

**HIGHLIGHTS/EXCERPTS  
OF THE COMMITTEE MEETING  
HELD AT NTA BOARD ROOM, 11/F UPPER CLASS TOWER BUILDING,  
QUEZON AVENUE, QUEZON CITY  
January 10, 2024  
9:30 AM**

Atty. Parado: Determination of the Quorum. All the members of the Board Committee are present. Next is the Approval of the Agenda.

**A. COMMITTEE ON RESEARCH & EXTENSION**

**1. FINAL PRESENTATION OF THE PROPOSED PROGRAM OF ACTIVITIES FOR THE CONDUCT OF THE MINDANAO TOBACCO INDUSTRY SUMMIT, TO BE HELD ON JANUARY 25, 2024 IN EL SALVADOR CITY, MISAMIS ORIENTAL.**

Dr. Palabay: Program and activities with agenda to be presented at the Summit and then by 10AM there will be discussions for the summit proper, and discussions on tobacco excise tax, RA 8240 and RA 7171. Meron po tayong price cap na 4B, and then to be followed by Trading Rules and Regulation by municipality and by province. Diyan po sa Mindanao, meron din po nadagdag na survey and verification on areas planted, and then another discussion will be on areas planted to be delivered by the Manager of CorPlan but it was delegated.

Dir. Trongco: Dito sa 1-3, kaya ba yung survey sa geographical area sa Mindanao?

Dr. Palabay: Actually, ibang topic na ito dahil mahaba ito. Maybe sa ibang forum na lang. Kung idiscuss lang yung process, pwede naman.

Dir. Martinez: Buti naman nabanggit yung data base.

Dr. Palabay: Yes sir, the topic is suggested by the Regulation Department kasi ang measure natin doon is the production, kasi meron din production na nanggagaling sa Iloilo and Cebu. Kailangan lang ma-survey din yung actual area to determine na true yung production nila.

Dir. Padayao: Sir Vanni, before the presentation of survey and verification itong area planted to tobacco, is it not proper that somebody will present the total or actual condition in Mindanao like the total area produced per province, municipality and per barangay, and then the volume of production based then sa sinabi mo na na-collect to relate this, and then to validate this data, and then to discuss na yung verification of actual area planted. Before that, it is proper to discuss that to be presented.

Dr. Palabay: Siguro, to include sa tobacco industry.

Dir. Casela: We want to check a comparative data. We have to check as to the total number of farmers and area then give emphasis on conduct of the survey of the area planted to tobacco as a basis of certification to be given by NTA as to the volume of tobacco. Dapat magkasama 'yon, yung profile.

Dr. Palabay: We have the data of areas planted in Mindanao with the number of farmers, meron data na ncollect sa R&R, 23M. Translate mo yun 2,000 per hectare, with the expansion now, aabot na rin ng 3,000.

Atty. Parado: Any other comments to the Agenda.

Dr. Palabay: Ang concern ko kung sino in-charge sa booking sa 17 delegates to be going there, I don't know if the Administrative Department will handle it. Anyway, we have the approved SO na, but I don't know who will cash advance.

Mr. Aquino: Tungkol po sa plane ticket natin sa Mindanao. Babayaran na lang natin ng check yung booking company kesa mag cash advance. Ganun na lang gawin, na may mag book na isa para sa 17.

Atty. Ambros: Regarding the Summit, I think we don't need to go there. Kagaya namin sa Regulation Department, pwede kami virtual kasi if we will go there we will be spending like hotels. We will just discuss the Trading Rules. Pwede ba tayo mag hybrid nalang if possible?

Mr. Aquino: Dito po sa Summit pwede naman po natin ibaba considering kung sino lang yung pupunta. Nakita ko lang yung 17 during the discussion sa San Juan, Ilocos Sur kasi napakarami talaga yung 17.

Mr. Savellano: As to the budget, we will discuss it further. Initially, we are discussing the program in Mindanao, kailangan din natin mag full force tayo. Kailangan ma-discuss since this is a one-day affair. It is more than investment for us. As to the budget meron naman, sabi ni Mr. Aquino. As much as possible, this is for NTA to deliver in Mindanao a strong message that the industry is there. Thank you.

Mr. Sarmiento: Sabihin natin sa kanila na tulungan natin para madagdagan natin kasi sinasabi natin dito expansion tapos paliit ng paliit yung mundo tapos pasundan natin ng Tuguegarao at Isabela area.

Mr. Aquino: This is part of the program of FTSD.

Mr. Savellano: Kindly elaborate kasi medyo malalaki yung budget.

Mr. Aquino: Yun po siguro yung Summit pwede naman po natin ibaba kung sino lang po talaga. Sabi ko, malaki yung 17, subject to issuance of the SO. Kung sino lang po ang pupunta. Kagaya ko, nakita ko sa listahan pwede na rin po na hindi sumama si Atty. Bob, FTSD and Directors, kasi napakarami yung 17 talaga.

Mr. Savellano: They will be exploring areas in Mindanao and of course, we want to ensure na full support yung project natin. As to the budget, we will try to review as much as possible. We would like to fully support this as initial pilot project of NTA with regards to the Mindanao. As to the other concerns, as to the budget we will discuss further. Initially we are discussing the program in Mindanao. If kailangan na mag full force tayo.

Atty. Parado: Any further comments on this Agenda?

Mr. Sarmiento: Nasabi na dito ni Usec. Savellano na kung pwede dun na natin na sabihin sa kanila na tulungan natin para madagdagan. Yung feeling kasi expansion ang sinasabi natin dito tapos paliit naman ng paliit yung pondo

Dir. Casela: May I request Sir DASS and Atty. Ambros to sit down and finalize as to the number of participants just to really trim down the budget on this. The image of NTA will be at stake here, so we have to be sure the presentation will be valid and convincing on the part of the participants because NTA is in authority. We have to project the initiative as to how to develop the tobacco industry in the area.

Atty. Parado: We will now move to the next Agenda. This is under the Committee on Nomination, Remuneration and Personnel Administration.

## **B. COMMITTEE ON NOMINATION, REMUNERATION & PERSONNEL ADMINISTRATION**

### **1. REQUEST FOR DISCUSSION: PROPOSED AMENDMENTS TO THE IMPLEMENTING GUIDELINES OF THE MOBILITY SUPPORT PROGRAM FOR EXTENSION WORKERS TO EXPAND COVERAGE TO OTHER EMPLOYEES/PERSONNEL.**

Atty. Parado: On this juncture, I would like to make a manifestation, that last Monday, I think, there was already a meeting between the Office of the DAOP and the Office of the DASS to discuss this matter.

Mr. Savellano: With the permission of the Board, we would like to put this in status quo na lang. May existing rules, there is really a need to review the whole program itself kung may changes dito sa rationality including yung objective natin kung revise na lang and the funding is available naman po replenishable naman po palagi so, hindi naman po nauubos yung funding kung may mga other programs pwede naman po natin gamitin. For the permission of the Board and for your consideration.

Dir. Casela: I would like to suggest on this topic, that it has to be consistent with the guidelines and also in the proposal. So, for further review. May I suggest that we have to practice consistency. Thank you.

Atty. Parado: Any other comments? if there is none, we will now proceed to the next.

Dir. Casela: So, what is the action taken here?

Mr. Savellano: Including yung objectives natin, ire-revise na lang for the meantime and the funding is available naman po, replenishable naman palagi. So, naka istambay lang hindi naman nauubos yung funding kung may other programs. Pwede naman natin gamitin yung pera.

Dir. Padayao: In certain Branch Offices, they allocated an amount that will not be spent. On the two priorities, can we accommodate Administrative Offices and Branch Cashiers?

Mr. Savellano: Base on agreement, before or by October, if availability of funds is still there, we will try to offer them for our Mobility Program.

Dir. Padayao: Observation ko sa mga Branch Cashiers, kung walang available na service vehicle they are renting tricycles. Siguro, they can avail mobility plans kasi mahirap yung Cashier na walang sariling sasakyan papunta sa bank.

Mr. Savellano: We will take into consideration, as presented sa Board.

There being no other matters to be discussed, the meeting was adjourned.

Prepared by:

  
RAMON R. MUNCAL  
Stenographer III

Reviewed by:

  
Atty. JUN-FRED V. PARADO  
Acting Board Secretary V



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**OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**23 JANUARY 2024**  
**9:20 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:30 Am.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today January 23, 2024 (Tuesday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

Please, witness the honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Research and Extension, and Board Audit and Finance is now called to order.

Atty. Obusan: Thank you madam Chair to start with may I call on Mr. Lexter C. Cabanting, Administrative Assistant I to lead the opening prayer.

*"Mr. Cabanting led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, the honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows:

09 FEB 2024

The honorable Dir. Nestor C. Casela, representing the Academic Community Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Exporters/Traders Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector, and, Dir. Wilfredo C. Martinez, representing the Tobacco Farmers Sector.

Also present at the NTA Board Room and joining us are the following: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations, good morning, sir DAOP; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, good morning, sir DASS; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Assistant to the Administrator, good morning, sir; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, and joining us through the virtual platform the different Department Managers and Branch Managers, good morning to all.

As such madam Chair, we have a quorum.

Admin. Sanchez: Again may I turn over to the Board Secretary for the presentation and discussion of the agenda.

Atty. Obusan: Thank you madam Chair.

For the agenda of today's Joint Board Committee Meeting of the NTA Governing Board we have the following...

*"The Board Secretary presented the different agendas and its Committee Chairpersons and Resource Persons"*

Dir. Casela: May I please request or manifest another agenda on other matters and this is a follow-up of the activities/issues and concerns profound by our Executive Assistant in the person of Sir Ben, specifically on the following area:

- (1) Hiring of a Registered Professional Appraiser to determine the valuation of feed mill and structure of that, also the Kadiwa ni Ani at Kita at Narvacan, Ilocos Sur;
- (2) Transfer of Office of the NTA Vigan Branch office to NTA Training Center at San Juan, Ilocos Sur;
- (3) Construction of the New NTA Building;
- (4) Utilization of the LGU of Tagudin, Ilocos Sur and the NTA Farmers' Training Center; and
- (5) Preparation of the requirements of DBM for the release of funds for NTA under RA 4155

Thank you, madam Chair.

Madam Chair, I would like to add also that this issues/concerns by sir Ben, are far lengthy and I know some of the...

Honorable DASS, Dr. Palabay and you Ma'am, will go to Malacanang for a meeting, so if we will be allowed to continue the discussion without your presence.

