

[BATAS PAMBANSA BLG. 21, March 27, 1979]

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

Be it enacted by the Batasang Pambansa in session assembled:

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 daily 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 hereinafter created or to any of 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 and 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 being 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 date 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 for 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 Sections 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.