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REPUBLIC OF THE PHILIPPINES)
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Senate

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S E N A T E

Senate Bill No. 1465

(In Substitution of Senate Bill Nos. 43, 62, 122, 140, 1199, 1412 and 1419)

Prepared and submitted jointly by the Committees on Agriculture and Food, and Finance, with **Senators Lacson, Recto, Zubiri, Villar, Legarda, Ejercito, Villanueva, Gatchalian** and **Gordon** as authors thereof

AN ACT

PROVIDING FREE IRRIGATION SERVICE TO SMALL FARMERS, REVOKING FOR THE PURPOSE THE CORPORATE STATUS OF THE NATIONAL IRRIGATION ADMINISTRATION, APPROPRIATING 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. Short Title.** – This Act shall be known as the "Free Irrigation
2 Service to Small Farmers Act of 2017."

3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote
4 comprehensive rural development, food self-sufficiency, equitable access to
5 opportunities and sustained productivity as key strategies to raise the quality
6 of life in rural areas and attain overall national development.

7 The State shall also ensure that vital support services are made
8 available, particularly irrigation service, through the continued construction,
9 repair and maintenance of necessary irrigation facilities, to increase
10 production of agricultural crops, encourage productivity, and increase the
11 incomes of farmers.

12 The State also affirms its commitment to contribute to the lowering of
13 the cost of production of those who cannot afford to pay the irrigation
14 service fee of national and communal irrigation systems, and relieve them
15 from the burden and consequence of unpaid irrigation service fees, the State

1 therefore adopts as a policy the provision of free irrigation service to small
2 farmers, hereby defined as those farmers whose combined farmholdings
3 cover an area of not more than five hectares.

4 Consequently, with the substantial reduction of fees and income that
5 can be collected, and reliance on the national budget to support
6 operations, the continued use of the corporate form of organization for the
7 primary irrigation development arm of the government is no longer judicious.
8 The State, therefore, shall revoke the corporate status of the National
9 Irrigation Administration (NIA).

10 **SEC. 3. Scope of Free Irrigation Service.** – Upon the effectivity of this
11 Act, all small farmers are hereby exempted from paying irrigation service fees
12 (ISF) for water derived from national irrigation systems (NIS) and communal
13 irrigation systems (CIS) that were, or are to be, funded, constructed,
14 maintained and administered by the National Irrigation Administration (NIA)
15 and other government agencies, including those that have been turned over
16 to irrigators associations.

17 Farmers with more than five (5) hectares of land, corporate farms, and
18 plantations drawing water for agricultural crop production; and fishponds
19 and other persons, natural or juridical, drawing water for non-agricultural
20 purposes from NIS and CIS, or using the irrigation systems as drainage
21 facilities, shall continue to be subject to the payment of ISF.

22 **SEC. 4. Condonation and Writing off of Loans, Past Due Accounts and**
23 **Penalties of Farmers and Irrigators Associations.** – To achieve the objectives
24 of this Act, all unpaid irrigation service fees and the corresponding penalties
25 of small farmers to NIA, and all loans, past due accounts and the
26 corresponding interests and penalties of irrigators associations (IAs) to NIA,
27 are hereby condoned and written off from the books of NIA.

1 **SEC. 5. Revocation of the Corporate Status of NIA.** – Pursuant to the
2 policy enunciated in this Act, the corporate status of NIA is hereby revoked,
3 together with its authority to contract foreign loans.

4 It shall continue to perform its mandates, powers and functions
5 relevant to the planning, development, construction, operation,
6 improvement, repair, and maintenance of irrigation systems. Its organization,
7 regular plantilla positions and personnel occupying them shall remain as is,
8 subject to relevant government policies on rightsizing and reorganization.

9 **SEC. 6. Operation and Maintenance of National Irrigation Systems.** –
10 The NIA shall continue to develop, operate and maintain NIS. However, it
11 may delegate or contract out the operation and maintenance of secondary
12 and tertiary canals and farm ditches to capable irrigators associations.

13 The NIA shall issue the necessary policies, qualification requirements
14 and selection process in determining the capability and capacity of irrigators
15 associations to operate and maintain these portions of national irrigation
16 systems.

17 **SEC. 7. Operation and Maintenance of Communal Irrigation Systems.** –
18 Communal irrigations systems shall continue to be operated and maintained
19 by irrigators associations. In lieu of the ISF that are no longer billed from the
20 small farmers, the national government shall provide for the equivalent funds
21 for the operation and maintenance of the CIS.

22 In addition to funds provided by the national government, the unpaid
23 ISF of farmers with more than five hectares of land, and ISF from non-exempt
24 farmers and other persons, natural or juridical, drawing water for agricultural
25 and non-agricultural purposes, or using the CIS as drainage facilities, shall be
26 collected, retained and used by irrigators associations to operate, maintain
27 and repair their respective CIS.

1 **SEC. 8. Technical Assistance to Irrigators Associations.** – The NIA and
2 other agencies under the Department of Agriculture shall provide technical
3 assistance to irrigators associations on the operation and maintenance of
4 national and communal irrigation systems and on farm enterprises
5 management.

6 **SEC. 9. Appropriations.** – The amounts necessary for the
7 implementation of this Act shall be included in the annual general
8 appropriations acts.

9 **SEC. 10. Implementing Rules and Regulations.** – Within three months
10 from the start of the effectivity of this Act, the Secretaries of the Department
11 of Agriculture and the Department of Budget and Management, and the
12 Chair of the Governance Commission for Government-Owned -or Controlled
13 Corporations, shall jointly issue the necessary rules and regulations or
14 administrative issuances to implement the provisions of this Act.

15 **SEC. 11. Separability Clause.** – If any provision of this Act is declared
16 invalid or unconstitutional, the other provisions not affected by such
17 declaration shall remain in full force and effect.

18 **SEC. 12. Repealing Clause.** – Sections 3, 4, 5, and 6 of Republic Act No.
19 3601, as amended by Presidential Decree (P. D.) Nos. 552 and 1702, and
20 Section 3 of P. D. No. 552, are hereby repealed. Items (a), (b) and f of Section
21 2, and Sections 8, 9, 10 and 11, of the same Act, as amended, are hereby
22 further amended insofar as they are inconsistent with the provisions of this
23 Act.

24 All other laws, presidential decrees, issuances, executive orders, letter
25 of instructions, administrative orders, rule or regulation contrary to or
26 inconsistent with the provisions of this Act are hereby repealed, modified, or
27 amended accordingly.

1 **SEC. 13. Effectivity.** – This Act shall take effect after fifteen (15) days
2 from its publication in the *Official Gazette* or in two (2) newspapers of general
3 circulation.

Approved,