

**BELEN T. BABALCON, IN HER CAPACITY AS MARO OF SAN ANDRES,
QUEZON, GALO LANETE, HERMINIO ROCO, DIVINA MARENTES,
JAIME ROTA, LADESON AGUIRRE, DANNY MORALES, GERRY
ABARRO, MELENCIO...**

Ponente: DICDICAN, J.

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DICDICAN, J.:

Before us is a Petition for Review[1] filed by the herein petitioners pursuant to Rule 43 of the 1997 Revised Rules of Court seeking to reverse and set aside the Decision[2] rendered by the Department of Agrarian Reform Adjudication Board (“DARAB”) on February 25, 2013 in DARAB Cases Nos. 17779, 17779-A, A1 up to 30 which, inter alia, affirmed with modification the Decision[3] promulgated by the Office of the Provincial Agrarian Reform Adjudicator located at Gumaca, Quezon (“PARA”) on June 21, 2012 in DARAB Cases Nos. R-0412-0022 to 0053-2010.

The material and relevant facts of the case, as culled from the record, are as follows:

Respondent San Andres Realty and Development Corporation (“respondent”) was the former registered and absolute owner of two (2) parcels of land covered by Transfer Certificates of Title Nos. T-160527 and T-160528 with land areas measuring 510.0375 and 102.3511 hectares, respectively. Both parcels of land were considered as partly agricultural and partly pasture lands and located at Barangay Mangero, San Andres, Quezon (“subject lots”). When the Comprehensive Agrarian Reform Program (“CARP”) was implemented in the year 1989, some parts of the two (2) lands measuring an aggregate area of 330.2794 hectares were distributed to one hundred eighty three (183) agrarian reform beneficiaries who were issued their Certificates of Land Ownership Awards (CLOAs). The aforesaid farmer-beneficiaries included the herein petitioners themselves, among others.

Thereafter, the respondent filed an application in the Department of Agrarian Reform (DAR) for the exemption from the CARP coverage of the remaining areas of the subject lots which were not placed earlier under the coverage of the CARP. Eventually, an order was issued by then DAR Secretary Ernesto D. Garilao on December 20, 1993 whereby a total area of forty (40) hectares of the subject lots were exempted from the coverage of the CARP. On the other hand, five (5) hectares were given to herein respondent as the retention area of the latter.

Subsequently, in December 1998, the respondent filed an application for the exclusion of the remaining 199.9995 hectares of the subject lots on the ground that the said area was primarily devoted to livestock raising. On December 29, 2009, DARCO No. EXC-0912-482, Series of 2009, was issued by the DAR approving the application for exclusion that was filed by the respondent, subject to the condition that disturbance compensation would be paid by the respondents to affected tenants, farmworkers or bonafide occupants, if any.[4] In finding for the respondent, the aforesaid Order stated that the remaining portion of the land measuring an aggregate area of 199.9995 hectares was “actually, exclusively and directly used for livestock (cattle/horses/carabao, etc.) before and after the effectivity of CARP”. A motion for reconsideration was then filed by the petitioners questioning the aforesaid grant of exclusion in favor of the respondent but the said motion for reconsideration was likewise denied

by the DAR in a subsequent DARCO Order No. EXC-1006-183 dated June 23, 2010. Thereafter, on September 1, 2010, a Certificate of Finality[5] was issued by the Director of the DAR Bureau of Agrarian Legal Assistance declaring that the June 23, 2010 Order of the DAR had already become final and executory.

However, notwithstanding the order of exclusion from the coverage of the CARP, the area measuring 199.9995 hectares was nonetheless placed by the Municipal Agrarian Reform Officer (MARO) under the agricultural leasehold system and issued provisional lease rentals to herein petitioners.

The foregoing antecedents prompted the herein respondent to file a complaint against the petitioners for the declaration of nullity of the provisional lease rentals in the Office of the Provincial Agrarian Reform Adjudicator (PARAD) for Quezon II. The said case was docketed as DARAB Cases Nos. R-0412-0022 to 0053-2010. On June 21, 2012, the PARAD rendered a decision in the aforequoted case the dispositive portion of which states:

“WHEREFORE, premises considered, judgment is hereby rendered in favor of the complainant and against the respondents. Accordingly, judgment is issued as follows:

“1. FINDING the issuance of the provisional leasehold rentals in favor of the private respondents irregular and contrary to the exclusion order issued on December 29, 2009 in DARCO ORDER No. EXC-0912-482 Series of 2009;

“2. CANCELLING all the provisional leasehold rentals issued in favor of the private respondents by the public respondents;

“3. ORDERING the Sheriff with the assistance of the MARO and concerned if necessary (sic) to supervise every harvest in the subject landholding while this case is pending and divide the proceeds as follows:

25%

to the tenant/farmer

25%

to the landowner

50%

to be deposited with the DAR Gumaca Cashier who will make a quarterly accounting to the Board every first ten (10) days of the quarter.