Mr. Sarmiento: Excuse me, another concern from the RED CROSS in Abra.

Dir. Casela: Nothing for proper decision making and as basis for the deliberation, we will request an official communication from RED CROSS address to NTA with respect to their request, so that we will properly deliberate here with the Board members.

Ms. Sarmiento: Thank you.

Mr. Savellano: Madam Chair, may I just manifest your honors that since the Administrator, I and DAOP, including Atty. Ambros will be attending the meeting at Malacanang. May I request your honors that should the issues and concerns as raised by Dir. Casela that include the updates, may I just manifest your honors, I will be asking Engr. Abe and Ms. Arrojo to provide the needed information or updates.

Dir. Casela: That would be highly appreciated, sir.

Mr. Savellano: Thank you, your honors.

Atty. Obusan: Madam Chair, since it was mentioned earlier that together with sir DAOP, and sir DASS your presence is needed in Malacanang at around 11:00 AM, in relation to this Committee Meeting. May I ask on whom do you intend to delegate the chair.

Admin. Sanchez: My apology, just like what sir DASS said that we have to proceed to Malacanang to finalize the position of the Philippine delegation to the Conference of Parties on the FCTC Framework. We have to watch out "kasi sa statement ng Philippine Delegation" to ensure the Tobacco Industry is protected, and not over shadowed by the Department of Health.

So, I will turn over the chair to the respective Committee Chairman to facilitate the rest of the meeting on behalf of Sir DASS and Sir DAOP. So, we will be requesting that the three of us will be excused from the meeting.



Atty. Obusan: This is duly noted madam Chair, we now proceed with the discussion of the respective agendas. So, we start with agenda (A) under the Committee on Research and Extension. May I now call on the honorable Luzviminda U. Padayao, ma'am.

## **COMMITTEE ON RESEARCH AND EXTENSION**

### **A. PRESENTATION AND APPROVAL OF THE STUDY, "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUB-TYPES PLANTED IN THE PHILIPPINES (YEAR 2)" AMOUNTING TO Php 930,632.60**

Dir. Padayao: Good morning to everyone. The first agenda is under the Committee on Research and Extension, which is the "Presentation and Approval of the Study, "Evaluation of the Economic Profitability of all Tobacco Types and Sub-Types Planted in the Philippines (Year 2)" Amounting to PhP 930,632.60."

I believe that this study covers all types of tobacco: Virginia, improved and neutral, we have burley, tapped, untapped and native.

May I call on and request Dr. Palabay, OIC-Deputy Administrator for Operations to discuss this proposal together with the OIC-FTSD, Mrs. Evangeline Cabigan to explain further the details of this project.

Dr. Palabay: Thank you, ma'am Luz for the introduction.

Before anything else I would like to greet a pleasant good morning to each and every one, especially our DEAR Administrator & CEO, Ma'am Bel, and her Assistant Sir Ben, and all the honorable Members of the Board, Sir DASS the newly appointed Board Secretary, Atty. Obusan, Atty. JV and to all the members of Department Managers and Branch Managers in the virtual platform, 'magandang umaga po' sa ating lahat."

So, for the first agenda as ma'am Luz has said this is the second year of the conduct of the study on profitability of all tobacco types, but this time we will only deal on the two major types which is the Virginia and burley tobacco types and sub-types. The difference between the first study during the year 1 and now crop year 2024-2025, we will see to it that there will be a common tie-up of the respondents that will be considered in the study be it, they should belong to one company, be it ULPI, TRANSMANILA or other buying firms and they should be a uniformity in terms of the area that will be planted 'kung .5 lang

.5 lang dapat yung respondent natin', 'kung .75 yun lang yung area na 'tatamnan nila' and there should be the same variety unlike before that for example in the Virginia type 'may mga respondents kasi tayo na iba-iba, 'golden harvest yung iba and other neutral varieties 'kaya hindi masyadong clear yung result natin in terms of the data were gathered 'kaya this time we will see to it that all these should 'pare-parehas'.

So, for the details of the study, may I call on the OIC-Manager of FTSD, Ms. Evangeline Cabigan.

Ms. Cabigan:

Thank you, sir. Good morning po' to our Administrator & CEO, Ma'am Bel the Deputy Administrators and to our Executive Assistant, Sir Ben.

Sir Palabay, already presented/discussed most for I supposed to presenting, 'so kunti lang po ito'. This is the titles, although we have to chase.... We are proposing we will focus on the two major types 'po muna' Virginia and burley and we have the same objectives.

So, as mentioned by Sir DAOP during the presentation of the results of study during the Project Technical Review conducted last August 2023. The evaluators said that they have to have at least the minimum number of representative/respondents 'para maging 'statistically reliable yung data natin' and she recommended that if we conduct for second year, we use that representative of samples and it should be a minimum of 30 respondents and 'isa lang dapat yung variety'.

The second year of the study will focus on the tobacco Virginia and Burley type. All the NTA Branch Offices will select farmer-cooperators per tobacco types, based on the availability of farmer-cooperators that meet the criteria, in each respective branch office.

The criteria for selecting prospective farmer-cooperators are:

1. Registered to NTA TCGS,
2. Only one common market tie-up for each sub-type in all BOs, be it with ULPI, TMI or other buyer firm
3. 0.5 ha or 0.75-hectare area for tobacco production, depending on what is common to all BOs
4. Same variety for each subtype in all BOs
5. Willing to take note of all their expenses related to tobacco production

09 FEB 2024

So, still the same data will be gathered and so this is the proposed budget PhP 930,632.60 major portion on it will be for the research assistance, that's all po'. Thank you.

Atty. Obusan: Thank you, ma'am Evangeline.

The floor is now open for comments and discussion by the members of the Governing Board.

Dir. Padayao: May I ask ma'am Vangie. The numbers of samples or the number of farmer-cooperators represent the replication 'diba? Dito sa may...

Ms. Cabigan: Yes, ma'am.

Dir. Padayao: Yes? So, how it will affect the result if there's number... shall I say 'ano na ako sa statistics ah' un even number of replications or locations, 'kasi dito sa...

Ms. Cabigan: No. 'yung una mo pong tanong ma'am is yung number of farmer-cooperators.

Hindi po ganun ma'am' I don't know how we will treat that, actually 'hindi ko pa alam ito' 'kasi hindi po pwede yun'... So, we will still have to pass the statistician how we will go analyzing those data.

Dir. Padayao: Yes, 'kasi if that's the case there is an equal number of replication 'if I treat nating ganun'.

Ms. Cabigan: I don't know how...

Dir. Padayao: How did you arrive at the number of farmer-cooperators per branch?

Ms. Cabigan: We talked to them with result with that 'kung ilan po ang available 'sa kanila' based on their TCGS data 'yun yung aming pinag basehan'. So, like for Candon 'po sana' dahil they will not include ngayon'.

'Ang gusto talga nila noon ay yung ULPI, ang tie-up kasi yun yung ang marami' but then dapat ay TMI or I don't use the other way around, so 'ganun po ang aming basis' 'kung ano ang available in each Branch Office and then we come up with 30.

Dir. Padayao: Yeah, 'kasi baka later on mag ka ano tayo' dahil sa isang lugar sa La Union sampu' and 'pwede naman siguro kung lesser 'ang iniisip kulang dito' yung cost 'kasi nakikita ko dito may dalawang

five and then naging times two 'yung ano La Union and... 'Baka kung maki usap tayo sa statistician 'pwede narin pala yung maximum or minimum of five 'ay okay naman sa budget pag ganun' yun lang ang concern ko'. 'siguro sa correctness ng data later 'kung enough na yun na mag represent ng number of farmers in that area.

Ms. Cabigan: Yes, ma'am. Thank you for the suggestion, what we will do as soon as possible I will bring this proposal to ma'am Bethzaida and will show it to her and to ask for advice and how we can improve to make the methodology.

Dir. Padayao: Yes, okay sige please do that ASAP. Thank you.

Ms. Cabigan: ASAP, ma'am? Okay, ma'am. Thank you.

Dir. Padayao: Any other comment on this project? Yes, sir?

Dir. Casela: Madam Chair. Madam Luz, at this point I would like to overly emphasize the importance of this study data's to be used in major activities of NTA...

-Consolidate data's gathered and one data only as basis in determining production rate per municipality (per variant) as certified by the NTA;

-Encourage participation of all Branch Managers;

-Define the roles of Research Assistant/Technicians and the total number needed;

May I please request the other Branch Managers to participate in the discussion, because each branch will be participate on this study I guess?

Dir. Padayao: Yes, sir.

Ms. Cabigan: Yes, po'.

Dir. Casela: I suggest also that prior to the implementation 'kasi nakita ko kanina dun' na, there will be one Research Assistant will be assigned in one Branch or two branches and consider the proximity of this provinces...

This study madam Vangie, let's establish 'na iisa na yung data ng NTA as to the level of production, as to quality that is the main objective of this study. So, let's focus our attention as this is very important. Thank you.

- Dir. Padayao: Any further comment, ma'am Vangie? Regarding the presentation or comments of Dir. Casela.
- Ms. Cabigan: Yes, ma'am. Thank you. 'Sa sabi po ni Dir. Casela, 'na dapat may orientation, I have shown po doon sa budgetary assumption 'na meron po talaga na' allotted for one day orientation for all the Research Assistants to be hired to come to Batac and we will orient them and call necessary information, 'na kailangan nilang malaman' before they would start monitoring the farmers respondents.
- Dir. Casela: Madam Chair, I suggest that we are not talking about the Research Assistant only which is oriented on this aspect, but also those assisting Technicians to the research study. Hand in hand they should have that orientation together with the Research Assistant so that there will be a commonality of understanding.
- Ms. Cabigan: Yes, sir, noted po'.
- Dir. Padayao: Relative to the suggestion of Dir. Casela, can we appoint or designate a Project Leader per Branch? 'Kasi ganito ah' kung marami yung assisting EWs, 'pwede ba na may isa kang Focal Person doon either the SR. Supervising TPRO or the Agriculturist too, 'para naman maraming kina-kausap or what.
- Ms. Cabigan: Yes, ma'am. Thank you. We will talk to all the Branch Offices, so that we could include their needs po 'dito sa project, so that we will designate a Project Leader per Branch as suggested by Dir. Padayao.
- Dir. Padayao: Yes, thank you.
- Another question 'sa FTSD sino ba yung Project Leader dito? Sino yung Project Leader sa Department niyo ma'am Vangie.
- Additional queries or clarification from the Branch Offices we encourage you to raise your questions here, because you will be the implementer of this project.
- Dir. Trongco: Madam Chair. 'yung si ma'am Bethzaida 'taga La Paz ba yun?
- Dir. Padayao: Yes, 'taga Phil rice.
- Dir. Trongco: 'Bat kailangan pa bang I hire natin 'samantala meron naman tayong FTSD, 'na talagang...
- Dir. Padayao: Hindi, 'iba kasi yung Statistician 'kasi wala tayong statistician.

