

BATAS PAMBANSA BILANG 21

AN ACT PROVIDING FOR THE ACCELERATED DEVELOPMENT OF THE PHILIPPINES DAIRY INDUSTRY AND FOR OTHER PURPOSES.

Section 1. Title. — This Act shall be known as *"The Dairy Industry Development Act of 1979."*

Sec. 2. Objectives. — The objectives of this Act are:

- a. To promote production of and achieve self-sufficiency in milk and milk products for the proper nutrition of the Filipino people;**
- b. To generate employment and increase the level of income in the rural areas through dairy production; and**
- c. To conserve foreign exchange.**

Sec. 3. Powers and Functions of the Ministry of Agriculture. — The Ministry of Agriculture, hereinafter referred to as the "Ministry", shall be the principal agency of the government in providing direction for the accelerated growth and development of a rural-based, small-farmer oriented dairy industry, in providing or helping to provide production, processing and marketing facilities and services so as to insure an adequate supply of locally-produced milk and milk products at reasonable prices to consumers, and in promoting the active participation of the private sector in the development of an indigenous dairy industry.

To achieve the purposes and objectives of this Act, the Ministry of Agriculture, directly or through the Bureau of Animal Industry and its other agencies and instrumentalities, shall, in addition to its present powers and functions under Republic Act Numbered Four thousand forty-one as amended, exercise the following powers and functions:

- a. To coordinate, integrate, and supervise the policies, programs, and activities of the different sectors involved in the development of an indigenous dairy industry;**
- b. Subject to pertinent laws governing public debts and expenditures and the final approval of the Prime Minister, to raise and obtain funds from local and international financial institutions for the funding of the various aspects of the dairy development program, and to help design and implement a credit system that will finance dairy farmers and dairy cooperatives or associations;**
- c. To charge reasonable fees for services rendered for the attainment of the objectives of this Act;**
- d. To promulgate rules and regulations to carry out the provisions and objectives of this Act; and**
- e. To perform such other functions and exercise such other powers as may be necessary or incidental to carry out the objectives of this Act.**

In no case shall the Ministry exercise its powers to give undue business advantage to the Philippine Dairy Corporation hereafter created or to any its subsidiaries or affiliates.

Sec. 4. Creation of Corporation. — There is hereby created the Philippine Dairy Corporation, hereinafter referred to as the "Corporation", which shall, for the purpose of policy and program coordination, be attached to the Ministry of Agriculture.

Sec. 5. Purposes of the Corporation. — The purposes of the Corporation shall be as follows:

- a. To engage in a carry on the business of producing, manufacturing, processing, purchasing and selling, importing and exporting, handling and distributing, bartering or otherwise dealing in and with dairy animals and other dairy farm inputs, facilities, and equipment, milk and dairy products, the primary objective of such activities to increase local milk production, with immediate priority emphasis on the increased production of fresh milk and the local marketing thereof to the extent acceptable to consumers rather than, and in order to gradually reduce dependence on, powder-based milk for import substitution: Provided, however, That, in carrying out said purpose, and before undertaking business activities on a nationwide scale, the Corporation, where necessary, shall coordinate with the Ministry of Agriculture in the establishment of a modest pilot program in one or two suitable dairy development zones to experiment on the multifarious aspects of milk and dairy production, manufacturing, collection, processing, marketing, transport and distribution, product quality, extension services and other exposures in commercial dairying, while developing management and technical expertise, as well as correcting and adjusting systems therefor: Provided, finally, That the corporation or its affiliates or subsidiaries shall engage only in those areas of the dairy industry where the private sector has not adequately engaged in, or where it has not yet substantially supplied the measured capacity of the areas concerned and, in the judgment of the Ministry, after due hearing, is unable or unwilling within a reasonable period of time to do so and, in such sector where it has so engaged, only to the extent of supplying the deficiency. The definition of measured capacity shall be that contained in Section 2 (j) of Presidential Decree No. 1159, where applicable.

