

**Title:** Department of Agrarian Reform vs. Sarangani Agricultural Co., Inc.

**Facts:**

- Creation of Sarangani:** On March 16, 1992, the Province of Sarangani was created from South Cotabato, comprising seven municipalities, with Alabel as the capital.
- Municipal Development Plan:** On February 14, 1997, the Sangguniang Bayan of Alabel passed Resolution No. 97-08, endorsing the Ten-Year Municipal Comprehensive Development Plan (MCDP 1995-2005).
- Zoning Ordinance:** On January 30, 1998, the Sangguniang Bayan passed a resolution to reclassify parcels of land from agricultural to non-agricultural uses under Municipal Zoning Ordinance No. 08.
- Provincial Approval:** On March 2, 1998, the Sangguniang Panlalawigan of Sarangani approved Resolution No. 98-018, officially adopting the Land Use Plan.
- Land Use Conversion Application:** On July 2, 1998, Sarangani Agricultural Company, Inc. (SACI) filed an application to convert 1,005 hectares of land to various non-agricultural uses.
- PLUTC Inspection and Recommendation:** On March 16, 1999, inspections were conducted, leading to conditions being recommended for the approval of the conversion application.
- SARBAI Opposition:** SARBAI, representing agrarian reform beneficiaries, opposed the conversion on March 22, 1999, followed by an urgent petition on July 14, 1999.
- PLUTC's Decision:** On March 30, 2000, the PLUTC recommended the disapproval of conversion for 158.0672 hectares planted with bananas and coconuts.
- DAR Denial:** On November 9, 2000, DAR Secretary Horacio Morales, Jr. denied SACI's application for land use conversion.
- Appeals Process:** SACI's motion for reconsideration was denied, leading to an appeal to the Office of the President, which affirmed the denial.

**Procedural History:**

- Office of the President:** On June 30, 2003, the appeal was dismissed, affirming the DAR's decision.
- Court of Appeals:** SACI filed a petition for review. On July 19, 2004, the Court of Appeals reversed the OP decision and ordered the DAR to issue a conversion order.
- Supreme Court:** The DAR filed a petition for review, raising three primary issues.

**Issues:**

- Due Process:** Whether the DAR failed to observe due process by not issuing a notice

of coverage.

2. **Use of Comprehensive Land Use Plans**: Whether DAR should use local government comprehensive land use plans as primary references.
3. **Requirements for Land Classification/Conversion**: Whether DAR appropriately applied legal requirements for land conversion and classification.

**Court's Decision:**

1. **Due Process**:

- The Supreme Court held that a notice of coverage was not mandatory for commercial farms with expired deferment periods beginning from June 15, 1998, under Section 11 of R.A. No. 6657 and DAR Administrative Order No. 9, Series of 1998.
- Decision: DAR properly denied the application for conversion regarding the 154.622 hectares, and the contention of due process failure is unfounded.

2. **Use of Comprehensive Land Use Plans**:

- The Court acknowledged the local governments' authority to reclassify land but emphasized that such use must comply with statutory limitations and agrarian reform requirements.
- Decision: The Court of Appeals was correct in declaring that DAR should refer to comprehensive land use plans but must also adhere to the reclassification constraints dictated by agrarian laws.

3. **Land Classification/Conversion Requirements**:

- Given the Court's resolutions on the first two issues, the third issue became moot.
- Decision: Reaffirmed the principles that land reclassification should meet legal standards, and the requirements for conversion as prescribed by agrarian reform laws must be followed.

**Doctrine:**

- **Application of Deferment Expiration**: Land reclassification needs are secondary to the mandatory conversion and distribution under agrarian reform laws once commercial farm deferment expires.
- **Local Government Compliance**: Local reclassification plans must be harmonized with national agrarian reform mandates to avoid conflicts and uphold legal coherence.

**Class Notes:**

- **Key Legal Provisions**:

- Section 11, R.A. No. 6657: Commercial farms undertake automatic coverage after ten years.
- Local Government Code, Section 20: LGUs can reclassify lands, but such actions must not derogate agrarian reform laws.
- DAR Administrative Order No. 9, Series of 1998: Provides procedures for acquiring lands from expired commercial deferments.
- **\*\*Key Concepts\*\***:
  - Notice of Coverage: Not mandatory for commercial farms when deferment expires.
  - Due Process in Land Acquisition: Compliance with administrative orders supersedes defense of due process violation.
  - Comprehensive Land Use in Conversion: Must align with legal requisites and agrarian reform stipulations.

**\*\*Historical Background\*\***:

The case traces significant transitions from post-1992 local government reclassifications to the necessary compliance with evolving agrarian reform laws, showing the dynamic interplay between local governance aims and national agrarian policies. Sarangani's drive for urban expansion is seen in the contest against the agrarian reform agenda, illustrating the socio-economic backdrop of land use contestations in newly formed provinces.