'Pero may mga limitations tayo' na we need to recognize, so we need to consult the experts.

Dir. Martinez: Hello, 'ang pag ka alam ko sa farmers 'lahat sila nag rerecord sila sa mga gastos nila'.

Dir. Serna: Dagdagan ang Budget.

Dir. Padayao: I think this is very important study 'and we need to discuss it further. Thank you.

Atty. Obusan: Thank you, Madam Luz, before we proceed with the agenda (B) there was a request by ma'am Zenaida T. Arrojo if we can jump on Other Matters first as they will be traveling to Isabela today.

It pertains to the issues that you have manifested earlier, particularly the hiring of professional appraiser for the feed mill at Kadiwa ni Ani at Kita; Transfer of the NTA Vigan Branch Office; Construction of the new NTA building; also, the Tagudin NTA Farmers' Training Center. Thank you, ma'am Zeni.

Ms. Arrojo: Okay, good morning po sa ating lahat' to our honorable Directors, good morning po' to our Managers who are joining us online, good morning po sa ating lahat'.

Sir, this pertains to the Farmers' Training Center 'sa San Juan na' the Vigan Branch is utilizing as their office. So, with this we will be sending Engr. Abe and Architect Artatez, 'para ma determine nila' what are the necessities 'na kailangan ng Vigan Branch and... Actually, if we will be there to inspect and think it through if to build or to construct our new office there sa San Juan, 'kasi yung ino-occupy ng ating Vigan Branch is actually intended for training no' kasi Training Center po natin', 'gagawa po si Engr Abe ng plan. With this I would like to pass the microphone to Engr. Abe.

Engr. Dela Pena: Hello po', good morning po sa ating lahat' to our members of the Governing Board to our Board Secretary and our Legal Counsels and 'ganun din po sa ating mga Managers who are joining through online platform, good morning po'.

With regards po' sa plano natin', sa Vigan Branch Office, after the typhoon po' nag conduct po kami ng inspection doon' at na found out po natin' na yung building was totally submerged po' during the typhoon and it costs PhP 1.3 million damage, 'sa kanyang infrastructure, so, 'kaya lumipat po ang Vigan Branch sa San Juan Training Center Building natin temporarily.

So, 'sa Akin po sa Admin 'ang iniisip namin na direction is to knock down na po' 'yung old Vigan Branch Office and then to construct a new one 'mas itataas na po natin ang elevation 'na mas mataas po sa road level 'para at least man lang hindi ma flash flood 'kung saka-sakali man na ano...

Since, 'na meron din namang nakalaan' na budget for 2024 for Vigan Branch Office, 'yun po yung target naming ngayon sa Admin. With regards dun po sa San Juan Training Center Bldg. natin 'pero kung meron tayong pathway na doon tayo I build yung Vigan Branch Office, 'ang problema lang po ay wala po tayong Lupa doon.

Mr. Sarmiento: Meron.

Engr. Dela Pena: Yes, sir, 'kung meron po tayo magiging lupa doon' dun natin i-pro-prosed yung ating proposal for Vigan Branch Office po.

Mr. Sarmiento: Meron Engr. Thank you, for the information of everybody.

Dir. Trongco: It is more accessible pa.

Engr. Dela Pena: 'Yes po' 'yun po and direction ng Admin sa Vigan Branch Office.

Mr. Sarmiento: With the permission of the Governing Board, 'bago natin decisionan na ganun', meron lang itatanong ko'. Ano naman gagawin natin sa iiwanan natin na property? Dagdag sa mga properties ng NTA.

Engr. Dela Pena: Yes, 'kung lilipat po tayo sa San Juan, 'pwede po natin na ilagay na Sub-office lang ang NTA Vigan Branch sa Bantay-Vigan po'.

Mr. Sarmiento: Wag naman sana' yung maging dead asset 'magiging dead asset na naman... dapat isama na sa planning na' kung ano yung kwan... tapos kung isama na natin sa appraisal sa lote.

Engr. Dela Pena: With regards po sa lote niya' hindi po tayo sure kasi' that is donated by LGU of Vigan.

Mr. Sarmiento: Donated na edi atin na'.

Dir. Casela: Personally, if the Vigan will be demolished and... do we have already the title for that ma'am Nora?

Engr. Idica: Yes, sir, titled na po ang land natin' in the name of NTA, donated by the PGIS, Provincial Government of Ilocos Sur. 'Kaya I'm very thankful po' sa ating Executive Assistant, Sir Ben

and to the members of the Governing Board and the Administrative Department po' for this we have in NTA Vigan.

'Kanina po yung si Engr. Abe po' nagsabi, 'ang ano kulang po sa Bantay, 'kung meron po tayong plan to establish another building it could be nice 'na magiging' satellite office ng Vigan Branch, 'kung pwede pong parang yung sabi nga po ni sir Ben, transient house 'para pag may mga manga-galing po ng other Branch Office o Central Office 'na pupunta po dito sa province' 'pwede silang mag stay doon' in addition po sa mga guest room natin, 'kung mag establish po tayo ng another building office dito po sa Training Center, thank you po'.

Dir. Martinez:

Maganda rin' yung suggestion na yun' pero mabuti naman sana 'kung palagi tayong nag me-meeting sa probinsya hindi naman' kung hindi tayo mag-memeeting naka tiwang-wang lang yung mga space na yan'. Matagal ko ng iniisip to' baka nakalimutan niyo ako yung Chairman ng Properties, 'matagal ko ng iniisip to' na ang mga offices, Branch Offices for Administration Office ng Managers, 'ang iniisip ko iisa ang pagkagawa/design, now this is the time to start doing it, if you analyze what Mayor Ben is suggesting 'ibenta niyo sa Vigan, plus yung 6 million allotted for that, I don't know how much it will cost, 'pero Malaki-laki din yun, but we are trying to build an office building 'na uniform na gagayahin lahat ng Branches, which is good 'kasi alam na natin kung, pag napadaan ka alam muna na NTA yun, 'kasi kaya naman natin yun eh' the way I see how things are going we can afford to do that so 'ako din sina-suggest ko' we do it first in San Juan 'para yun ang gagayahin' that's all, thank you.

Atty. Obusan:

Ma'am Zeni, maybe there is no further discussions on this, we can proceed to the next topic.

Ms. Arrojo:

Okay, yes, next 'yung disposal of the NTA property at Narvacan, Ilocos Sur, where the feed mill facilities including other structures are established. With this 'yung strategy po natin dito is...

The NTA Management shall hire a private professional real property appraiser to determine the actual valuation of the property as a basis for management proposal for the disposal. So, sir DASS instructed us to make an inspection of the property first and then we will be hiring licensed appraiser for this.

For the NTA Kadiwa 'yung options natin' as to the prospect of continuing its operations. So, 'yung property natin dito siguro kailangan natin si Engr... Engr. Please.

09 FEB 2024



Engr. Dela Pena: Yes, po' ma'am, thank you. With regards po sa nangyari sa NTA Kadiwa, it is still under 'kung ano po yung nangyari nong flash flooding knocked down po' ang kanyang power source na 40 volts 'na nag papatakbo ng sa operation ng NTA Kadiwa mismo', 'yung sa mechanical part niya' at the same time ganun din po' sa perimeter fence 'niya along creek side still knocked down din po', 'dahil hindi po sufficient po yung pera natin' para I rebuild yung perimeter fence and at the same time to transfer po yung kanyang transformer power 'para patakbuhan po yung planta'.

So, this year 'kung pwede po natin dagdagan po ang budget for 2023' ipo-forward ko po sa 2024 'para ma-utilize po natin sa pag rerehab po natin dito sa NTA Kadiwa, without restoring po yung for 40 volts na power eh' wala pong magiging operation doon 'kung dilang office lang po'.

Dir. Casela: Engr. With your statement of rehab for NTA Kadiwa ni Ani... thinking that NTA will still decide for it to be operational. The next question, is it is wise for NTA to continue operating?

Engr. Dela Pena: Siguro po' si ma'am Nora po ang dapat tanungin diyan' pero kung sa akin po pag dating sa infra. We need to restore po yung perimeter fence to secure our properties.

Dir. Casela: Engr. How much is your estimate has to the cost of rehab, you are thinking to undertake?

Engr. Dela Pena: Ang estimate po' is was done after the typhoon for NTA Kadiwa 'ang damaged po niya ay PhP 1.6 million, at the same time yung feed mill po' ay may meron siyang damage niya' PhP 300,000.00, plus yung programming namin before to restore the NTA Kadiwa is PhP 5.4 million po'.

Dir. Casela: So,  $5.4 + 1.3$ , that is 6.7, that is in addition again to the yearly perennial loss of 8 million. The question is can we afford... I mean considering the discussing about funds can we afford to still operate?

Engr. Idica: Sir, if I may 'sa 6.7 million 'doon po lang sa rehabilitation of details, so, 'wala pa po diyan yung equipment mga gamit and yung personnel, yung capable na personnel.

Dir. Casela: Thank you for that madam Nora, we are still in high loss?

It's like this that's why sir Ben was so concerned about this properties we have, that's why there was a suggestion that an appraiser should be hired, so that the actual value of that

property will be determine as a basis for decision making and vis-à-vis, may I please request Engr. Abe to submit to the Board the presentation of the cost of the valuation of the properties; machineries, real property and so on and so forth, so, that we can compare the valuation to that initial investment.

Engr. Dela Pena: Yes, sir, on our part sir we can only do evaluation with regards to infrastructure project, with regards to its mechanical part, we need to hire a Mechanical Engineer or a Licensed Appraiser to do the evaluation.

Ms. Arrojo: So, with this since we determine that definitely 'hindi pa operational and ating Kadiwa for this year' so, ngayon po' tatanung ko lang ang decision of the Board if 'kasi there are 7, 7 ba yun ma'am Nora? or 5 JOs ng Kadiwa, so, yun po' diba wala narin' as suggested or as manifested last Committee Meeting natin na wala na pong mga JO doon' terminated na' and all the detailed employees, meaning regular will be reporting to their respective Branch Office, so with this we understand 'na wala na pong tao dun' it's only the guard on two shifts sila dun' so we have 4 guards there, 'tama po bay un sir? Okay. Thank you.