“This is after deducting the expenses in harvesting the said coconut fruits. The Sheriff is also directed to make a report within ten (10) days after every harvest.

“4. The parties are directed to refrain from committing any acts tending to disturb the present situation in the landholding in question.

“SO ORDERED.”

Consequently, the petitioners filed an appeal from the June 21, 2012 decision of the PARAD in the DARAB which rendered the herein assailed decision dated February 25, 2013. The decretal portion of the aforesaid decision reads:

“WHEREFORE, the appeal is DENIED for lack of merit. The appealed Decision dated 21 June 2012 of the Adjudicator a quo is hereby AFFIRMED with MODIFICATION as follows:

“WHEREFORE, premises considered, judgment is hereby rendered in favor of the complainant and against the

respondents. Accordingly, judgment is issued as follows:

“1. FINDING the issuance of the provisional leasehold rentals in favor of the private respondents irregular and contrary to the exclusion order issued on December 29, 2009 in DARCO ORDER No. EXC-0912-482 Series of 2009;

“2. CANCELLING all the provisional leasehold rentals issued in favor of the private respondents by the public respondents;

“3. The parties are directed to refrain from committing any acts tending to disturb the present situation in the landholding in question.

“SO ORDERED.”

A motion for reconsideration was thereafter filed by the petitioners questioning the herein assailed February 25, 2013 decision of the DARAB. However, in a subsequent resolution dated July 22, 2013, the DARAB likewise denied the aforesaid motion for reconsideration for lack of merit.

Undaunted by the foregoing disquisition of the DARAB, the petitioners filed the instant petition for review raising the following errors which were purportedly committed by the DARAB, to wit:

I.

THE DARAB ERRED IN FINDING THAT THE SUBJECT LANDHOLDING IS NO LONGER AGRICULTURAL IN USE.

II.

THE DARAB ERRED IN FINDING THAT AGRICULTURAL LANDHOLDINGS WHICH WERE ISSUED EXCLUSION/EXEMPTION ORDER BY THE DEPARTMENT OF AGRARIAN REFORM SECRETARY ARE EXEMPT FROM LEASEHOLD SYSTEM COVERAGE.

In sum, the sole issue brought before this Court for resolution is whether or not the DARAB erred in declaring as null and void the provisional lease rentals that were issued in favor of the petitioners. After a careful and thorough review of the facts, law and issues of this case, we find the instant petition to be bereft of merit.

In their petition that was filed in this Court, the petitioners claimed that, as early as in the year 2003, they had already been requesting for the implementation of the leasehold system over the areas in the subject lots which were not covered by the CARP or exempted therefrom. Thereafter, on August 13, 2007, then PARO Alejandro C. Cruz of DAR-Quezon II sent a letter-inquiry addressed to Atty. Ma. Liza G. Resurreccion (“Atty. Resurreccion”), then Director of Center for Land Use Policy, Planning and Implementation (CLUPPI) of DAR Central Office in Quezon City, asking if there was a pending application for exclusion that had been filed by the respondent at the office of the latter relative to the remaining areas of land that were not covered by the CARP.[6] In her letter-reply dated September 19, 2007, Atty. Resurreccion stated that, per the record of the DAR, there was no pending application filed by herein respondent for the exclusion of the subject 199.9995 hectares from the coverage of the CARP.[7] Atty. Resurreccion added, however, that an Order was issued by then Secretary Ernesto D. Garilao on May 30, 1994 covering TCT No. T-160527 a portion of which reads as follows:

“xxx Accordingly, the Order dated December 20, 1993 of this Office is hereby modified in the sense that the areas identified by the landowner as the exempted portion and the retained area shall now be segregated including the areas for acquisition and distribution to qualified beneficiaries as pinpointed in the Report of PARO Ubeda.”[8]

Moreover, the petitioners asseverated that dialogues were conducted between them and the representatives of the DAR whereby the petitioners requested that the remaining land area that was owned by the respondent measuring 199.9995 hectares, be covered by the CARP and, pending its implementation, that the leasehold system be likewise implemented in order to protect the interests of the farmers. Thereafter, the petitioners maintained that, sometime in the year 2009, the respondent applied for, and was granted, an exclusion from the coverage of the CARP by the DAR relative to the remaining area measuring 199.9995 hectares, pursuant to DARCO Order No. EXC-0912-482. Nonetheless, the petitioners argued that the filing and the granting of the respondent's application for exclusion did not deter the implementation of the leasehold system over the said property. In fact, the petitioners stressed that Provisional Lease Rentals[9] (PLRs) were issued by the then MARO of San Andres, Quezon, covering the two (2) certificates of land titles in the name of the respondent and included areas that were outside the exemption or exclusion order that was earlier issued by the DAR.

