

REPUBLIC ACT NO. 7881

AN ACT AMENDING CERTAIN PROVISIONS OF
REPUBLIC ACT NO. 6657, ENTITLED "AN ACT
INSTITUTING A COMPREHENSIVE AGRARIAN REFORM
PROGRAM TO PROMOTE SOCIAL JUSTICE AND
INDUSTRIALIZATION, PROVIDING THE MECHANISM
FOR ITS IMPLEMENTATION, AND FOR OTHER
PURPOSES"

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

SECTION 1. Section 3, Paragraph (b) of Republic Act No.
6657 is hereby amended to read as follows:

"SECTION 3. *Definitions.* – For the purpose of this Act,
unless the context indicates otherwise:

"(b) Agriculture, Agricultural Enterprise or Agricultural
Activity means the cultivation of the soil, planting of crops, growing
of fruit trees, including the harvesting of such farm products,
and other farm activities and practices performed by a farmer in
conjunction with such farming operations done by persons whether
natural or juridical."

SEC. 2. Section 10 of Republic Act No. 6657 is hereby
amended to read as follows:

"SECTION 10. *Exemptions and Exclusions.* –

"a) Lands actually, directly and exclusively used for parks,
wildlife, forest reserves, reforestation, fish sanctuaries and
breeding grounds, watersheds and mangroves shall be exempt
from the coverage of this Act.

"b) Private lands actually, directly and exclusively used for prawn farms and fishponds shall be exempt from the coverage of this Act: *Provided*, That said prawn farms and fishponds have not been distributed and Certificate of Land Ownership Award (CLOA) issued to agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program.

"In cases where the fishponds or prawn farms have been subjected to the Comprehensive Agrarian Reform Law, by voluntary offer to sell, or commercial farms deferment or notices of compulsory acquisition, a simple and absolute majority of the actual regular workers or tenants must consent to the exemption within one (1) year from the effectivity of this Act. When the workers or tenants do not agree to this exemption, the fishponds or prawn farms shall be distributed collectively to the worker-beneficiaries or tenants who shall form a cooperative or association to manage the same.

"In cases where the fishponds or prawn farms have not been subjected to the Comprehensive Agrarian Reform Law, the consent of the farm workers shall no longer be necessary, however, the provision of Section 32-A hereof on incentives shall apply."

"c) Lands actually, directly and exclusively used and found to be necessary for national defense, school sites and campuses, including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production center, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed, shall be exempt from the coverage of this Act."

SEC. 3. Section 11 of Paragraph 1 is hereby amended to read as follows:

"SECTION 11. *Commercial Farming.* – Commercial farms, which are private agricultural lands devoted to saltbeds, fruit farms, orchards, vegetable and cut-flower farms, and cacao,

coffee and rubber plantations, shall be subject to immediate compulsory acquisition and distribution after ten (10) years from the effectivity of this Act. In the case of new farms, the ten-year period shall begin from the first year of commercial production and operation, as determined by the DAR. During the ten-year period, the Government shall initiate steps necessary to acquire these lands, upon payment of just compensation for the land and the improvements thereon, preferably in favor of organized cooperatives or associations which shall thereafter manage the said lands for the workers-beneficiaries."

SEC. 4. There shall be incorporated after Section 32 of Republic Act No. 6657 a new section to read as follows:

"SECTION 32-A. *Incentives.* – Individuals or entities owning or operating fishponds and prawn farms are hereby mandated to execute within six (6) months from the effectivity of this Act an incentive plan with their regular fishpond or prawn farmworkers or fishpond or prawn farmworkers' organization, if any whereby seven point five percent (7.5%) of their net profit before tax from the operation of the fishpond or prawn farms are distributed within sixty (60) days at the end of the fiscal year as compensation to regular and other pond workers in such ponds over and above the compensation they currently receive.

"In order to safeguard the right of the regular fishpond or prawn farmworkers under the incentive plan, the books of the fishpond or prawn farm owners shall be subject to periodic audit or inspection by certified public accountants chosen by the workers."

"The foregoing provision shall not apply to agricultural lands subsequently converted to fishponds or prawn farms provided the size of the land converted does not exceed the retention limit of the landowner."