Sec. 6. Powers and functions. — The Corporation shall, in addition to those provided under the Corporation Law, have the following powers and functions:

- a. To construct, equip, manage, operate, lease, purchase or sell dairy production facilities and equipment, dairy refrigeration facilities and storage equipment, milk distribution facilities, laboratories, or other facilities and equipment necessary for the production, collection processing, quality control, storage, transport, distribution and sale of milk and dairy products;
- b. To produce, store, transport, distribute, buy, sell, or otherwise trade in milk and dairy products;
- c. To buy, import, propagate, store, distribute and sell dairy animals, semen, feed, forage seeds, fertilizers, veterinary supplies, dairy equipment and engineering supplies and such other inputs as may be needed by the dairy industry;
- d. To borrow, raise, or obtain funds, to issue bonds and other instruments of indebtedness, or to enter into any financial or credit arrangement in order to support or carry out its objectives and purposes, subject to pertinent laws governing public debts and expenditures;
- e. To receive grants, subsidies, donations, or contributions from corporations, trusts, foundations, associations and other private sources and from any government office, agency or corporation;
- f. To establish, maintain or operate branches of offices in other parts of the Philippines or abroad as the purposes of the Corporation may require; and

g. To perform such other acts as may be necessary to attain its corporate purposes and the objectives of this Act.

Sec. 7. Domicile and Corporate Existence of Corporation. — The corporation shall have its principal office in Metropolitan Manila and shall exist for a term of fifty years from the dates of the approval of this Act.

Sec. 8. Capitalization. — The Corporation shall have an authorized capital stock of One Hundred Million Pesos (P100,000,000) divided into 100,000 shares with a par value of One Thousand Pesos (P1,000) per share to be subscribed and paid for by the Government of the Republic of the Philippines.

For this purpose, there is hereby appropriated the sum of Five Million Pesos (P5,000,000) out of the sum already appropriated in Batas Pambansa Blg. 1, Activity No. 2.2.22 in the appropriations for the Ministry of Agriculture, as payment for the first five thousand (5,000) shares which may be used for the initial capitalization of the Corporation, subject to the approval of the Prime Minister and the provisions of Presidential Decree No. 1177 and other pertinent budget laws. Payments for the remaining unpaid subscription shall be considered in the General Appropriations Act for subsequent calendar years as part of the budget for corporate equity investment funds.

Sec. 9. Board of Directors. — The Corporation shall be governed by a Board of Directors, composed of the following:

a. Minister of Agriculture, as Chairman;

b. Minister of Natural Resources;

c. Minister of Finance;

d. Minister of Industry;

e. Minister of Trade;

f. President of the Corporation; and

g. Three (3) other members from the private sector to be appointed by the Prime Minister of a term of three (3) years: Provided, That one of the three (3) members from the private sector shall be chosen from among the leaders of duly-registered cooperatives and organizations of small dairy farmers and producers as referred to in Section 3 and 12 herein.

In case any Minister is unable to assume office for whatever reason, the Prime Minister shall designate any government official to that vacant position.

In case of vacancy in the Board from the private sector, the same shall be filled by the Prime Minister for the unexpired term.

No person shall be appointed as member of the Board unless he is a citizen of the Philippines, at least 21 years old, of established integrity and competence, and is not disqualified by any provision of law, rules, and regulations.

Sec. 10. President and staff of Corporation. — The corporation shall be headed by a President who shall act as its chief executive officer. He shall be appointed by the Board of Directors of the

Corporation and shall not hold any other position incompatible with his office. His compensation, allowances and emoluments shall be fixed by the Board.

The corporation shall appoint and maintain its managerial, technical and administrative staff. Managerial and technical positions shall be exempt from the Office of Compensation and Position Classification coverage but shall fall under Section 6 of Presidential Decree No. 1579 as well as other pertinent Civil Service, Budget and Compensation Laws.

Sec. 11. Subsidiaries and Affiliates. — Subject to the approval of the Prime Minister, the Corporation may organize subsidiaries or affiliate companies under the Corporation Law whose capital stock may be subscribed in whole or in part by the Corporation, for the purpose of engaging in the production, processing, storage, transport, distribution, purchase or sale of dairy products and other inputs as may be required by the dairy industry.

