30 **DEPARTMENT OF AGRICULTURAL REFORM**
31

32 **SEC. 4.** *Creation and Mandate of the Department on Agricultural Reform.* - There
33 is hereby created the *Department on Agricultural Reform*, hereinafter referred to as

1 the Department, through the consolidation of the Department of Agriculture and
2 Department of Agrarian Reform, including its attached bureaus and agencies
3 including, but not limited to Bureau of Plant Industry, Bureau of Animal Industry,
4 Bureau of Postharvest Research and Extension, Bureau of Fisheries & Aquatic
5 Resources, Agricultural Training Institute, Bureau of Agricultural Research, Bureau of
6 Agricultural Statistics, National Food Authority, Fertilizer and Pesticide Authority,
7 Philippine Rice Research Institute and the Department of Agrarian Reform. The
8 Department shall act as the primary national government entity responsible for the
9 management agriculture and agrarian reform. It shall be the sole and main planning
10 and policy-making, regulatory, program coordination, and performance-monitoring
11 entity for agriculture and agrarian reform concerns.

12 **SEC. 5. Powers and Functions.** - The Department shall:

- 13 a) formulate the national agriculture and agrarian reform policy and strategy that is
14 consistent with the Philippine Development Plan to promote social and economic
15 welfare, in coordination and consultation with the stakeholders, local government
16 units (LGUs), and other government agencies;
- 17 b) exercise initiative and assume a lead role in coordinating, supervising, and
18 integrating all government activities relative agriculture;
- 19 c) conduct an inventory of all lands appropriate for agriculture and develop a
20 database on all of the farmers, fisherfolk and agricultural workers;
- 21 d) develop mechanisms and programs that will initiate and promote the
22 establishment of new government programs that will promote collective
23 ownership
- 24 e) and collective farming;
- 25 f) oversee and fast-tracked implementation of the agrarian reform program;
- 26 g) ensure the Department's participation in sustainable development, climate
27 change adaptation, and disaster risk reduction;
- 28 h) enter into contracts, joint venture agreements, public-private partnerships, and
29 memoranda of agreement or understanding, either domestic or foreign, under
30 such terms and conditions as the Department may deem proper and reasonable
31 and subject to existing laws;

- 1 i) discharge all responsibilities of government that may arise from treaties,
2 agreements and other commitments on housing and urban development to which
3 government is a signatory, including the determination of forms of assistance for
4 housing and urban development to be sourced through bilateral or multilateral
5 loans or assistance programs;
- 6 j) receive, take, and hold by bequest, device, gift, purchase or lease, either
7 absolutely or in trust for any of its purposes, from foreign and domestic sources,
8 any asset, grant or property, real or personal, subject to such limitations
9 provided under existing laws and regulations;
- 10 k) exercise oversight functions, coordinate, monitor and evaluate the policies and
11 programs of all its attached agencies;
- 12 l) establish a comprehensive research center for agricultural crops best suited for
13 every province and seasons and advance agriculture technologies that can be
14 implemented in the country.
- 15 m) assist LGUs in strengthening the role and building the capability of provinces,
16 cities, and municipalities as the primary entities promoting and advancing
17 agriculture;
- 18 n) support local government partnerships with communities, civil society
19 organizations, non-governmental organizations, and private groups in the
20 implementation of agriculture programs in their territories;
- 21 o) develop and establish a sector performance monitoring and assessment
22 mechanism to monitor and independently report on the performance of national
23 government agencies and LGUs involved in agriculture and agrarian reform and
24 ensure continuing improvements in sector policy and strategy formulation;
- 25 p) establish a government-controlled corporation to develop and manage Collective
26 Farming Communities all over the country;
- 27 q) declare identified areas as a Philippine agricultural Growth and Stimuli Initiatives,
28 Inc. and jointly with the concerned LGU, develop and implement projects;
- 29 r) encourage private sector participation in the agriculture industry;
- 30 s) promote and accredit the use of indigenous technologies in agriculture;
- 31 t) encourage deeper and active participation of a broader spectrum of citizenry
32 through cooperatives and civil society organizations as the avenue for the

1 assessment and recognition of their needs and, together with the local
2 government units, serve as the implementing agencies of their programs; and,
3 u) perform other related functions as may be mandated by law.

4 **SEC. 6. *Composition.*** - The Department shall be composed of the Office of the
5 Secretary, the Offices directly supporting the Office of the Secretary, the Offices of
6 the Undersecretaries and their immediate staff, and its various bureaus and regional
7 offices.

8 **SEC. 7. *The Secretary.*** - The Secretary shall:

- 9 a) advise the President on matters under the jurisdiction of the Department;
- 10 b) establish policies and standards for the efficient and effective operations of the
11 Department in accordance with the programs of the government;
- 12 c) promulgate rules, regulations, and other issuances necessary in carrying out the
13 Department's mandate, objectives, policies, plans, programs, and projects;
- 14 d) exercise control and supervision over all functions and personnel of the
15 Department;
- 16 e) delegate authority for the performance of any substantive or administrative
17 function to subordinate officials of the Department;
- 18 f) call on other agencies and instrumentalities of the government and private
19 entities for cooperation and assistance to the Department in the performance of
20 its functions; and
- 21 g) perform such other functions as may be provided by law or assigned by the
22 President.

