

Content

Title :	Regulations for Administration on Contracted Public Stock Keeper <b>Ch</b>
Date :	2014.12.23
Legislative :	1.Promulgated under Order Nung-Liang-Tze 1011095361 dated May 14 ,2012. 2.Amendment to Articles 3 promulgated under Order Nung-Liang-Tze 1011096036 dated December 28, 2012. 3.Amendment to Articles 4 promulgated under Order Nung-Liang-Tze 1031096991A dated December 23, 2014.
Content :	<p style="text-align: center;"><b>Chapter 1 General</b></p> <p>Article 1 The regulations for administration on Contracted Public Stock Keeper (hereinafter referred to as "CPSK" ) are duly enacted in accordance with Article 8, Paragraph 2 of the Food Administration Act (hereinafter referred to as "This Act").</p> <p>Article 2 The Council of Agriculture, Executive Yuan (hereinafter referred to as "COA") in accordance with Article 8, Paragraph 1 of this Act, may commission all or parts of the following public stock transactions to CPSK to handle: 1.Compilation of legal rice farmers' registered information and pass-through payments of collected paddy 2.Collection of paddy in exception of previously mentioned transaction issues 3.Rice Storage 4.Rice Milling and Distribution COA can delegate Agriculture and Food Agency (hereinafter referred to as "AFA") Region Branch (hereinafter referred to as "The Branch") of to implement management and conduct superintendence based on the contract signed in accordance with the regulation.</p> <p>Article 3 The Branch shall sign written contracts according to Government Procurement Act and related regulations when they entrust CPSK to conduct the transaction shown in Paragraph 1 of the previous article. Prior to the expiration of the previous contract, the Branch may,in accordance to the Government Procurement Act and related regulations, give priority matters, such as pricing or bargaining power to handle contract to CPSK depending on the public stock transactions needs and the performance of CPSK. CPSK is prohibited from transferring the entrusted transactions</p>

or the debt derivatives from public stock to the third party. However, CPSK shall not be subject to this restriction in the condition that the person in charge is inherited by heirs because of death when CPSK is a sole proprietorship, and obtains a written agreement from the Branch.

## **Chapter 2 Requirements for CPSK and warehouse**

### Article 4

CPSK may conduct the compilation of legal rice farmers' registered information and pass-through payments of collected paddy shown in Article 2, Paragraph 1, Subparagraph 1 of the regulation within the limit of the farmer's association which has the devices and the capability to implement the Agri-Food Information Network System.

CPSK shall meet the requirements as follows when he or she conducts the transactions including the collection and the storage of rice shown in Article 2, Paragraph 1, Subparagraph 2 and Subparagraph 3 of the regulation:

- 1.A food dealer registration
- 2.Experiences of food transaction
- 3.Capable of guarantee capacity
- 4.Possess quality control devices and possess rice inspectors that are approved by AFA.
- 5.Qualified devices and capabilities to implement Agri-Food Information Network System.
- 6.Possess paddy drying devices with capacity of 50 tons or over. CPSK who does not set up grain drying devices shall be equipped with devices of wet paddy collection and delivery. However, CPSK shall not be subject to this restriction if he or she only conducts the transaction of rice storage.

#### 7.Legal warehouses

CPSK shall meet the requirements as follows except the conditions mentioned in Subparagraph 1 - Subparagraph 4, Subparagraph 7 of previous article when he or she conducts the transactions including the rice processing and distribution of rice shown in Article 2, Paragraph 1, and Subparagraph 4 of the regulation:

- 1.The factory establishment permits. However, CPSK shall not be subject to this restriction if he or she accepts consultation according to Factory Management Act.
- 2.A brown rice tank and milled rice tank each with capacity of 30 tons or over. However, CPSK shall not have to be equipped with a milled white rice tank if he or she only conducts the transaction of brown rice processing.
- 3.Complete devices of public stock paddy milling, packing and dust collecting devices must meet the requirements as follows. However, with written permission from AFA, the Branch may review and adjust the conditions of milling capability according to the needs of public grain milling in the area

under their control:

- (1) The minimum amount of milled brown rice per hour should be 3 tons or over which meets the brown rice third-class standards of Chinese National Standard (CNS) , or the capability of 3-ton milled rice or over per hour meets the requirements for the milled rice third-class standards of CNS.
- (2) CPSK should be equipped with additional Colored-rice Sorting Machine for 3 tons per hour if he or she meets the milled rice second-class standards of CNS.