Dir. Casela: Timeline?

Engr. Dela Pena: Yes, sir, we will submit.

Dir. Padayao: Next meeting? February na'.

Dir. Serna: First committee meeting of February?

Engr. Dela Pena: I think we cannot make that schedule sir, because right now we are coming up with the inventory ng mga Branch natin' nag rounds po kami.

Dir. Serna: So, second committee meeting of February?

Engr. Dela Pena: Second committee meeting of February sir.

Dir. Casela: Towards the end of February.

Ms. Arrojo: And the last the Construction of the new NTA Building, so, 'ang sinabi po' ni sir DASS is, it would be better if we will be requesting our honorable Administrator to send a letter to DPWH as a backgrounder 'kung pano napunta sa kanila yung construction, and at the same time ah' mag assign na rin siya' oh i-introduce narin niya si sir DASS and Engr. Abe to be the focal person sa DPWH 'para kung pupunta sila may personality naman daw' yun po' yung suggestion ni sir DASS sir, na mag

letter nalang sa DPWH. Hopefully, 'maka kuha tayo ng update from DPWH.

- Dir. Casela: Thank you for that information madam Zeni, can you make a request to DPWH that they make a presentation on the next Committee Meeting that will be more or less Atty.?
- Atty. Obusan: February 14, po' sir.
- Dir. Casela: Will you all be here?
- Dir. Martinez: Akala ko' si Administrator 'ang mag re-requests?
- Dir. Casela: So, we still have time to make a letter and request of representative from DPWH for the presentation.
- Engr. Defa Pena: If I may suggest sir, I would suggest that we call them at the same time of the second week or next month for the meeting. So, that they have time to prepare the accomplishment and time to schedule for their speakers to be here.
- Dir. Padayao: Actually, that's what they reply to us when we inquired about the status of the construction, that we will inform them in advance so that they can prepare.
- Mr. Sarmiento: Again, your honor I would like to manifest additional observations, 'meron katanungan si ma'am Zeni, 'kung itutuloy natin yung operation yung Kadiwa' hindi pa ata na sagot, pero meron akong idagdag na katanungan dun', 'nung nag operate ba tayo ng Kadiwa, kumita ba? Diko alam kung sino ang sasagot.
- Dir. Casela: Sir, my statement a while ago would be the answer, ang sabi 10 years in operational that's how long we have been losing.
- Mr. Sarmiento: Sa GENCOM ma i-advance nalang sana' para lahat mag attend ng mga Managers natin and lahat ng Department Head for a meeting, 'marami silang concern.
- Dir. Casela: Atty. yung ano, 29 Board Meeting? Can we finish it half day?
- Atty. Obusan: Director, USEC po will be joining us together with ASec. Philip Yang, he will be discussing other important matters po.
- Dir. Casela: I think we can finish this quiet early then we can have our Branch Managers meeting in the afternoon. The request of Sir Ben is meeting of Branch Managers together with the DAOP,

the Finance OIC, and the Regulation Manager, these concerns most on the upcoming trading operations.

Mabalin' sir diay' 29 in the afternoon?

Atty. Parado:

Sir, every quarter kasi' sir, meron tayong' GENCOM every quarter so for the first quarter 'wala pa tayong schedule, so, we will be asking the Administrator to issue a Memorandum, so, that on the 29 that would be Monday in the afternoon, 'yun nap o yung General Committee Meeting, we will be requesting the Managers from the Branch Offices, 'na pupunta dito'.

Dir. Casela:

Well I think that would be an exclusive with Sir Ben and the Managers.

Atty. Parado:

Yes, po'.

Ms. Arrojo:

Parang' Special Meeting.

Dir. Padayao:

You mean sir face to face?

Dir. Casela:

Yes. We want this specifically on the Agenda, (1) the issuance of permits to field canvassers, regulatory, (2) the result of conduct of actual area planted to tobacco, Engr. Maloom will be included also that is the main issues.

Dir. Padayao:

Specially so, sir 'na hindi pa na discuss oh' na I forward sa mga Branch Offices yung mga floor prices, 'nong nag distribute tayo noon eh' hindi pa alam' para may apprehension yung mga Branch Managers na i- disseminate' the official notice of the increase of the floor prices sir' meron na bang na I distribute sir?

Kasi' nung nag meeting kami si Mayor Albert Chua eh' "may we ask NTA", sabi niya' ibig sabihin wala pa' kasi usually 'kung may ganun tayo' we have to provide the LGUs the increase 'pero wala pa'.

Kaya nag ano' na kami na mag salita nun kasi sanabi na namin na' we will wait for the official 'sabi namin'.

Engr. Dela Pena:

Sir, just want to make clarification February 14 po' nandito po yung DPWH.

Mr. Sarmiento:

'Ngayon na merong binibigay yung mga LGUs, 'sana lumalaki yung number of farmers 'pero it comes to Abra, 'hindi eh' lumiliit yung numbers of farmers eh'.

Dir. Padayao:

Wala silang binibigay.

- Mr. Sarmiento: Nagtataka ako 'kung bakit' siguro ito yung isang concern ko eh'...
- "Off the record"*
- Dir. Trongco: Ang suggestion ko lang diyan, sir 'kailangan ng matatag na Manager doon' para meron siyang ano... 'kung OIC lang wala, sa totoo lang.
- Mr. Sarmiento: Baka hindi lang naman sa Abra yun' baka sa Ilocos meron din ganyan'.
- Dir. Martinez: Lagyan ng matatag na Manager.
- Dir. Trongco: Through the instrument of Sir Ben.
- Atty. Obusan: Ma'am Zeni, how about po yung regarding sa Tagudin Farmers' Training Center po?
- Engr. Dela Pena: Ako na lang po yung sasagot' with regards po sa NTA Tagudin Training Building, we are directed also to conduct inspection although 'yung ating facility doon ay nabawi na po natin', so, meron pong request ang Candon Branch Office for refurbishing po ng mga equipment's 'na gagamitin po doon' so, under routine approval na po yun'.
- Dir. Martinez: Malaki yung' building dun eh'.
- Mr. Sarmiento: Training Center.
- Engr. Dela Pena: Yes, po' halos pare-parehas lang po yung mga apat na Training Center.
- Dir. Martinez: Anong sabi' ni Mayor Versoza?
- Engr. Dela Pena: Ah' ibinigay naman na po sa atin yun'. Ni-utilize lang nila noon yun dahil nasunog po nila yung kanilang munisipyo' 'pero ngayon na tapos na po yung kanilang munisipyo' lumipat na po sila'.
- Dir. Serna: Pero' ginagamit ata' ng NBI.
- Dir. Padayao: Baka' pinapaupahan nila'....
- Engr. Dela Pena: Yes, po' that's why we are directed by sir DASS to conduct inspection to coordinate with the Municipal Local Government, 'para malaman po natin yung status po talaga ng Training

Building, in coordination with Candon Branch Office po' kasi sila po yung namamahala na doon'.

Atty. Obusan: Thank you, Engr. for the update. Mr. Chair, may we now proceed to agenda (B) under the Committee on Board Audit and Finance, may we call on Dir. Nestor C. Casela, sir.

Engr. Dela Pena: Sir, before that, may we excuse ourselves...Permission to leave...Granted.

### **COMMITTEE ON BOARD AUDIT AND FINANCE**

#### **B. REQUEST FOR APPROVAL OF THE INTERNAL AUDIT REPORT AND RECOMMENDATIONS FOR THE ADMINISTRATIVE SERVICES OF NTA PANGASINAN BRANCH OFFICE FOR CALENDAR YEAR (CY) 2022-2023**

Dir. Casela: Thank you, Mr. Board Secretary, once again, good morning to all of us.

The next agenda is the "**Presentation of the Internal Audit Report and Recommendations for the Administrative Services of NTA Pangasinan Branch Office for Calendar Year (CY) 2022-2023**". This activity was undertaken by the Internal Audit, and may I please request the Madam Manager Ms. Dinah E. Pichay to make the presentation please.

Ms. Pichay: Thank you, Director Casela. Good morning, to our honorable Executive Assistant, Mayor Ben, and to all Department Managers and Branch Offices joining us online, and also, good morning and welcome to NTA, Atty. Obusan our new CorSec.

I am honored to present to you the Audit Report Highlights of the Administrative Services of Pangasinan Branch Office.

As I was saying, what are we going to present are only the highlights, because the details of the findings are included already in the audit report which is submitted to the Board was given copy also the Administrator.

The Pangasinan Branch is the second branch we audited for the same scope the first one being is the La Union Branch Office. The Audit Report contains the Date of Audit, Audit Objectives, Scope, Audit Branch Practices, and the Conclusion and Recommendation.

The Audit was conducted by Rochelle C. De Peralta, as the Audit Team Leader, she is currently the Internal Auditor III, and

concurrent OIC of the Management Audit Division, together with Ms. Marissa J. Alvero, Internal Auditor I.

So, the audit was conducted last November 28-December 01, 2023. It was conducted to evaluate the degree of compliance of the Pangasinan Branch Office, with internal policies and oversight bodies to establish the adequacy of internal controls of system and operations and identify areas for potential improvement.

The audit was focused on the processes and systems under the administrative services of NTA Pangasinan Branch Office particularly in the areas of personnel management, records management, and procurement management and issuance of office supplies and equipment are accomplishing their intended objectives for the year 2022-2023.

For the details may refer/turn over the virtual floor to Ms. Rochelle C. De Peralta.

Ms. De Peralta:

Thank you very much, ma'am Dinah. First of all to our Administrator and Chief Executive Officer, honorable, Belinda S. Sanchez, honorable Members of the Board, our two Deputy Administrators, our Executive Assistant, Sir Benjamin V. Sarmiento, Managers, our Corporate Board Secretary, and our OICs, a pleasant morning to all.

First of all, we would like to extend our deepest gratitude to the top management for extending their full support to this activity as always. Also, to the audit team and the NTA Pangasinan Branch Office Management, headed by Manager, Engr. Roger T. Madriaga, including the Staff and everyone who are in one way or to other contributed to the accomplishment of our audit activity, thank you very much po'.

We would like to highlight best practices po', for personnel management:

1. Use of group chat via the social media platform for permanent employees and JO workers for information dissemination.
2. Copies of duties and responsibilities were made available to the applicants of new positions.
3. Recognition rite is held to acknowledge the outstanding accomplishments of the branch office staff.
4. Accomplishments and performance evaluation of JO employees using the Service Contractor/ JO Performance Report.