23 The Secretary shall be a voting member of the National Economic and
24 Development Authority (NEDA) Board and the governing Boards of the Social
25 Security System (SSS), the Government Service Insurance System (GSIS), the
26 Climate Change Commission (CCC), the National Disaster Risk Reduction
27 Management Council (NDRMMC), Investment Coordinating Committee (ICC) and
28 Social Development Committee (SDC).

29 **SEC. 8. *The Undersecretaries.*** -Taking into account the requirements of the
30 Department and subject to the approval of the President, the Secretary shall be
31 assisted by:

- a) one (1) Undersecretary for the Bureau of Policy Development and Program Coordination, Monitoring, and Evaluation;
- b) one (1) Undersecretary for the Bureau on Agriculture Research and Development and agri-database system;
- c) one (1) Undersecretary for Financial Management and Administrative Service;
- d) one (1) Undersecretary for Planning Service;
- e) one (1) Undersecretary for Legal Support Service;
- f) one (1) Undersecretary for Agrarian Reform; and
- g) one (1) Undersecretary for Foreign-assisted Projects;

They shall have the powers and functions as provided for in Section 10, Chapter 2, Book IV of the Administrative Code of 1987. The Secretary is further authorized to delineate and assign the other functional areas of responsibility of the Undersecretaries.

SEC. 9. *Qualifications and Appointment.* - The Secretary and Undersecretaries shall be citizens and residents of the Philippines, of good moral character, and of proven competence and integrity. They shall all be appointed by the President. The Undersecretaries shall be career officers.

SEC. 10. *Departmental Bureaus and Regional Offices.* - The Department shall establish, operate, and maintain the following Bureaus and other support offices:

a) The Office of the Secretary, composed of the following offices:

- i. Policy Development and Program Coordination, Monitoring, and Evaluation;
- ii. Agriculture Research and Development and agri-database system;
- iii. Financial Management and Administrative Service;
- iv. Planning Service;

- b) Bureau of Soils;
- c) Bureau of Plant Industry;
- d) Bureau of Animal Industry;
- e) Bureau of Agricultural Extension; and
- f) Bureau of Agricultural Economics.

The following government-owned and controlled corporations are directly attached to the Department:

1 a) National Grains Authority;
2 b) Philippine Tobacco Administration;
3 c) Philippine Virginia Tobacco Administration;
4 d) Philippine Coconut Authority;
5 e) Coconut Investment Company,
6 f) Philippine Cotton Corporation; and the newly formed, as promulgated in this
7 Act

8 g) Philippine Agricultural Growth and Support Access (PAG-ASA), Inc.

9 The Fertilizer Industry Authority, National Food and Agriculture Council, and the
10 National Meat Inspection Commission are placed under the administrative
11 supervision of the Department. The Coconut Consumers Stabilization Committee is
12 attached to the Department. The Philippine Council of Agricultural Research shall be
13 attached to the National Science Development Board.

14 There shall be a Regional Office in all administrative regions, headed by a
15 Regional Director.

16 In addition to the existing functions, the Regional Office shall perform such
17 other functions as may be delegated by the Secretary.

18 **SEC. 11. *Staffing Pattern.*** The development of the Department's staffing
19 pattern shall be based on an assessment of the personnel requirements of the entire
20 Department by the Secretary and as approved by the Department of Budget and
21 Management (DBM). The remuneration structure of the positions and the staffing
22 pattern shall strictly conform to the Salary Standardization Law, as amended.

23 24 **CHAPTER IV** 25 **PHILIPPINE AGRICULTURAL GROWTH AND SUPPORT ACCESS, INC. (PAGASA Inc.)** 26

27 **SEC. 12. *Philippine Agricultural Growth and Support Access, Inc.*** – There is
28 hereby created a government owned and controlled corporation to be known as
29 Philippine Agricultural Growth and Support Access, Inc. herein after referred to as
30 PAGASA Inc., which shall operate as an independent entity within the Department.
31 PAGASA Inc. shall be run as the State corporation tasked to venture into agri-
32 business enterprises by bridging people, communities and organizations along the

1 value/supply chains, employing farmworkers, fishworkers and agricultural workers all
2 over the country.

3 The PAGASA Inc. shall exclusively manage, implement and control collective
4 farming and fishing communities as mandated by this Act and shall formulate other
5 agri-business ventures as the need and capacity may arise.

6 **SEC. 13. *Land Acquisition for Collective Farming*** – Land acquisition for collective
7 farming will be as follows:

- 8 a) voluntary aggregation of lands from farmer beneficiaries of land reform
9 program;
- 10 b) requisition of remaining lands that were identified in the land reform
11 program;
- 12 c) identified government lands that are suitable for agriculture and livestock
13 raising;
- 14 d) requisition of lands leased, held or possessed by multinational corporations,
15 owned by private individuals and private non-governmental corporations,
16 associations, institutions and entities, citizens of the Philippines upon the
17 expiration of their lease management, grower or service contract or
18 otherwise, upon its valid termination, whichever comes sooner, but not later
19 than after ten (10) years following the effectivity of the Act.