Further, the petitioners averred that the mere issuance of PLRs in favor of herein petitioners in 2003 was a glaring indication that the subject land was agricultural. More importantly, according to the petitioners, the implementation by the DAR of the leasehold order was not affected despite the issuance of an exclusion or exemption order by the DAR Secretary. Thus, for the purpose of protecting affected farmer-tenants, the petitioners insisted that the exclusion or exemption orders would not preclude the implementation of the leasehold operations so long as agricultural activities exist over the subject land.

For its part, the respondent countered that the subject area measuring 199.9995 hectares ("subject property") had already been established to be devoted to livestock raising and, thus, could not be considered as an agricultural land. According to the respondent, that the subject property was devoted actually, directly and exclusively to livestock raising had already been found to be factual in all the stages of the case before the PARAD and the DARAB. Moreover, the respondent pointed out that, in the Order of Exclusion, the PARAD relied on the ocular investigation and inspection that were conducted by the CLUPPI, as well as the factual findings of the latter. In fact, the respondent stressed that the aforesaid ocular inspection was re-conducted in the presence of some of the individual petitioners herein when the latter sought for a reconsideration of the order of exclusion by the PARAD. However, no evidence that was contrary to the original findings of CLUPPI was found during the said re-inspection.

Thus, the respondent averred that the findings of the CLUPPI provided substantial basis for the DARAB to affirm the decision of the PARAD, emphasizing that findings of facts by agencies with expertise over the matters raised before them are entitled to great weight and respect.

Further, the respondent submitted that the order of exclusion finding that the subject property was devoted to livestock had already long become final and executory. In order to support this contention, the respondent attached a copy of the Certificate of Finality[10] that was issued in DARCO Order No. EXC-1006-183, stating that no appeal by any party was filed from the June 23, 2010 Order of the DAR. Consequently, the respondent argued that the aforementioned order of exclusion from the CARP necessarily carried with it the inapplicability of the leasehold system.

We agree with the contentions of the respondent. Record reveals that, indeed, as early as in the year 1998, the respondent had already applied for the exclusion of the subject property measuring 199.9995 hectares from the coverage of the CARP. Subsequently, DAR issued DARCO Order No. EXC-0912-482, series of 2009, on December 29, 2009[11] granting the aforesaid application for exclusion after the respondent had duly proven that the subject property was actually, exclusively and directly used for livestock raising. In order to support the said finding, the DAR took into consideration several documents that were submitted by the respondent, including the certificate of payment of mayor's permit and municipal licenses to operate livestock farming as early as in the

year 1985, among others. Along with the said pieces of documentary evidence, an ocular inspection was also conducted by the CLUPPI Inspection Team (“inspection team”) which found, as follows:

“1. The topography of the subject property is flat, rolling and mostly hilly. The flat area of the property is along shoreline;

“2. The area is more or less 7 kms. from National Highway and to San Andres Proper. It is accessible to all kinds of vehicle;

“3. Existing or Current Cattle Inventory:

120 combination of mother cows, bulls (Brahman) calf (young cows)

140 wild cows

38 horses

53 carabao

“4. The Holding pen, shed or bam pen and food storage are found in one area;

“5. The subject property is basically planted to coconut trees with shrubs, sea press (ipil-ipil) and aroma trees found therein. Some part of the area, more or less 50 hectares of which is idle/grasses;

“6. According to the representative of the landowner and as mentioned in the sworn application of the applicant, there were farmworkers in the area, more or less 50 farmworkers;

“7. There were occupants in the area with more or less 13 houses built therein (shanty houses, some were low cost concrete houses). According to the representative, some of the occupants were their employees (bakero/cowboy) being paid monthly wages of two thousand four hundred pesos (P2,400). The Team were informed by the representative and the MARO of San Andres that the area being occupied is also part of the Retention area of the landowner;

“8. No irrigation facility was seen in the area as the crops planted therein depend on rainwater.”[12]

Jurisprudence dictates that courts would not interfere in matters which are addressed to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency. Administrative agencies are given wide latitude in the evaluation of evidence and, in the exercise of their adjudicative functions, latitude which includes the authority to take judicial notice of facts within their special competence.[13] Be it noted that, in the proceedings below, the petitioners failed to present proof that would negate the findings of the DAR inspection team and the documentary pieces of evidence that were submitted by the respondent which proved that the subject property was devoted to livestock raising. In other words, the finding of the DAR that the subject property should be excluded from the coverage of the CARP remains to be binding and is entitled to great weight and respect by this Court.