5. Conduct of staff meeting on the last Monday on Friday of the month to discuss branch office issues and concerns.
6. Prescribed period for the performance accomplishment and signing of IPCRs were adhered to.

For the records management 'ito po yung' best practices nila'.

1. Employees have their own official personnel folder properly labeled and kept in a steel cabinet to protect them from damage and deterioration.
2. Branch office documents are filed and properly labelled.
3. Unserviceable properties are stored separately in a locked room with key access by the acting Administrative Officer (OA).

For the procurement and issuance of office supplies and equipment.

1. Use of google drive by the Acting AO to record the receipt of supplies which specifies the date, unit, quantity, unit price and total price of a purchased item.
2. Retention of multiple copies of check disbursement voucher and other documents for branch and COA copy.
3. Semi-expandable properties are placed in a locked metal cabinet by the Administrative Officer. Other supplies were placed in the storage area with the unserviceable properties with key access by Acting AO.

Overall, the Administrative Services of Pangasinan Branch Office are achieving its goals and objectives.

The processes have internal controls in place, however, based on the obtained evidences and information as basis for the findings and conclusion, there were some practices which are contrary to internal and oversight bodies and deficiencies in internal controls, compliance and financial reporting and documentation.

Notwithstanding, there are some internal control deficiencies likewise observed due to flaws in design and operations that need to be addressed.

#### **FLAWS IN OPERATION**

- a. Control Environment
  - Personnel Management



- Non-observation of the flag-raising ceremony every Monday contrary to agency internal policy and CSC MC No. 19 s. 2012 which states that flag raising ceremony should be conducted every Monday, or the next working day if Monday is declared a holiday.
- Non-establishment of standards and processes for managing and implementing internal rules and regulations including that of the oversight bodies for operational effectiveness and efficiency, such as:
  - a. Strategy to identify potential replacements within the agency and to train employees who may assume the position as prescribed by the CSC.
  - b. Individual Development Plan as per CSC ORAOHRA Part IV Sec. 61, CSC Memorandum No. 43 s. 1993 and CSC MC No. 3 s. 2012, that guarantees the training opportunities of all employees.
  - c. Continuous learning and development/training of at least once a year per employee.
  - d. Service Continuity Plan that addresses unannounced/unscheduled absence of key employees/authorized signatories as per CSC.
  - e. Official turn-over of documents to the present Acting AO, not completed.
- Procurement and Issuance of Office Supplies and Equipment
  - BAC members per OO number 005 dated February 15, 2023 have not yet undergone the required procurement training as required by RA 9184

b. Control Activities

**Personnel Management**

- Issuance of an Office Order instead of the Special Order as per agency internal policy was not observed.
- The HRIS/HRPS deployed by the CPD MISD on December 2021 is not yet fully implemented / adopted by the branch.

- Delayed publication of two batches of vacant positions on three conspicuous places of the branch office as well as social media page.
- Non-use of logbook and invalidated logbook of employees. Non-review and verification of the logbook of employee assigned inside and outside the Branch Office.
- Logbook entries in the Branch Office for personnel are not verified, monitored and validated.
- Manual time entries were observed for April 5, which was declared half-day, without supervisors initials. DTR erasures without supervisor's initials.
- Proper accomplishment, verification of information and usage of standard forms of employees' bi-annual performance evaluations (OPCR/IPCR) were not observed.
- Proper accomplishment and authorization of Driver's trip tickets were not done.
- Absence of verification of the school credentials and personal references of outside applicants although minimal in number.

#### **Records Management**

- 201 files of personnel maintained by the Branch Office included documents not prescribed by the CSC to be in the 201 File. In contrast, there are documentary requirements not present in the 201 file. Multiple copies of same document were attached to the 201 file of employees.
- Review of leave cards, appointment and service records revealed that a number of employees' leave credits of more than a decade were not credited as to earned and availed in a month contrary to the pertinent provisions of the Omnibus Rules on Leave.

#### **Procurement and Issuance of Office Supplies**

- Absence of documentary requirements and execution of financial documents contrary to oversight body's

rules and regulations were observed, under the following instances:

- The Acting BO AO V and Acting Accountant III failed to prepare the reports and documents for the issuance, inventory and recording of PPE and semi expendable property contrary to COA Circular.
- Inventory Custodian Slips (ICS) were not issued to end-user of Semi- expendable Property to establish accountability over them. Last record of ICS shown by the former AO (Ms. Mamuyac) was on year 2018.
- Stock cards, property cards were not used to record all receipts and issuances of supplies.
- Paid DVs and supporting documents were not stamped "PAID" contrary to COA Circular No. 92-389 and to sound internal control, thus, exposing same supporting documents susceptible to possible re-use.
- DV was not also properly stamped with the date of receipt by the Accountant contrary to GAM.
- DVs were prepared by the AO V contrary to GAM Vol II Appendix 32 which states that DVs shall be prepared by the Requesting Office/Unit. For Operations, DVs should be prepared by the Operations Division.
- Numbering system for DV to be stamped/ indicated on every sheet of the supporting documents was not also followed contrary to GAM Vol II Sec 12.
- Procurement of office supplies and materials was paid out of petty cash fund instead of payment by check as per GAM. The same purchases were also not evidenced by an Inspection and Acceptance Report (IAR) as per GAM.
- Non-observance of proper procedures & documentation in transactions, as evidenced by a request for purchase of supplies (toner) (PR No. 2023-20A, dtd (2/14/23) which was done before the request of fund transfer from the Central Office dated 2/16/23.

- The Report of Physical Count of PPE (RPCPPE) column item per physical count was not properly filled up to ascertain the existence of the item counted. A number of property and equipment were not properly tagged as per COA Circular 2020-006.
- Non-posting of procurement transactions in the PhilGeps website for transaction above 50,000 and in conspicuous places of the branch office contrary to RA 9184 Sec. 54.2.
- Unauthorized posting of Request for Quotation (RFQ) in the Philgeps website. Posting was done by a job order employee (JO Cash Clerk) instead of the BAC Secretariat (Marlon Facun) or AO contrary to RA9184 Sec 14.1. No evidence of Philgeps posting was shown by the branch BAC.

### **Monitoring and Evaluation**

- Personnel Management

The Pangasinan branch office logbook kept by the security guard showed complete time details mostly written by the guard himself with employees' signature until July 3, 2023. However, a number of employees failed to affix their signatures opposite their names in the logbook which render the accuracy of the reported time entries in their DTRs doubtful.

### **Procurement and Issuance of Office Supplies and Equipment**

- Absence of monitoring mechanism for the release of office supplies and equipment. Acting AO used the google drive sheet to record the receipt of supplies which specified the date, unit, quantity, unit price and total price of a purchased item. However, no monitoring mechanism is established for the issuance of office supplies and equipment to properly account for office supplies usage.

### **FLAWS IN DESIGN**

- List of bonafide suppliers was not retained by the BO management as basis for the procurement of PPE and semi-expendable properties.

- Absence of provision for the personnel management such as process on the hiring and retention of employees, training of employees and performance administration. AO position in the MOO was addressed as AO III not AO V.

### **Procurement and Issuance of Office Supplies and Equipment**

- Disbursement Vouchers (DVs) and its supporting documents except for checks were prepared by the Administrative Officer V contrary to General Accounting Manual, Volume II Appendix 32 which states that DVs shall be prepared by the Requesting Office/Unit.
- Posting of Request For Quotation (RFQ) was done by a job order employee (JO Cash Clerk) instead of the BAC Secretariat (Marlon Facun) or Acting AO which leads to non-establishment of accountability in case of errors and possible occurrence of re-work due to errors committed by JO employee.
- Weak internal control on the preparation of documentary requirements. There is no segregation or delineation of duties of concerned staff in the preparation of documentary requirements pertaining to purchase, canvass, issuance and recording of semi-expendable properties.
- Undocumented activities done by the BO personnel for the procurement of office supplies and equipment. There are activities done in the BO that are not documented in the MOO such as identification and classification of office supplies and equipment, preparation of letter request to be sent and approved by the Central Office, approval of Purchase Order (PO) and Inspection and Acceptance Report (IAR) by the COA and recording of purchases by the Cash Clerk (JO Hiree) in the logbook and AO in the Google Drive.

### **CONCLUSION**

Overall, the processes of the administrative services of NTA Pangasinan Branch Office particularly the personnel management, records management, and procurement and issuance of office supplies and equipment are accomplishing their intended objectives.

The processes have internal controls in place, however, based on the obtained evidences and information as basis for the findings and conclusion, there were some practices which are contrary to internal and oversight bodies and deficiencies in internal controls, compliance and financial reporting and documentation.

## **RECOMMENDATIONS**

### **NTA MANAGEMENT**

- To strictly adopt the CSC policy on Succession Planning to be reviewed by the Administrative Department, top level and mid-level managers of different department/branch/unit;
- To undergo a training / seminar on the establishment of Public Service Continuity Plan to identify and develop a strategy to ensure continuity of services to stakeholders;
- To review and evaluate the implementation of the agency's Strategic Performance Management System (SPMS) in the entire Agency and activate the SPMS key players and Performance Validation Team (PVT) for the establishment, evaluation and monitoring of unified performance measurement of office, department or unit for the overall alignment and achievement of the organization's vision, mission and strategic goals;
- To review, evaluate, assess and update the policies and guidelines for uniformity, applicability and consistency with oversight bodies. Moreover, the internal control component and risks assessment should be integrated in the formulation of agency guidelines, processes and workflows;
- Internal policies and guidelines and documentary requirements should be reviewed, evaluated, updated by the NTA management whenever appropriate and disseminated for uniformity, applicability and consistency;
- To establish a clear policy on handing over of tasks and turn-over of documents to every incoming / designated officials and employees to have a smooth transition of work and avoid errors and interruption;

- Development and design of all BOs of a Service Continuity Plan and Contingency Plan to reduce the adverse effects of risks to BO's agency's critical service delivery and continue to perform, meet client expectations and increase operational efficiency and effectiveness in compliance with established rules and regulations;
- Revise internal policy to include BO in the regular conduct of flag ceremony, and disseminate to all BOs to comply with laws, rules and regulations.