SEC. 5. There shall be incorporated after Section 65 of Republic Act No. 6657 new sections to read as follows:

"SECTION 65-A. *Conversion into Fishpond and Prawn Farms.* – No conversion of public agricultural lands into fishponds

and prawn farms shall be made except in situations where the provincial government with the concurrence of the Bureau of Fisheries and Aquatic Resources (BFAR) declares a coastal zone as suitable for fishpond development. In such case, the Department of Environment and Natural Resources (DENR) shall allow the lease and development of such areas: *Provided*, That the declaration shall not apply to environmentally critical projects and areas as contained in title (A) sub-paragraph two, (B-5) and (C-1) and title (B), number eleven (11) of Proclamation No. 2146, entitled "Proclaiming Certain Areas and Types of Projects as Environmentally Critical and Within the Scope of the Environmental Impact Statement (EIS) System established under Presidential Decree No. 1586," to ensure the protection of river systems, aquifers and mangrove vegetations from pollution and environmental degradation: *Provided, further*, That the approval shall be in accordance with a set of guidelines to be drawn up and promulgated by the DAR and the BFAR: *Provided, furthermore*, That small-farmer cooperatives and organizations shall be given preference in the award of the Fishpond Lease Agreements (FLAs).

"No conversion of more than five (5) hectares of private lands to fishponds and prawn farms shall be allowed after the passage of this Act, except when the use of the land is more economically feasible and sound for fishpond and/or prawn farm, as certified by the Bureau of Fisheries and Aquatic Resources (BFAR), and a simple and absolute majority of the regular farm workers or tenants agree to the conversion, the Department of Agrarian Reform, may approve applications for change in the use of the land: *Provided, finally*, That no piecemeal conversion to circumvent the provisions of this Act shall be allowed. In these cases where the change of use is approved, the provisions of Section 32-A hereof on incentives shall apply."

"SECTION 65-B. *Inventory*. – Within one (1) year from the effectivity of this Act, the BFAR shall undertake and finish an inventory of all government and private fishponds and prawn farms, and undertake a program to promote the sustainable management and utilization of prawn farms and fishponds. No lease under Section 65-A hereof may be granted until after the completion of the said inventory.

"The sustainable management and utilization of prawn farms and fishponds shall be in accordance with the effluent standards, pollution charges and other pollution control measures such as, but not limited to, the quantity of fertilizers, pesticides and other chemicals used, that may be established by the Fertilizer and Pesticide Authority (FPA), the Environmental Management Bureau (EMB), and other appropriate government regulatory bodies, and existing regulations governing water utilization, primarily Presidential Decree No. 1067, entitled "A Decree Instituting A Water Code, Thereby Revising and Consolidating the Laws Governing the Ownership, Appropriation, Utilization, Exploitation, Development, Conservation and Protection of Water Resources."

"SECTION 65-C. *Protection of Mangrove Areas.* – In existing Fishpond Lease Agreements (FLAs) and those that will be issued after the effectivity of this Act, a portion of the fishpond area fronting the sea, sufficient to protect the environment, shall be established as a buffer zone and be planted to specified mangrove species to be determined in consultation with the regional office of the DENR. The Secretary of Environment and Natural Resources shall provide the penalties for any violation of this undertaking as well as the rules for its implementation."

"SECTION 65-D. *Change of Crops.* – The change of crops to commercial crops or high value crops shall not be considered as a conversion in the use or nature of the land. The change in crop should however, not prejudice the rights of tenants or leaseholders should there be any and the consent of a simple and absolute majority of the affected farm workers, if any, shall first be obtained."

SEC. 6. There shall be incorporated after Section 73 of Republic Act No. 6657 a new section to read as follows:

"SECTION 73-A. *Exception.* – The provisions of Section 73, paragraph (E), to the contrary notwithstanding, the sale and/or transfer of agricultural land in cases where such sale, transfer or conveyance is made necessary as a result of a bank's foreclosure of the mortgaged land is hereby permitted."

SEC. 7. *Separability Clause.* – If, for any reason, any section or provision of this Act is declared null and void, no other section, provision, or part thereof shall be affected and the same shall remain in full force and effect.

SEC. 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved, February 20, 1995.