

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 294

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Introduced by Representatives
Horacio P. Suansing, Jr. and Estrellita B. Suansing

EXPLANATORY NOTE

The agriculture sector is the backbone of the national economy as the country remains agricultural, where farmers and farm workers, who comprise the vast majority of the population, till the lands for their livelihood and for the benefit of the entire nation.

Irrigation is one of the primary factors for the growth of agricultural productivity. However, 1.34 million hectares of irrigable lands in the country are still without irrigation.

Irrigation is needed to increase the productivity of farmers especially in the production of major staples – rice and corn – and is therefore key in ensuring the food security of the Filipino people. It likewise plays an important role in making crop diversification viable as it generally enhances multi-cropping even during the dry season.

Given the strategic importance of irrigation in pursuing sustained agricultural growth and development, rice self-sufficiency, food security, and the upliftment of the welfare of Filipino farmers, it is the obligation of the state to provide free irrigation services.

In the Philippines, however the government, adopting the World Bank's principle that water resource is a commodity, has been implementing various finance mechanism to collect irrigation services fee (ISFs) from farmers.

Farmer-beneficiaries of the National Irrigation System (NIS) program administered by the National Irrigation Administration (NIA) and Irrigators Associations (IA) under the Communal Irrigation Systems (CIS) are forced to pay exorbitant ISFs. This has led to huge amount of back accounts or

unpaid ISFs. These back accounts, which are imposed with penalties and interests have further burdened the already poor farmers with bigger debts.

The government has justified such unfair collection by propounding the highly unsound argument that the funds collected are necessary to pay for the salaries of the more than 5,000 NIA employees and workers.

Moreover, despite the fact that water, as a natural resource, belongs to the people and should not be subjected to the control and utilization of local and foreign big corporations for profit, the government promotes the privatization of water services to the sole advantage of private businesses and to the detriment of the people especially the farmers.

Meanwhile, under the Public-Private Partnership (PPP) program of the government, \$1.1-billion worth of dam and water projects are being auctioned off for investment to local and foreign private companies. Big-ticket dam projects funded through the national budget are being built primarily for power generation purposes and only secondarily for irrigation services.

Since 2009, the government has entered into the Participatory Irrigation Development Project (PIDP), a World Bank (WB)-assisted project that aims to transform the NIA into a strategically-focused and financially viable irrigation service through restructuring and reform programs in the irrigation sector that will include purportedly the rehabilitation and modernization of the NIS and the rationalization of the NIA.

It is the farmers, however, who are expected to shoulder the payment of such loans through cost-recovery arrangements under the PIDP. This is on top of the already high ISFs collected by the NIA from farmer-beneficiaries who avail of irrigation services.

Farmers, irrigators associations and stakeholders in the agriculture sector are united in demanding for free irrigation services, the abolition of irrigation service fees collected by the National Irrigation Administration (NIA), and for a genuinely just program that will accelerate irrigation development nationwide.

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


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AN ACT

ABOLISHING IRRIGATION SERVICE FEES AND SUCH OTHER SIMILAR OR RELATED FEES FROM BENEFICIARIES OF IRRIGATION SYSTEMS FUNDED AND CONSTRUCTED BY, OR UNDER THE ADMINISTRATION OF THE NATIONAL IRRIGATION ADMINISTRATION, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 3601, PRESIDENTIAL DECREE NO. 552 AND PRESIDENTIAL DECREE NO. 1702

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

SECTION 1. Short title. This Act shall be known as the Free Irrigation Services Act.

SEC. 2. Declaration of Policy. It is hereby declared the policy and obligation of the State to adhere to the principle of integrated and holistic program of support services that will alleviate the situation of farmers and nurture them to unleash their full capabilities as productive forces of society.

The state adheres to promote comprehensive rural development through increased agricultural production and the adoption of necessary and sound measures to accelerate the achievement of self-sufficiency in food, equitable access to opportunities and sustained productivity as key strategies to raise the quality of life in rural areas and overall national development.

Toward this objective, it shall endeavor to provide the necessary and vital support services and assistance to farmers, including but not limited to

inputs to production, production support, post-harvest facilities and irrigation services.