### **BRANCH MANAGEMENT**

- Development and design of Succession Plan to ensure the smooth and uninterrupted provision of services to the stakeholders;
- To strictly implement the agency's internal policy relative to issuances of Office Orders and Special Orders and coordinate with the Administrative Department for the preparation and accomplishment of necessary documents;
- Effective communication and coordination between the branch management and the Administrative Services Division for the creation, implementation and monitoring of Individual Development Plan and continuous provision of professional training and development to help employees identify career path and improve or maximize current job performance in support of organizational requirements and to comply with the established rules and regulations;
- To devise a monitoring mechanism to validate proof of presence of officials and employees at work (BO and fieldworkers) in compliance with internal policies and requirements of oversight bodies;
- DTR erasures to be countersigned by the immediate supervisors to validate accuracy of time entries;

Ms. Pichay:

Pahinga ka muna' to continue other recommendations, as follows:

- To coordinate with CPD-MISD for the proper orientation or training of end- users of the use of the HRIS/HRPS to systematize the recording and monitoring of employee records;

- To strictly follow the management of 201 files prescribed by the oversight body;
- Employee leave credit balances are regularly reviewed and updated to ensure accuracy, adequacy and completeness of data for proper recording, accounting and monitoring;
- Preparation and submission of required documents and reports by the accountable personnel as well as the requesting unit to ensure completeness, accuracy and compliance with oversight bodies;
- A monitoring mechanism should be clearly established for the release of office supplies and equipment to properly account for office supplies usage;
- Proper planning of supplies and disbursement payment to suppliers by means of check as prescribed under the principle of impress system and use of cash for certain conditions required by the oversight body should be effectively implemented by the implementing unit;
- Establishment of a monitoring mechanism for the processing and approval of documents transmitted to the Central Office to facilitate the processing, approval and release of documents;
- The inventory report should be properly accomplished and required procedures followed in compliance to established rules and regulations;
- Strictly implement the posting requirements of procurement transactions in accordance with GPPB requirements;
- Posting of RFQs in the Philgeps website should be done by the BAC Secretariat to establish clear accountabilities;
- Individual Development Plan should be created and developed to develop and maintain the competencies of officers and employees which may result to increased employee efficiency and effectivity;
- The BAC to attend the procurement training to capacitate them on the procurement law;



- Assignment of responsibilities and accountabilities of Acting AO V to other permanent employee/s to minimize the occurrence of errors or fraud;
- Background investigation should be conducted to determine the fitness and merit of the applicants;
- The conduct of proper turn-over of branch official documents and records to the new employee/designated employee for familiarization of all the information to ensure a smooth transition and minimize errors;
- The Branch management to ensure that the use of government vehicles are properly authorized in accordance with established rules and regulations and driver's trip ticket are properly accomplished to establish accountability;
- Designation of alternate signatory to sign and approve official documents and records in the absence of authorized approving personnel such as the driver's trip ticket for official travel;
- Retention of Philgeps bona fide suppliers to streamline pre-procurement process and assure integrity and suitability of products and services based on proven track of performance of suppliers.

For the Administrative Department of the Central office:

- Publication and posting of vacancies should be properly disseminated to all units concerned by the ASD as soon as it is attested following the posting and period requirement to comply with CSC rules and regulations;
- The Administrative Services Division to furnish signed and approved copies of performance evaluation ratings to the concerned personnel;
- The Administrative Department for the information dissemination and monitoring for the use of prescribed formats related to performance management through the issuance of a memorandum.

'Napansin po kasi na mag kakaiba yung form ng IPCR, DPCR and for the CorPlan, specifically dun po sa MIT and MIST, as follows:

- To effectively coordinate and communicate with the concerned units for the use of HRIS/HRPS to effectively manage, monitor and report personnel information, automate workflows, and streamline HR processes;
- To conduct proper orientation of all the installed systems of the agency to provide them concise and accurate information for them to work effectively and efficiently;
- Design and development of document control system to ensure vital documents in the agency are created, organized, approved, distributed, retained and protected to facilitate processing, retrieval and approval of documents.

That would be all, thank you.

Atty. Obusan:

Thank you, ma'am Dina and ma'am Rochelle for the very extensive presentation, the floor is now open for comments and discussion from the member of the Board.

Dir. Serna:

Madam Chair, last Christmas celebration, Pangasinan was the voted as the Most Outstanding Branch Office, now there are plenty of flaws and weaknesses, it should be properly disseminated to them... Thank you.

Ms. Pichay:

Yes, sir, actually, the previous findings... I think the findings involved the La Union 'kung napansin niyo' both La Union and Pangasinan has almost the same findings I think, this will be through to all Branch Offices considering that our employees in the BOs are 'karamihan po ay bago' I think the branch office employees should also be oriented about the processes and procedures specially in the administrative processes, sir, 'kasi they assumed their new positions 'syempre hindi pa nila alam yung buong process" so, I think we can expect that the same findings will be the same through the all 6 Branch Offices.

Dir. Casela:

Madam Dinah, was there an exit conference with the branch Manager after the conduct of the audit?

Ms. Pichay:

Yes, sir, the exit meeting is a standard procedure for the audit, wherein the findings are discussed and make note to the auditees and it is during the exit conference meeting or the exit meeting that the auditees are given the chance to explain, validate and also, if possible 'kung kaya pa' the audit findings, they will notify, that findings made known and they also explain their side, and in addition to the exit conference after the audit sir, the moment they prepare the initial draft and we also required the branch offices to formally submit their response to

the audit findings, 'kaya yung mga na sagot nila' if there are findings we think they were already addressed by the branch and personal concerns, 'sinasabi pa rin namin sa audit report 'pero tinatangal na din po namin sila sa for those need follow-up.

Dir. CAseLa: Thank you, madam Dinah, now the conduct of your audit activities, is your parameters or guidelines congruent to ISO requirement?

Ms. Pichay: Yes, sir, the audit stand and we have a certain criteria that we followed, 'ang criteria po naming are the internal policies, internal guidelines, and also, the rules and regulations of oversight bodies, 'lahat po yan ginagamit naming na standards and yun din ang gagamitin ng ISO.

Dir. Casela: Yeah, I think we should make an emphasis on this because, we so called to tell people that NTA is ISO certified, 'para justified naman yung pag ka ISO natin', now as always mentioning, I always suggesting that this should not be the end of all this activity, but there should be a follow through, meaning to say with all this observations made by the audit team, management should come up also with a follow through by way of providing a memorandum to our Branch Managers, to give them time to make necessary adjustment or amendments for further improvement of their performances and of course to enhance efficacy, efficiency and effectivity. Thank you.

Dir. Martinez: How do we care of the flag? Bring it down after the office hours, and raise it up again in the morning?

Ms. Pichay: I think, we raise it up during the flag raising ceremony every Monday and flag retreat po' every Friday before 5:00 o'clock.

Dir. Martinez: Is that the only time to bring it down?

Ms. Pichay: Yes, sir, yun' po yung prescribed ng Civil Service.

Dir. Martinez: Kasi' I work with the department that we have to raise to flag every morning and we will bring it down in the afternoon, 'akala ko kasi pareho lang ditto sa Philippines'.

Dir. Padayao: Ganun' sa mga schools.

Dir. Martinez: Palagay ko pareho din yun' sa Philippines, if you want to do it, look it up 'baka ganun din yung requirement eh' kaya minsan hindi ko I me-mention yung branch 'nakita ko kupas' and we should be aware of that 'lahat dapat, lahat ng mga branches 'magaganda ang flag natin, until my retirement 'para madikit sa akin ang flag nay an eh' importansiya ng flag' kasi mula pag grade 1 tayo' sinabi yan na kwan' pag may umapak diyan' ipag

lalaban natin'. Another one, I have noticed na very powerful ang audit from every time an employee goes to work mino-monitor niyo na sila' yung mga time in, until they retired, 'parang kumpleto kayo ng records, totoo ba yun' ma'am?

Ms. Pichay:

Sir, the responsibility of monitoring and evaluation of personnel action management is the administrative department, the internal audit sir only come to access the adequacy of internal controls, 'kung tama ba ang ginagawa ng admin. 'kung mapansin namin na hindi sila nag mo-monitor' that's the time na we call their attention.

Dir. Martinez:

Not individual employees?

Ms. Pichay:

No, sir, although we can, 'pero the responsibility of monitoring personnel action sir, it is with the administrative, we can only suggest or 'kung may nakita kami' pero si administrative pa rin po ang ano' and branch, we only come in to evaluate 'kung tama ba'.

Dir. Martinez:

I asked that question 'kasi meron akong nakausap na nag retire, i-isa ang sinasabi sa kin 'mahirap mag follow-up ng papel, 'ang tagal' ang tagal'.

*"Off record"*

Dir. Casela:

The internal audit the function is to determine if the branches or the implementers follow the establish guidelines of procedures, so much so, if there are findings that there are flaws of deviation that will be the findings by the internal audit, and correspondently with this flaws and an adequacies the result will be discuss to the branch manager concern and correspondingly, the branch manager to improve his efficiency or not based on this findings, 'maganda nga itong internal audit 'kasi it is check and balance sabi nila kasi' kung wala yung audit isipin ng branch manager 'okay naman pala yung ginagawa ko eh' wala naman nag qu-question eh', no, that should not be tolerated. So, thank you, madam Dinah, and madam De Peralta, Marissa.

Ms. De Peralta:

Thank you, sir.

Dir. Padayao:

I want to commend the audit department, and I would like to reiterate my congratulations to madam Dinah for being elected as the President of AGIA.

Ms. Pichay:

Thank you, ma'am.

Dir. Padayao:

May ano lang' my remarks dito' sa sinabi ni sir Willy na' yung flag we need to really pay respect. However, 'nakita ko dito na hindi sila nag ano ng flag ceremony, but in fact ever since I was employed in 1979, I attended every Monday ceremony, how

come na this specific branch office "wala silang...they are not practicing this flag ceremony.

Ms. Pichay: Sinagot nila... Sir, Roger is here ma'am.

Dir. Padayao: Kasi' we are requiring all staff, JOs and permanent to attend such activity.

Mr. Madriaga: Yes, good morning po'. Yes, po' ma'am we discuss that before... good morning po pala' magandang tanghali sa ating lahat' to our Governing Board and our Executive Assistant and to all of us, good morning po'.

I just would like to clear ourselves regarding the flag raising we are actually conducting the flag raising only once a month. Actually, we are not yet have meeting all the staff in the field 'alam naman po natin na malayo po yung area ng ibang kasamahan natin sa branch offices, but we see to it that we must have to do it once a month for that purpose, every first Monday of the month.