Sec. 12. Dairy Cooperatives and Farmers Organizations. — The Ministry of Agriculture shall help organize small producers of milk into cooperatives pursuant to the provisions of Presidential Decree No. 175 or other forms of organizations and assist duly accredited existing farmers' organizations to achieve the purposes of this Act including the following:

1. To facilitate the marketing of milk products with emphasis on the establishment of milk collection facilities;
2. To enable the members to acquire dairy animals, feeds, veterinary and other supplies, materials, equipment, services of all kinds and other dairy inputs under a collective arrangement and thus take advantage of economies of scale; and
3. To provide a forum for the members to discuss common problems affecting not only production and marketing but also their relationship with the Ministry of Agriculture, the Corporation or its affiliates.

The corporation is further empowered to provide loans, grants, and such services as may be required, to dairy cooperatives and duly accredited farmers' organizations.

Sec. 13. Power to Establish and Operate Subsidy Schemes. — With the approval of the Prime Minister, the Ministry of Agriculture is empowered to establish and operate any subsidy scheme that the government deems appropriate for milk production, processing, transportation and distribution, including the sale of dairy animals to small farmers at reduced prices below market or book value, the procurement of raw liquid milk at price-support levels profitable to milk producers, the sale of milk and dairy products to consumers at reasonable prices, and such other schemes as may be in favor of dairy farmers, dairy cooperatives and consumers of dairy products.

Sec. 14. Export and Import Regulations. — The Ministry of Agriculture, after hearing and to the extent that local dairy production may justify, may subject to the approval of the Prime Minister, regulate the importation and exportation of dairy animals, raw materials and other products necessary for the manufacture or processing of milk and dairy products..

Sec. 15. Tax Exemption on Donations, Grants, and Bequests. — The Ministry of Agriculture is empowered to receive donations, grants, and bequests, and to utilize the same for the attainment of the objectives of this Act under such terms and conditions as may be determined by the Ministry. Such donations grants, and bequests shall be exempt from the payment of transfer taxes and shall be fully deductible from the gross income of the donor or grant for income tax purposes.

Sec. 16. Rule-making Power. — The Ministry may promulgate, adopt, amend or repeal such rules or regulations necessary to implement the intent and purposes of this Act. such rules and regulations shall be submitted to the Prime Minister for his approval. Upon approval, the same shall have the force and effect of law and shall take effect thirty days following the completion of its publication in the Official Gazette.

Sec. 17. Credit Facilities. — The Central Bank shall adopt such monetary and re-discounting policies as may be designed to encourage rural banks, savings and loan associations, commercial banks and other credit institutions to meet the financing and credit needs essential to achieve the objectives of this Act.

In addition, the Philippine National Bank, the Land Bank of the Philippines, and the Development Bank of the Philippines shall design and establish special lending programs for small dairy farmers and dairy cooperatives.

Sec. 18. Auditor. — The corporation shall have an auditor and complementary personnel who shall be appointed by the Commission on Audit in accordance with the Civil Service Law. The salaries and other forms of compensation of the auditor and the staff shall be based on the National Position Classification and Compensation System and shall be subject to such rules and regulations as may be established pursuant to law. Said salaries and all other expenses of the office of the auditor shall be charged against the funds of the Corporation in the manner provided for under Presidential Decree No. 1445. The auditor and personnel may be removed only by the Commission on Audit.

Sec. 19. Funding. — For Calendar Year 1979, an amount not exceeding the sum of Thirty Million Pesos (P30,000,000.00) already appropriated in Batas Pambansa Blg. 1, Activities No. 2.2.22 in the appropriations for the Ministry of Agriculture may be used for the implementation of this Act, subject to the approval of the Prime Minister of the Philippines and such other conditions as may be established by law.

Sec. 20. Penalty Clause. — Any person who violates any provision of this Act or of the rules and regulations issued by the Ministry of Agriculture pursuant thereto shall, upon conviction by a competent court, be sentenced to imprisonment for a period of not more than six months or a fine of not more than Two Thousand Pesos (P2,000) or both, upon the discretion of the Court.

Sec. 21. Repealing Clause. — All laws, decrees, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 22. Separability Clause. — If any provision of this Act is declared unconstitutional or invalid, other provisions thereof which are not affected thereby shall continue in full force and effect.

Sec. 23. Effectivity. — This Act shall take effect upon its approval.

Approved: March 27, 1979