Thus, the next question now arises: If the subject property was already excluded from the coverage of the CARP, does it necessarily follow that the provisional lease rentals that were issued covering the subject property should likewise be canceled? This Court rules in the affirmative, as there could no longer be an “agricultural lessee” and “agricultural lessor” to speak of in the first place when pertaining to a land that had already been excluded from the coverage of the CARP. Section 166 of Chapter XI of Republic Act No. 3844 clearly defines the following terms in relation to the grant of provisional lease rentals in favor of the “agricultural lessee” as follows:

“(1) 'Agricultural Land' means land devoted to any growth, including but not limited to crop lands, salt beds, fish ponds, idle land and abandoned land as defined in paragraphs 18 and 19 of this Section, respectively.

“(2) 'Agricultural lessee' means a person who, by himself and with the aid available from within his immediate

farm household, cultivates the land belonging to, or possessed by, another with the latter's consent for purposes of production, for a price certain in money or in produce or both. It is distinguished from civil lessee as understood in the Civil Code of the Philippines.

“(3) 'Agricultural lessor' means a person, natural or juridical, who, either as owner, civil law lessee, usufructuary, or legal possessor, lets or grants to another the cultivation and use of his land for a price certain.”

Corollary thereto, Section 23 of Republic Act No. 3844 lays down the rights of the agricultural lessee vis a vis the portion of the land that are granted in their favor under the aforesaid Act, to wit:

“Section 23. Rights of Agricultural Lessee in General - It shall be the right of the agricultural lessee:

- (1) To have possession and peaceful enjoyment of the land;
- (2) To manage and work on the land in a manner and method of cultivation and harvest which conform to proven farm practices;
- (3) To mechanize all or any phase of his farm work; and
- (4) To deal with millers and processors and attend to the issuance of *quedans* and warehouse receipts for the produce due him.”

Thus, it could not be gainsaid that, when a parcel of land had already been declared to be exempt or excluded from the coverage of the CARP, it necessarily follows that there could no longer be an agricultural lessor-agricultural lessee relationship between the registered owner of the land on one hand and the persons who utilize the said land on the other as contemplated by Republic Act No. 3844. On this score, worthy to note is the ruling of the DARAB in the herein assailed decision which reads:

“Administrative Order No. 6, series of 2003 (Rules and Procedure Governing Leasehold Implementation on Tenanted Agricultural Lands) specifies that only agricultural and tenanted lands can be covered under the leasehold system. In this case, the subject landholding has already been excluded from CARP coverage land as it was found to be devoted to livestock raising, although portions are planted to coconut.

xxx

“Having been excluded from the coverage of the agrarian reform program by Exemption Order dated 30 May 1994, the issuance of the Provisional Leasehold Rentals (PLRs) is erroneous and thus needed to be cancelled.”

At any rate, this Court finds that there was no other factual or legal basis that would challenge the herein assailed decision and resolution of the DARAB, considering that there was nothing irregular or illegal in the ruling of the DAR excluding some areas of the two (2) lands that were owned by the respondent from the coverage of the CARP and in further canceling the provisional leasehold rentals that were issued in favor of the petitioners. Verily, we are not about to set aside the foregoing findings of the DARAB in the absence of any clear showing that it overlooked, misunderstood or misapplied some facts or circumstances of weight and substance which would alter the outcome of the case. The factual findings of the DARAB are amply supported by evidence and are entitled to great weight and respect and, for the aforesaid reasons, need not be disturbed by this Court.

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by us DENYING the instant petition for lack of merit. The Decision rendered by the Department of Agrarian Reform Adjudication Board on February 25, 2013 in DARAB Cases Nos. 17779, 17779-A, A1 up to 30 and its subsequent Resolution on July 22, 2013 in the said case are hereby AFFIRMED.

SO ORDERED.

Peralta, Jr.,[*] and Paredes, JJ., concur.

[*] Acting Senior Member vice J. Elbinias per Office Order No. 221-14-ABR dated May 21, 2014

[1] Rollo, pages 8-31.

[2] Ibid, Annex “A”, pages 42-53.

[3] Ibid, Annex “6”, pages 201-209.

[4] Ibid, Annex “2”, pages 177-183.

[5] Ibid, Annex “4-A”, page 191.

[6] Ibid, Annex “J”, page 76.

[7] Ibid, Annex “K”, page 77.

[8] Ibid, Annex “L”, page 78.

[9] Ibid, Annexes “P” to “P-31”, pages 88-146.

[10] Supra, Note No. 5.

[11] Supra, Note No. 4.

[12] Rollo, pages 180-181.

[13] DAR v. Samson, et al., G.R. No. 161910, June 17, 2008.

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