*"More discussion"*

Dir. Casela: Maraming salamat din' Manager, Roger at what I really appreciation is your recognitions of your sub-weaknesses, but anyway, you manifested your interest on how to improve those in inadequacies in your management operations. 'Alam mo mahirap yung mine-maintain yung branch mo ngayon eh', so para ma maintain mo yan' dapat i-comply mo lahat yung nakita nila sa audit, 'alam ko naman na kaya mo yan' ang hirap yung outstanding branch office' yun yung sinasabi ko na mini-maintain yung ano standing mo' kaya pag sinunod mo yun' simulan mon a ngayon' baka ikaw na naman', thank you, Manager Roger.

Dir. Padayao: Suggestion lang' yung flag raising and flag retreats we maintain attendance sheet, 'para naman kung mag ano ang Civil Service 'may ano tayo' evidence 'kasi sa amin mino-monitor ng Civil Service.

Dir. Casela: Sa flag raising ceremony, may I comment, do they know, do we know, the real purpose for having that activity. Compliance with the Civil Service directive, no, it's not, it emulates the "love of country", 'yun dapat ang sabihin natin', it's not just a activity, it's not just a requirement, but emulates the love of country", yun' yung sa akin' diko alam kung sa inyo'.

Dir. Padayao: May ano pa dun' may ibang issues tackled na announcement, so, pag hindi ka nag attend ng flag ceremony 'marami kang na missed, diba'.

Ms. Pichay: There are mandatory activities pa' sa flag raising like the reiteration of Panunumpa ng Kawani ng Gobyerno.

Dir. Padayao: Okay, I just want to comment on this manual time entries that there are erasures of the DTRs, without the initial of immediate supervisor, is this allowed? 'kasi, 'hindi maganda yung may erasure ka na hindi na counter sign'an, I think this is not good practice, I'm sorry, I think ano' lalo na pag mag retire, and also the accomplishment of drivers trip tickets were not properly done, 'kasi walang safety measure' talaga dapat ito yung ma address'.

Ms. Pichay: Yung' sa trip tickets, in fact it's not only in the Pangasinan, even here in the Central Office, we already discussed this with the administrative and GSPD 'ang importance ng trip ticket na approved ng ano... 'kasi pag may nangyari sa daan tapos walang authorize na trip ticket and may nangyari sa sasakyan we cannot claim insurance from GSIS, yung mga ganun po' ang akala natin na maliit na bagay' a mere lapse in process and procedure 'nakaka ano sa agency.

Dir. Padayao: Yung' sa DTR, yung may erasures?

Ms. Pichay: Sa erasures ma'am, 'kung wala na talagang paraan' kung hindi siya naka punch' kung meron man silang bandy clock doon' pero example lumabas siya or may office order, 'pwedeng I counter sign ng supervisor or chief or the Manager, wag lang yung' erasure, 'pag erasure kasi talaga ina-ano ng COA yun' so, we encourage yung' supervisor na mag signature to validate na alam niya'.

Dir. Padayao: Yeah, 'kasi may office order naman.

Dir. Casela: The important here is 'iwasan natin ng establish ng precedent, meaning to say no body would correct from wrong doing 'akala ng gumagawa' pwede pala eh' and then that would be the time to follow by others, so, 'lalaki ang problema, so at very beginning, don't establish precedents.

Dir. Padayao: Yes, ma' discourage na yun' or ma' memo yung' mga hindi maka accomplish ng DTRs properly 'para hindi naman perpetrate yung...

Ms. Pichay: At later on pag nag file sila ng terminal leave ang COA kasi' ma'am pag nakita nila na walang time entry or walang signature manual yung ano' hindi i-ho-honor ng COA yun' i-de-deduct n aka agad sa early leave yun' kaya mas mabuti nalang na mag pa sign.

Dir. Trongco: Baka siguro ma'am, i- exercise natin yung capacity building training natin, 'para sa information dissemination, 'yung mga

rules and regulations, sa mga new employee natin' para ma improve ang performance, kasi meron tayong... kung hindi kaya ng isa di dalawahin natin'.

Dir. Padayao: At may' issue pa yung' itina-time in ng security guard without the signatures, 'siguro not good, para utusan mo nalang yung security, 'pero bat mag logbook eh' may biometric naman?

Ms. Pichay: Yung logbook kasi ma'am is back-up, kung may question sa presence 'pwedeng maging back-up yung logbook.

Dir. Padayao: Kung may breakdown yung ano...'pero dapat piperumahan pa din ng supervisor, okay. Thank you, ma'am Dinah.

*"More personal discussion"*

Ms. Pichay: Yung status of audit recommendations yung implementation ng mga previous audit, like for example sa conduct of inspection sa Regulation Department, nag submit nap o kami' sa Board sir, sa status of implementation.

Dir. Casela: Yeah, I think it's a good practice also for us to be inform or make us aware of the compliance of the recommendations by the internal audit, with respect to the findings of the different implementation project of branch, 'gusto ko malaman' kung may follow through.

Ms. Pichay: The Office of the Governing Board was furnished a copy of the status of implementation of auditees.

Thank you, sir.

**ACTION TAKEN: APPROVED**

*"Off the record, no more discussion about the agenda"*

Atty. Obusan: Thank you, ma'am Dinah and ma'am Rochelle.

*The Presentation of the Status of Implementation of Audit Recommendations on the Three (3) Audit Reports of Internal Audit Department-Management Audit Division (IAD-MAD) was no longer presented thoroughly; acknowledged.*

### **C. OTHER MATTERS**

**STATUS REPORT ON THE PREPARATION OF PROGRAMS/ACTIVITIES/PROJECT (PAPs) FOR BLOCK FARMING AND OTHER PROJECTS**

Atty. Obusan: We move on to our last agenda, on other matters under the Committee on Trading Regulation and Operations, Director Jessie Pat M. Serna.

Ms. Benosa: Good morning po', 'mag start na po ba?

Dir. Serna: We will wait for Atty. Obusan.  
"Off the record"

Ms. Benosa: So, I will going to wait pa' or proceed nalang?

Good afternoon na po' to our Members of the Governing Board to Sir Ben, to our former CorSec. Atty. Parado, and our new CorSec. Atty. Obusan welcome, sir.

So, as to the status of the preparation for the proposals for funding under the STEP, we required our branch offices to submit their proposed area and number of farmers for the block farms to be funded and yun' po maisasama po natin sa ating project proposals.

So, the branch offices submitted their respective block farms the addresses of the block farms and the existing coops and the number of clusters for block far, so, I guess, I have already provided our Board the copy of that and including the Extension Workers assigned to that particular block farms.

So, we received a total of 931 hectares for the block farms and a...

Dir. Casela: Madam, excuse me, are you discussing on the block farm as exclusion for the budget requirement under RA 4155, already?

Ms. Benosa: Yes, sir. If you remember last time sir, it was last week, that the branch will submit their areas po', yung mga contiguous areas po' that we can determine to be given the various components of the block farm.

Dir. Casela: Sa funding 'sana nakita namin yung sign of peso 'kung mag kano.

Ms. Benosa: Hindi, sir, 'nakita ko din po yan' I realized 'hindi po dapat funding pa yan' its matrix will be use by specific sub-committees for them to be able to determine the budgetary requirement of their respective component.

Dir. Casela: Per registration or per recommend by FTSD, there are 206 block farms... 'pero nakikita ko ditto iilan lang ang mga block farm.



Ms. Benosa:

Yes, sir, 'kasi po' for the reason that we shall only include for our proposal for those contiguous 'kasi it was said before the last board meeting po' na we went to branch offices with the branch managers and department managers, that it will be difficult for us to implement projects if the areas will not be contiguous, considering the concept of the block farm wherein we want to attain the scale, so, 'ito lang po yung na determine nila na block farm for the initial year for the implementation of the block farms.

So, 'parang ano lang po yan eh' it's about 1, 2... 10 lang yata itong block farms and there are 24 clusters, under those some branch sir.

Dir. Casela:

Yung 'estimate niyo', mag kano' ang per block farm?

Ms. Benosa:

Ah' for the original... we proposed to the DBM, so, for the original budget of block farm, including all other components plus mechanization that would be around 50 million. But that is 50 hectares, 'pero eto po', since iba-iba po yung kanilang hectares and number of farmers, so, we will again re compute 'kung mag kano po yung kanilang kailangan lang' for their particular block farm.

Dir. Casela:

Okay, kita' niyo dito sa tobacco production, you will just catering 1313 farmers, how is that? And you have 40,000 farmers...

Ms. Benosa:

Amp...

It depend sir, if the operation group will be ready to accept all those assistance, 'kasi ang sabi po' nila the block farms were organize for just 'para lang ma organize yung mga farmers, organize in to clusters, but actually they are not operating as is yun' sa concept na they have to share resources.

So, during the meeting with the operations, we determine only this number not for the initial year muna' to be funded by the DBM, and 'humahabol po tayo' sa 2024, yun' lang po yung kaya nilang i implement.

Dir. Casela:

Only why I thought, because of the figures is not congruent in consonance with the number of farmers, 'akala ko' this is going to be funded by our 500 budget of 2024.

Ms. Benosa:

No, sir, this is a new totally, ito po yung additional na' we will be requesting sa DBM, based doon 'sa sulat nila' na that we are going to prepare PAPs for additional funding.

So, dun' po sa isang page nandon na yung per province na distribution by production assistance, farm machineries, irrigation, and etc... They were also the ones who determine this number 'nandun po yung total at the right most of the table.

*"More discussion"*

Dir. Casela: We are ano' I remember right, I mean the some suggestion for project, and which I can say needed by farmers, yung drilling machine.

Ms. Benosa: Yes, opo, 'nakita po naming na wala po yan' but we already talked to Engr. Roger kasi' sila po yung in charge sa lahat' mechanization and we also noticed 'na nandito pa rin yung dream dedication na nag propose parin yung... There is still a lot po' na kailangan nating i review dito' that we have to call the attention of branch offices, and up to date po' only ma'am Noralyn lang po ang naka submit ng initial proposal...

All other sub-committees including dun po' sa ating establishment of the grading institute 'wala pa po tayong natatanggap' So, that's our worry kung aabot tayo dun sa deadline na gusto nating i attain, so, we are continuously following up the proposals from the sub-committee chair's, sir.

Dir. Casela: Basta ang suggestion ko' yung drilling machine, pangalawa yung' counter parting of financing sa contract growing with the private sector and the LGUs. Another one, the provision of subsidiary PPEs kasi' application of CPAs there are... Let's standards the requirements for agricultural farmers. Another one, 'yung proposal ko yung' grading institute then 'yun nga kung meron lang maka paggawa ng... 'kasi if you are going to implement this we meet... 'ang submission kasi nila' per project 'kung let's say kung kulang yung tao nila' ilagay na nila 'na kailangan ng tao', Job Order, well the best easiest ways is to hire Job Orders, now what are the competencies of our Job Orders it must be relevant to the project that they are going to implement, 'yun yung sinasabi ko noon'.