SEC. 3. *Stoppage of the Collection Fees.* The collection of irrigation service fees (ISFs) and such other similar or related fees from beneficiaries of irrigation systems funded and constructed by, or under the administration of the National Irrigation Administration (NIA), including the collection of back accounts and the corresponding penalties thereof, shall all be stopped upon the passage of this Act.

SEC. 4. *Construction, Repair and Maintenance of National Irrigation Systems.* For the purpose of ensuring the necessary construction, repair and maintenance of irrigation systems administered by the NIA, the required amounts shall be included in the annual General Appropriations Act (GAA).

SEC. 5. *Government Subsidy for the Management of Irrigation Systems.* The State shall provide the necessary subsidies to farmers and irrigators associations and cooperatives to ensure the effective and grassroots-based management of irrigation systems, the funding of which shall likewise be included in the annual GAA.

SEC. 6. *Repeal of Section 2, Paragraph (c) of Republic Act No. 3601 entitled, "An Act Creating the National Irrigation Administration":*

"Section 2. Powers and objectives. The NIA shall have the following powers and objectives:

X X X X

- (c) To collect from the users of each irrigation system constructed by it such fees as may be necessary to finance the continuous operation of the system and reimburse within a certain period not less than twenty-five years the cost of construction thereof:

X X X X

SEC. 7. *Repeal of Section 1, Paragraph (b) of Presidential Decree (PD) No. 552 entitled "Amending Certain Sections of Republic Act Numbered Thirty-Six Hundred and One, entitled, "An Act Creating the National Irrigation Administration":*

Section 1. Section 2, Republic Act Numbered Thirty-Six Hundred and One, is hereby amended to read as follows:

"Section 2. Powers and Objectives. -- The NIA shall have the following powers and objectives:

X X X X

- (b) To charge and collect from the beneficiaries of the water from all irrigation systems constructed by or under its administration, such fees or administration charges as may be necessary to cover the cost of operation, maintenance and insurance, and to cover the cost of construction within a reasonable period of time to the extent consistent with government policy; to recover funds or portions thereof expended for the construction and/or rehabilitation of communal irrigation systems which funds shall accrue to a special fund for irrigation development under Section 2 hereof;

Unpaid irrigation fees or administration charges shall be preferred liens, first, upon the land benefited, and then on the crops raised thereon, which liens shall have preference over all other liens except for taxes on the land, and such preferred liens shall not be removed until all fees or administration charges are paid or the property is levied upon and sold by the National Irrigation Administration for the satisfaction thereof. Judicial actions for the collection of unpaid irrigation fees or charges, drainage fees or other charges which the National Irrigation Administration is authorized to impose and collect, shall henceforth be governed by the provisions of the Rules of Court of the Philippines for similar actions, the provisions of other laws to the contrary notwithstanding.

X X X X

SEC. 8. *Repeal of Section 1, Paragraph (b) of Presidential Decree No. 1702 entitled, "Amending Section 3 of Republic Act No. 3601, As Amended by Presidential Decree No. 552":*

"Section 3 of Republic Act No. 3601, as amended by Section 3, Presidential Decree No. 552, is hereby amended to read as follows:

X X X X

- (b) Operating Capital. – All amounts collected by the National Irrigation Administration as irrigation fees, administration charges, drainage fees, equipment rentals, proceeds from the sale of unserviceable equipment and materials, sale of all reparation goods allocated to the defunct Irrigation Service Unit and the National Irrigation Administration, and all other income shall be added to its operating capital.

The National Irrigation Administration is hereby authorized to impose as an administration and engineering overhead charge, 5% of the total cost of projects undertaken by it, which shall likewise form part of its operating capital.

x x x x

SEC. 9. *Separability Clause.* If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision thereof shall remain valid and subsisting.

SEC. 10. *Repealing Clause.* Any law, presidential decree, issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act or may be considered either expressly or impliedly, to grant the National Irrigation Administration the power to levy any kind of irrigation fee or any kind of monetary imposition is hereby repealed, modified or amended accordingly.

SEC. 11. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette.

Approved,