



Senate
Office of the Secretary

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

'17 MAR 27 P5:46

SENATE

RECEIVED BY:

S. No. 1412

Introduced by SENATOR WIN GATCHALIAN

AN ACT

**ABOLISHING THE IMPOSITION OF IRRIGATION SERVICE FEES (ISF)
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, REPEALING FOR THE PURPOSE CERTAIN
SECTIONS OF REPUBLIC ACT NO. 3601, PRESIDENTIAL DECREE NO.
552 AND PRESIDENTIAL DECREE NO. 1702**

EXPLANATORY NOTE

The National Irrigation Administration (NIA) is a government-owned and controlled corporation established under Republic Act No. 3601 to develop, improve, operate and maintain irrigation systems throughout the Philippines. Pursuant to the aforementioned law, NIA is authorized to collect irrigation service fees (ISF) from the farmer beneficiaries to cover the cost of operation, maintenance, and to recover the cost of construction within a reasonable period of time to the extent consistent with government policies.¹

Through this system, the farmer beneficiaries are somehow forced to pay exorbitant fees to recoup government expense on irrigation services. As a result of which, many of our poor farmers could not keep up with

¹ Section 2, Paragraph C, R.A. No. 3601.

payments thereby resulting in huge amount of debts and an accumulation of back accounts. In addition to this burden, the actual collection of ISF has historically been way below the target collection. Their refusal to pay is due to the fact that they were not part of its design and implementation, as well as the recording of high water losses caused by poor distribution networks at the farm level.²

The present administration has provided a solution by the grant of Irrigation Fees Subsidy amounting to Two Billion Pesos (Php2,000,000.00) to cover the ISF collected by NIA from farmers' association in the 2017 General Appropriations Act (GAA). This intervention in the 2017 GAA is now paving the way for free irrigation services to Filipino farmers. However, despite the subsidy, the debt remains outstanding and the farmers are obliged to remit payments for their ISF share amounting to Thirteen Billion Pesos (Php 13,000,000,000).

In view of the fact that irrigation is a key factor in increasing agricultural productivity, rice sufficiency and food security, it should be the obligation of the State to provide free irrigation services. Through this measure, we can fully support our farmers and farmer cooperatives by making irrigation services free through the repeal of all laws allowing the collection of ISF and the condonation of all back accounts or outstanding ISF obligations of our farmer beneficiaries.

Thus, the passage of this bill is earnestly sought.



WIN T. GATCHALIAN

² http://ap.ffc.agnet.org/ap_db.php?id=585 (Analysis of the Effects of Various Irrigation Service Fees for National Irrigation Systems in the Philippines).



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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:*

1 SEC. 1. **Short Title.** – This Act shall be known as the “Free Irrigation
2 Services Act.”

3 SEC. 2. **Declaration of Policy.** – It is the policy of the State to give the
4 highest priority to the development of agriculture such that equitable
5 distribution of benefits and opportunities is realized through the
6 empowerment of small farmers.

7 In pursuance of this policy, the State shall recognize the right of small
8 farmers, farmworkers and farmer cooperatives through appropriate policies,
9 research, training and adequate financial support to accelerate agricultural

1 productivity and to promote self-sufficiency and full development of
2 agricultural potentials.¹

3 SEC. 3. **Termination of Collection of the Irrigation Service Fees**
4 **(ISF)** – The collection of the Irrigation Service Fee is hereby discontinued, and
5 all other similar charge relating to the service of irrigation, whether funded,
6 constructed or administered in whole or partly by the NIA shall be prohibited.

7 SEC. 4. **Condonation of Debts** – The collection of all back accounts
8 and the corresponding penalties thereof is hereby terminated and all existing
9 debts for irrigation service funded by the NIA is hereby condoned.

10 SEC. 5. **Government Subsidy for the Management of Irrigation**
11 **Systems** – The State shall provide the necessary subsidies to farmers and
12 irrigators associations and cooperatives to ensure the effective and
13 grassroots-based management of irrigation systems, the allocation for which
14 shall be a continuing fund to be included in the annual budget of the
15 Department of Agriculture.

16
17 SEC. 6. **Repeal of Section 2 Paragraph (c) of Republic Act No. 3601**
18 **entitled “An Act Creating the National Irrigation Administration”:**

19
20 “Section 2. Powers and Objectives. The NIA shall have the following
21 powers and objectives:

22
23 x x x x

24
25 (c) To collect from the users of each irrigation system constructed by it
26 such fees as may be necessary to finance the continuous operation of
27 the system and reimburse within a certain period not less than twenty-
28 five years the cost of construction thereof;

29
30 x x x x

31

¹ Excerpts from Sec. 2 of the Magna Carta of Small Farmers.

1 SEC. 7. **Repeal of Section 1, Paragraph (b) of Presidential Decree**
2 **(PD) No. 552 entitled "Amending Certain Sections of Republic Act No.**
3 **3601, entitled, "An Act Creating the National Irrigation**
4 **Administration."**- Section 1. Section 2 of Republic Act No. 3601 is hereby
5 amended to read as follows:
6

7 x x x x

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

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

29 x x x x

30
31 SEC. 8. **Repeal of Section 1, Paragraph (b) of Presidential Decree**
32 **No. 1702 entitled, "Amending Section 3 of Republic Act No. 3601, As**
33 **Amended by Presidential Decree No. 552."** Section 3 of Republic Act No.
34 3601, as amended by Section 3, Presidential Decree No. 552 is hereby
35 amended to read as follows:
36

37 x x x x

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

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

11
12 x x x x
13

14 SEC. 9. ***Separability Clause.*** - Should any part of this Act be declared
15 unconstitutional, the rest of the provisions of this Act shall continue to be in
16 effect and subsisting.

17 SEC. 10. ***Repealing Clause.*** - The provisions of other laws, decrees,
18 executive orders, rules and regulations inconsistent with this Act are hereby
19 repealed, amended, or modified accordingly.

20
21 SEC. 11. ***Effectivity.*** - This Act shall take effect fifteen (15) days after
22 its publication in the *Official Gazette* and/or in at least two (2) national
23 newspapers in general circulation.

Approved,