#### Article 5

CPSK shall meet the requirements as follows for providing legal warehouse in according to Paragraph 2, Subparagraph 7 of previous article:

- 1.The warehouse storage capability shall be 2000 tons or over. However, with written permission from AFA, the Branch may review the needs of storage capability in the region under their control, and adjust the conditions of storage capability when the average amount of collecting rice of the last four crops is less than 500 tons.
- 2.A suitable location with a convenient traffic system and a high altitude terrain, where no concerns of flood exist.
- 3.Repositories should be solid with a structure of reinforced concrete, steel frame or reinforced brick, and be roofed with reinforced concrete or steel frame. However, CPSK shall not be subject to this restriction if, with written permission from AFA, the Branch re-reviews, re-evaluates and assures the safety of repositories which are categorized as public stock warehouses prior to the regulation promulgation.
- 4.A dry and solid ground, which is at least 30 centimeters higher than the ground line, with an excellent drainage system in the surrounding environment.
- 5.Repositories should be equipped with ventilating devices and fire safety equipments in accordance with Fire Services Act.

### **Chapter 3 Collection of public stock paddy**

#### Article 6

CPSK shall collect public stock paddy according to the regions, which are designated of the Branch.

#### Article 7

CPSK shall completely plan and prepare storage repositories and related devices, machines, and equipment prior to the conducting of public stock collection for each term.

#### Article 8

CPSK shall conduct the final acceptance inspection while collecting public stock paddy in accordance with the standards

enacted in Article 9 of this Act.

#### **Chapter 4 Storage of public stock**

##### Article 9

CPSK shall provide the quantity of each public stock warehouse while signing contracts. Meanwhile, written reports on the structure, space, storage capacity, facility and related issues of each repository shall be submitted to the Branch for future reference and management. CPSK also shall inform the Branch if there is any increasing or revision.

Without written permission from the Branch, CPSK is prohibited from changing the use and keeping un-related stuff in the repositories which have been reported for reference.

##### Article 10

CPSK shall implement storage transactions following the packing principle of using rice bags that meet the specifications set by AFA.

The public stock paddy shall be separately stored and piled neatly based on the year, level, type, and form; appropriate space between grain stacks and clear instructions on standing signboards are necessary.

##### Article 11

During the period of preserving public stock storage, CPSK shall take complete responsibility for fulfilling their duties; the following behaviors such as seizing, stealing and selling, embezzling or settling and changing are strictly forbidden. Public stock should also be kept away from moisture, heat, pests, birds, rats, fire, floods, being stolen, or any other issues which will influence the quality and safety of the stock.

##### Article 12

The storage loss during the period of public stock storage must be less than the storage loss rate approved by COA. The storage loss of preserved brown rice and milled rice must be separately verified and reimbursed.

CPSK shall be liable for damage compensation if he or she does not take the complete responsibility for fulfilling their duties causing any damages such as non-qualified grain or amount discrepancy. Meanwhile, the loss shall not be reported as reimbursement of storage loss. If CPSK has taken the responsibility for storage loss compensation according to the contract, the Branch shall re-assess and re-calculate the storage loss based on compensation amount and storage time.

#### **Chapter 5 Processing and Distribution of Public Stock**

##### Article 13

CPSK shall implement the transactions of processing and distributing based on the notification from the Branch. Issues such as crop, specification, amount, packing, and delivery expiration date of grain processing should be in accordance with the requirements by COA for distributing, selling, and taking over public stock. CPSK is prohibited from processing, changing, replacing, delaying or holding distributions by himself or herself, and shall implement acceptance inspections accordingly.

During the period of rice processing of public paddy, AFA and the Branch shall randomly assign representatives for inspections according to the practical situation. CPSK shall re-process and adjust until the product meets the requirements before the date set by the Branch when processed grains are found to be unqualified. The responsibility for the derivative costs and lost should be taken by CPSK.

#### Article 14

The minimum amount of brown rice, dehusking from public paddy, which needs to be handed out by CPSK should be determined by the Branch according to the regular open dehusking trials for each crop.

#### Article 15

The processing loss caused by CPSK while processing crushed brown rice, milled rice, and broken rice shall be less than the loss rate set by COA.

