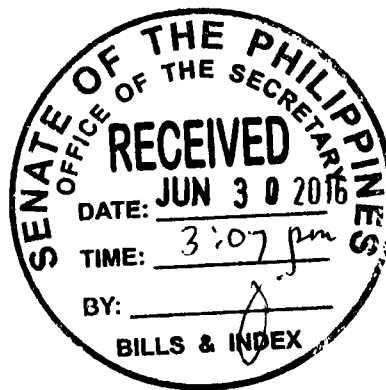


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 62



Introduced by Senator Ralph G. Recto

AN ACT
PROVIDING FOR FULL IRRIGATION SERVICE SUBSIDY FOR QUALIFIED FARMERS AND APPROPRIATING FUNDS FOR THE CONTINUED OPERATIONS OF THE NATIONAL IRRIGATION ADMINISTRATION

Explanatory Note

The cost of food production is steadily increasing. The total cost of rice production per hectare increased by 16.13% from 2009 to 2012¹. Such increase in cost of agricultural inputs can further erode the financial standing of farmers, putting them in a weak position against natural hazards like typhoons, droughts, and pestilence. On a national scale, such vulnerability in the agricultural sector could adversely affect food security in the country.

One way to mitigate the financial vulnerability of small farmers is to subsidize the irrigation service fee (ISF) collected from them. By virtue of Republic Act No. 3601 and Presidential Decree No. 552, the National Irrigation Administration (NIA) is authorized to collect fees from users of the national irrigation system for water delivery services. Such fees are imposed to cover the operation and management of irrigation facilities and to recover the monies invested therein by the government.

Annually, an average Filipino farmer has to pay about a thousand pesos for ISF for two planting seasons. ISF, however, can cost more depending on the existing system's development scheme, planting season and type of crops planted². In 2015, NIA collected about P1.67 billion in ISF net of losses from discounts and palay sale. This amount comprises 66.33% of the total operating income collected by the agency in 2015. Such amount, however, is miniscule compared to the P28.75 billion budgetary support appropriated for the irrigation agency to augment the agency's corporate income and to cover the cost of implementation of irrigation projects, among others.

This measure seeks to reduce the impact of increasing cost of agricultural inputs and to reduce the cash expenses of farmers with small landholdings by providing for full irrigation subsidy for qualified farmers. To ensure the continued operation of the NIA, the bill provides that funding requirement shall be sourced from any funds in the National Treasury not otherwise appropriated.

By subsidizing the cost of irrigation, small farmers and farm workers are afforded with resources for other agricultural inputs that can further increase their productivity. This bill seeks to assist farmers and farmworkers who suffer hunger in spite of the increasing demand for the commodity they produce. Such assistance is only fitting to those who toiled to bring food to our table.

In view of the foregoing, immediate passage of this bill is earnestly sought.

mdg

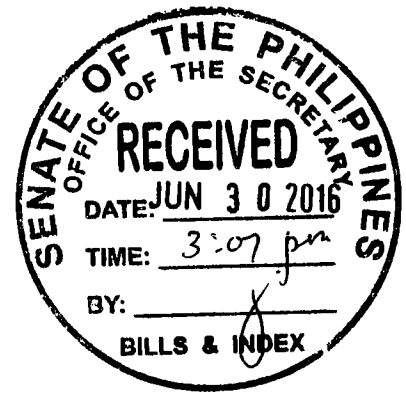

RALPH G. RECTO

¹ Philippine Statistical Authority. (2012). Palay: Updated Average Production Costs and Returns. Quezon City: Philippine Statistical Authority.

² ISF rates for Bonga Pump Irrigation System, for example, can cost as much as 12 cavans per hectare during dry season.

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Free Irrigation Service Act of
2 2016.”

3 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to empower
4 farmers through the provision of basic and support services and infrastructure. The State therefore,
5 in line with its constitutionally-mandated policy to promote comprehensive rural development, shall
6 provide adequate irrigation services at no cost to qualified farmers and small landowners.

7 **SEC. 3. Eligibility to Full Irrigation Service Fee Subsidy.** – All Filipino farmers whose
8 farms or holdings cover an area not greater than five (5) hectares shall be exempt from paying
9 irrigation service fees.

10 **SEC. 4. Report to Congress.** – The Department of Agriculture (DA), in coordination with the
11 National Irrigation Administration (NIA), shall submit to Congress, either in printed form or by way
12 of electronic document, an annual report on the status of the implementation of this Act. The
13 Secretary of Agriculture and the Agency’s web administrator or equivalent shall be responsible for
14 ensuring that said reports are posted on the Agency’s official website.

15 **SEC. 5. Appropriations for the Continued Operation of NIA.** – The funding requirement for
16 the continued operation of NIA shall be initially sourced from existing appropriations of NIA and
17 any funds in the National Treasury not otherwise appropriated. Thereafter, the amount necessary for
18 the continued operation and management of national irrigation services shall be included in the
19 annual General Appropriations Act.

20 **SEC. 6. Implementing Rules and Regulations.** – Within sixty (60) days from the effectivity of
21 this Act, the DA shall, in coordination with NIA and after consultation with directly affected
22 stakeholders, promulgate the necessary rules and regulations to effectively implement the
23 provisions of this Act.

1 **SEC. 7. Separability Clause.** – If for any reason, any provision of this Act is declared
2 unconstitutional or invalid, such parts or portions not affected thereby shall remain in full force and
3 effect.

4 **SEC. 8. Repealing Clause.** – All laws, executive orders, presidential decrees, issuances, rules
5 and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or
6 modified accordingly.

7 **SEC. 9. Effectivity.** – This Act shall take effect fifteen (15) days following its publication in
8 at least two (2) newspapers of general circulation or in the *Official Gazette*.

9 Approved,