

**[DAR ADMINISTRATIVE ORDER NO. 04 S. 1992,
April 06, 1992]**

**RULES AND PROCEDURES ON LEASEHOLD OPERATIONS IN
TENANTED SUGARCANE LANDS**

I

Prefatory Statement

Under Section 12 of RA 6657, the DAR is mandated to determine and fix immediately the lease rentals in tenanted lands under the retention limit and lands not yet acquired under RA 6657. Pursuant to the said provision, the DAR issued Administrative Order No. 4, series of 1989 to provide guidelines for the establishment of leasehold and the determination of lease rentals for tenanted lands.

In order to guide DAR field personnel in fixing the lease rental in tenanted sugarcane lands, these supplemental guidelines are hereby issued.

II

Governing Principles

A. Tenancy relationship in sugarcane areas exists when the following requisites are present:

1. The parties are the landowner and the tenant;
2. There is consent by the landowner for the tenant to work on the land — either orally or in writing, expressly or impliedly;
3. The subject land is agricultural in nature;
4. The purpose is agricultural production;
5. There is sharing of harvests or there is a consideration for the lease of the land in an amount certain in money or in produce, or both; and
6. There is personal cultivation on the part of the tenant and/or with the aid of labor from within his immediate farm household.

B. Cultivation is not limited to the plowing and harrowing of the land, but also the husbanding of the ground to forward the products of the earth by general industry; taking care of the land and fruits growing thereon; fencing of certain areas; and clearing thereof by gathering dried leaves and cutting of grasses.

Further the caretaker of an agricultural land may also be considered as the cultivator

of the land if he performs such chores as watering the trees, fertilizing them for better production, uprooting weeds and turning the soil, and periodically fumigating the plants to eliminate pests.

C. Notwithstanding existing contracts, the landowner-planter and the tenant-lessee shall enter into an agricultural leasehold contract (ALC) as mandated under Section 12 of RA 6657, Administrative Order No. 4, series of 1989, and other pertinent provisions of the laws.

Among others, the ALC shall explicitly stipulate the right of the agricultural lessee to deal with the millers and processors and to attend to the issuance of quedans and warehouse receipts for the produce due him pursuant to Section 23 of RA 3844, as amended.

D. The tenant-lessee shall, by operation of law, have the following rights to be exercised by him personally or through a duly registered cooperative of which he is a bonafide member:

1. To be issued a warehouse receipt (quedan) or molasses storage certificate by the sugar-central for his share in the manufactured sugar and/or molasses.
2. To have free access to the sugar-central's factory, facilities, and laboratory for purposes of checking and/or verifying records and procedures in the processing of sugarcane through professional representation.
3. To be furnished a weekly statement of cane and sugar account showing among other things the tonnage of the delivered cane and analysis of the crusher juice.
4. To be given thirty (30) days notice in writing before his share in the stored sugar is sold through public auction.
5. To be provided with standard tonnage allocation by the miller/sugar central.

E. The determination of the average normal harvest to be used in computing the lease rental in sugarcane lands shall be based on the following:

1. If the leasehold tenancy relationship existed before 15 June 1988, the effectivity of RA 6657, the average normal harvest of the three agricultural years immediately before the date the leasehold relationship was established shall be used.
2. If the leasehold tenancy relationship was established on 15 June 1988 by operation of RA 6657, the average normal harvest of the three agricultural years immediately before the said date shall be used.

The normal harvest shall mean the usual or regular produce obtained from the land when it is not affected by any fortuitous event or *force majeure* such as typhoon, flood, drought, earthquake, volcanic eruption, and the like.

The landowner and the tenant shall use the quedan certificate or warehouse receipts, and molasses storage certificate issued by the sugar central/miller as basis for determining the amount of sugar and the quantity of molasses in kilos to which