#### Article 16

The rice bran generated in the rice milling shall be sold according to the prices listed in the contract by CPSK who shall give the sale income to the Branch.

### **Chapter 6 Other management issues**

#### Article 17

CPSK shall take complete responsibility for fulfilling duties of packing and storage according to category, and shall implement transactions of distributing and taking over public bags based on the instruction of the Branch.

#### Article 18

CPSK shall establish registration books for recording the amount of public stock collected, processed, distributed, and stored each day.

The Branch shall randomly assign representatives to inspect the registration books, accounting forms, certificates, and related data of public stock. No one can be allowed to refuse, avoid or interfere.

#### Article 19

The Branch shall make the payment for public stock transactions to CPSK according to contract. Any shortage of public stock or payment for transactions shall be reduced directly by the Branch according to the payment items listed in the contract.

#### Article 20

COA, AFA, and the Branch shall randomly assign representatives to inspect the quantity, quality, sanitation, storage management, and environment of public stock repository. The owner or the representative of CPSK shall provide necessary tools to cooperate with the inspection, and is not allowed to refuse, avoid or interfere.

#### Article 21

CPSK shall provide more than two profit-seeking enterprises or natural people in a good financial situation with good credit records as guarantors, and provide an additional property guarantee, or is guaranteed by a bank based on the contract unless CPSK is remitted from providing guarantee in the contract

A farmer's association shall be guaranteed by the director and all council members, and is remitted from providing a property guarantee if the association carries out the transactions of public stock.

#### Article 22

CPSK shall complete the confirmation operations of guarantor and property guarantee within two months from the date the contract was signed with the Branch. A confirmation operation of guarantor shall be yearly carried out by the end of April. A farmer's association shall change its guarantor, and carry out the confirmation operation if its president or council members have been changed when the association implements the transactions of public stock.

#### Article 23

The amount of property guarantee provided by CPSK should be assessed and calculated by the Branch according to the quantity of public stock paddy stored by CPSK based on the contract.

#### Article 24

The pledge registration or mortgage registration for the property guarantee provided by CPSK shall be completed; the criteria for property guarantee value shall be based on the contract.

The Branch shall refuse and request CPSK for changing property guarantees in the event of any of the following:

1. Jointly-owned buildings or lands

2. The property guarantees are categorized as a hill, or forestry land, ecological conservation land or land for country safety and protection use.
3. The trading value is less than current land value or current assessed housing value.

The owner and the owner's spouse, immediate relatives, collateral blood relatives by second degree of kinship should provide more than 50% of property guarantees of contract, provided that CPSK provided property guarantee.

#### Article 25

CPSK who violates the terms and conditions in the contract shall take the responsibility for the compensation, according to the grade, type, form of qualified rice for new crop, or make a payment for the loss compensation based on the prices for government projected procurement program at the time the act is completed.

CPSK shall pay 20% of stock quantity or amount of compensation at most in punitive damages if he or she does not carry out the compensation shown in the previous paragraph within the limited period set by the Branch.

#### Article 26

If there is shortage of property guarantee provided by CPSK because of impairment or loss of property, the Branch shall inform CPSK to make up the deficiency. If CPSK does not make up the deficiency before the expiration date, the Branch shall reduce or suspend entrusting the transactions carried out by CPSK according to the practical situation.

#### Article 27

If CPSK violates the terms or conditions in the contract, or the related regulations, the Branch shall review and evaluate the practical situation and his or her violation records, and record demerit point penalty, request for damage compensation, decrease payable amounts, reduce transaction region, and partially suspend entrusted transaction in accordance with the contract. Where CPSK violates any obligation specified in this paragraph and the case is considered to be serious in nature, the Branch may in its discretion terminate the contract.

#### Article 28

CPSK is strictly prohibited from exposing or providing the quantity and distribution of rice, and related data of the contract, unless written permission from the Branch is obtained or there are dealing with inspections based on the regulation.

#### Article 29

CPSK shall be suspended by the Branch from the transaction of collecting public stock paddy if he or she reduces or close down

public stock related transactions.

Article 30

After terminating the entrusted contract and confirming with the Branch, CPSK may request for returning his or her property guarantees, or cancelling the registration for pledge or mortgage once he or she settles up for rice collections, materials and other various debts.

**Chapter 7 Annexes**

Article 31

These regulations governing CPSK shall be in force upon promulgation.