20 **SEC 14. *Just Compensation*** - In determining just compensation, the cost of
21 acquisition of the land, the current value of the like properties, its nature, actual use
22 and income, the sworn valuation by the owner, the tax declarations, and the
23 assessment made by government assessors shall be considered.

24 All farmer-beneficiaries of the land reform program who opt to aggregate their land
25 into collective community farming by terms of usufruct agreement shall be given
26 percentage of the yield of the farming ventures and preferential employment as
27 farm worker in the collective farms.

28 All collective farmworkers, fishworkers and agricultural workers will be given just
29 compensation in accordance to a uniform wage rate across the country, to be
30 determined by PAGASA Inc.

SEC 15. *Collective Fishing Activities.* PAG-ASA Inc. shall hereby create, operate and develop collective fishing in the whole archipelago and bring in much needed mechanization and industrialization of the sector.

SEC 16. Professionalization of Agricultural Sector. The Technical Education and Skills Development Authority (TESDA) is hereby tasked to formulate and implement adequate vocational courses for agricultural workers, including farming, fishing and livestock raising among others, and shall formulate and issue National Certifications through the Philippine TVET Competency Assessment and Certification System.

CHAPTER VI

TRANSITORY PROVISIONS

SEC. 15. *Transition Period.* - All transfer of functions, assets, funds, personnel, equipment, properties, and transactions in the affected national government agencies, and the formulation and implementation of the internal organic structures, staffing patterns, operating systems, and revised budgets of the Department, shall be completed within six (6) months from the effectivity of this Act, during which existing personnel shall continue to assume their posts in holdover capacities until new appointments are issued.

SEC. 16. *Implementing Authority.* - The Secretary is hereby authorized to undertake the implementation of the provisions of this Act and implement the necessary organizational changes within the specified six (6)-month transition period.

SEC. 17. *Transfer of Assets.* - The following dispositive actions shall be implemented within six (6) months from the effectivity of this Act:

- a) the transfer to the Department of the assets, equipment, funds, records, and pertinent transactions of DA and DAR; and
- b) the submission of the Department and the CFC Inc. of a request to the DBM for the creation of additional positions and the augmentation of their budget appropriations as may be needed.

SEC. 18. Absorption of Employees of the Consolidated Agencies. - The present career employees of DA and DAR shall enjoy security of tenure and shall be absorbed by the Department, in accordance with its staffing pattern and selection

1 process as prescribed under R.A. No. 6656, unless they are separated from the
2 service by virtue of the reorganization resulting from this Act, or opt and are
3 qualified to retire from service.

4 **SEC. 19.** *Separation from the Service.* - Unless absolutely required, no
5 employee shall be separated from the service as a result of any reorganization or
6 consolidation under the provisions of this Act. Nonetheless, employees so separated
7 or phased out from the service shall, within one (1) month from their separation or
8 phase out from the service, receive separation benefits in accordance with existing
9 laws.

10 In addition, those who desire and are qualified to retire shall be entitled to all
11 benefits provided under the existing retirement laws.

12 **SEC. 20.** *Transfer of Rights and Obligations.* - The Department shall, by virtue
13 of this Act, be subrogated to all rights and assume all the liabilities of the DA and
14 DAR and all other agencies of the government whose functions and powers have
15 been transferred to it, and all their pertinent funds, records, property, assets,
16 equipment and such personnel, including unexpended portions of their
17 appropriations.

18 **SEC. 21.** *Implementing Rules and Regulations.* - The Secretary shall prepare
19 and issue the implementing rules and regulations (IRR) of the Department within
20 ninety (90) days upon the effectivity of this Act.

21 **CHAPTER VII** 22 **FUNDING** 23

24 **SEC. 22.** *Funding.* - The amount necessary for the initial implementation of the
25 provisions of this Act shall be charged against the current year's appropriations of
26 the DA and DAR. Thereafter, such sums as may be necessary for the continued
27 implementation of this Act shall be included in the annual General Appropriations
28 Act, including the Rice Competitiveness Enhancement Fund (RCEF) from the Rice
29 Tariffication Law.

30 **CHAPTER VIII** 31 **FINAL PROVISIONS** 32

33 **SEC. 23.** *Mandatory Review on the Implementation of this Act.* - The
34 Department shall conduct a review on the implementation of this Act and shall

1 submit to Congress a report on its findings at the end of the second year from the
2 date of the effectivity of this Act.

3 **SEC. 24. *Separability Clause.*** - If, for any reason or reasons, any portion or
4 provision of this Act shall be held unconstitutional or invalid, the remaining
5 provisions not affected thereby shall continue to be in full force and effect.

6 **SEC. 25. *Repealing Clause.*** - All laws, executive orders, proclamations, rules,
7 regulations and other issuances or parts thereof which are inconsistent with the
8 provisions of this Act are hereby repealed, amended or modified accordingly.

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

11
12 *Approved,*