Ms. Benosa: Yes, sir, that will be part of the detail po' that's why it's very important po 'na mag submit na sana yung sub-committees natin' for us to evaluate 'kung ano po ang kanilang ginawa' 'kasi we cannot move sir, kung wala po yung mga yun'.

Dir. Padayao: Diba' may timeline.

Ms. Benosa: I guess yung mga ibang sub-committees po natin' ay napaka-busy, that's why we created...

Dir. Casela: Listen, is NTA really interested to have funds from RA 4155?

Ms. Benosa: I guess we have to ask also our Managers.

*"More discussion"*

- Dir. Trongco: So, sa planning ma'am, 'kung ako lang' i -inform nalang yung mga Branch Managers, at yung' drilling machine yung component 'niyan ay solar pump na'.
- Ms. Benosa: Yes, po' sir, that's why nag create po tayo sa SO na pinirmahan ni Administrator 'yung composite team, 'para po we know kung ano talaga ang kailangan nila', 'kasi they are the ones who is in the field.
- "More discussion"*
- Mr. Sarmiento: May observation naman ako dito' we are talking about the drilling machine, how about the water detector.
- Dir. Trongco: Kasama na yun' sir.
- Mr. Sarmiento: Ang drilling machine is for drilling.
- Dir. Casela: Paraphernalia na yun' sir.
- Mr. Sarmiento: Ang efficient diyan yun' alam ko yung bago, meron silang x-ray 'alam nila 'kung anong uri, at kalalim'.
- Dir. Trongco: Meron yun' sir kasama yun sir, meron component yung drilling machine 'meron taga monitor 'kung saan yung tubig'.
- Mr. Sarmiento: Ang efficient dun' yung bago alam nila' kung ilang meter yung kalalim'.
- Mr. Martinez: Ang akala niya yung laki ay truck.
- Dir. Casela: Haan', haan'.
- Ms. Benosa: Kasi' the one that proposed by Engr. Randy then was worth 1 million something.
- Dir. Casela: So, what? The more important is it would a lot. Dir. Dany? Sagmamano aya ngamin daydiay?
- Dir. Trongco: 1. something Million.
- Dir. Casela: Yung' proposal kulang dun diyay' uray duwa lang or saggaysa ti per block farm, uray ipan tay latta a 2 billion, ti daytoy a project yu' awan pay ti one million, santo kuna ti DBM 'nag dakkel t dawdawaten u' datoy metlang gayam' isu nga nayunan tayo' kasi mausar ti tao.
- Dir. Padayao: Yes, 'kasi yung unang presentation ni ma'am nini, parang morethan 3 million something, na I rerequest.
- Ms. Benosa: Baka' yun yung for block farm ma'am, hindi siya total.

*"More discussion"*

Dir. Casela: Let's suspend 'muna' atty.

Atty. Obusan: We suspend for the lunch...

*"MEETING SUSPENDED"*

Atty. Obusan: Mag' resume na po tayo'.

Good afternoon everyone. May we continue with our discussion I hope everyone had lunch already.

Again, may we acknowledge the presence of our Administrator & CEO, Belinda S. Sanchez, and sir DAOP who are both back from their meeting at Malacañang, and also, the Members of the Board, good afternoon, everyone.

We continue the discussions on the Program Activities Projects for Block Farming and other projects, Ma'am nini.

Ms. Benosa:

So, we already presented this profile of the block farms the submission of our branch offices 'kanina po' so, as we were saying the branch offices were able to identify a total of 931 hectares and 1466 farmers, and with a total of 24 number of clusters, so, there is a detailed presentation in the other table about the proposed components of the block farm: production assistance, farm machineries and equipment, irrigation support, farm structures, holing equipment, farm machineries and equipment for rice and other crops, and, agri-business.

So, there was a question from our Director, Dir. Casela, "bakit daw maliit, sir Vanni, 'yung ating prinoposed for the block farms, so, we already explain that because of the agreement that it would be only the contiguous area that would be considered, so, other explanation.

Dr. Palabay:

Good afternoon everyone, regarding po sa' survey of block farm. Actually, before we identified the modern farms that was the first implementation of the project before and now we consider it as the model block farm, and now for the expansion areas as to the identification of block farms there were problems that were encountered, (1) is the identification of the block farms 'na contiguous sana' but as to the explanation to the manager, 'yung nagyari po kasi na' survey sir, there were no, 'kumbaga there were no block farms that are identified are contiguous, 'na mag kakasama po' kung isang munisipyo' there were 3 to 4

barangays were identified 'para ma consider lang na block farm 'kasi mag kaka layo po'.

*"More discussions"*

Ms. Benosa:

Sir, may I, sir one reason pa po' is we are also considering all those block farms, they have they established coops and 'yung the coop kasi needs to be run by 'yung talagang officers nila' na accredited 'yung coop and we need to train a... 'May tina-tawag kasi na manager sa block farm.

**ACTION TAKEN: DEFERRED FOR FURTHER DISCUSSION**

Atty. Obusan:

Thank you, ma'am Nini.

Madam Chair. So since there are no other matters, we are now ready for adjournment, madam Chair.

Dir. Martinez:

I move for the adjournment of this meeting.

Dir. Padayao:

I second the motion.

Atty. Obusan:

Madam Chair, the motion for adjournment having been duly seconded.

The Joint Board Committee Meeting is now adjourned. Thank you very much to our participants, our Administrator, our Deputy Administrators, our Executive Assistant IV, Members of the NTA Governing Board, our Branch Managers and Department Managers at the NTA Central Office, OICs and Resource Persons, good morning.

**SO, ORDERED.**


Note: **THE MEETING WAS ADJOURNED AT EXACTLY 3:00 PM.**

Prepared by:

Reviewed by:

  
**LEXTER CASIN-CABANTING**  
Administrative Assistant I

08 FEB 2024

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V

08 FEB 2024

08 FEB 2024



Republic of the Philippines  
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**ISO 9001: 2015 QMS CERTIFIED**

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**HIGHLIGHTS/EXCERPTS**  
**OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**19 FEBRUARY 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today February 19, 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Research and Extension, Trading Operations & Regulation, Board Audit and Finance, and Legal Matters and Properties is now called to order.

Atty. Obusan: Thank you madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, the Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Nestor C. Casela, representing the

Academic Community Sector; Dir. Wilfredo C. Martinez, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Exporters/Traders Sector; Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector, and, Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector.

Also present at the NTA Board Room and joining us are the following: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations, good morning, Doc Vanni; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, good morning, sir DASS and joining us through the virtual platform the different Department Managers and Branch Managers, good morning to all.

As such madam Chair, we have a quorum.

Admin. Sanchez: Again may I turn over to the Board Secretary for the presentation and discussion of the agenda.

Atty. Obusan: Thank you madam Chair. Before we begin, do you have any opening statements?

Admin. Sanchez: Share ko lang yung pag punta' namin sa Panama in attending the FCTC, 'kasi talagang anti-tobacco siya at ang number 1 nakita ng NTA, kailangan talaga meron tayo representation 'para naman ma-proteksiyunan' natin ang mga tobacco farmers. Yun okay naman' head ng delegation natin ok 'naman firm naman siya sa stand ng government, we have enough laws and regulations to protect our tobacco industry, 'meron na tayong enough policies and pag-formulate ng position paper yun ang talagang gustong emphasize ng ating delegation, 'na meron tayong balanced policies sa Philippines, 'hanggang sa pag-uwi namin firm 'naman ang stand natin. Bago naman umalis sabi ni Secretary Guevarra, we were awarded the dirty ashtray award because actually 'pinanindigan natin ang stand natin as a country so, yun nga lang hindi nagustuhan ng mga anti-tobacco, which I understand naman, they are just doing their job 'tayo din naman ginagawa natin' trabaho natin para ma-proteksiyunan yung mga farmers natin'

So, 'yun ang naging experience natin' sa Panama. Mas nauuna naman tayo sa ibang country yung ibang countries nagsisimula pa lang sila mag formulate ng law nila so, yun lang po'. Now I will turn over the floor to the Board Secretary to read the agenda.

*"The Board Secretary presented the different agendas and its Committee Chairpersons and Resource Persons"*

Atty. Obusan: Thank you Madam Chair, for today's agenda, we have agenda (A) under the Research & Extension, with its Chairman, Director, Luzviminda U. Padayao and the Members Dir. Nestor C. Casela, Dir. Danilo C. Trongco and Admin./CEO Belinda S. Sanchez.

We have number one (1) **"Report Update on the Study Evaluation of the Economic Profitability of All Tobacco Types and Subtypes Planted in the Philippines (Year 2) Amounting to Php 938,632.60"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations, MS. Evangeline C. Cabigan, OIC-FTSD; (2) **"Report on Action Taken on Request for Tobacco Expansion in the Provinces of Bohol"** our Resource Person, Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations; (3) **"Report on the Comparative Analysis of Tobacco Production Per Tobacco-Growing Municipality for the Preceding Three (3) Years"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Atty. Robbert A. Ambros, Department Manager III, Regulation Department; (4) **"Report Update on the Status of NTA Research and Development Projects and Programs"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Mrs. Myrna O. Lozano, manager, Industrial Research Department (IRD); (5) **"Report Update on the Timeline when to complete the Survey of the actual area Planted with Tobacco in the Mindanao area and other NTA Undertaking s Highlighted during the Mindanao Summit"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Engr. Juanito M. Maloom, Chief Science Research Specialist.

Under the Committee on Trading Operations, and its Chairman, Dir. Jessie Pat M. Serna, we have no one (1) **"Report Update on the Preparation of Program/Activities/Projects for Block Farming and other Projects"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department (CPD); (2) **"Presentation of the Draft Memorandum of Agreement (MOA) on Tobacco Block Farming"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department (CPD); (3) **"Report on the Status of Operations of the Tobacco Dust Processing Plant (TDPP)"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Engr. Christopher R. Supang, Acting Project Manager, TDPP; (4) **"Report on the Operational Status of the NTA Kadiwa ni Ani at Kita with possible Tie-up with the National Meat Inspection Service (NMIS)"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations and Engr. Noralyn I. Idica, Acting Department Manager, NTA-Kadiwa ni Ani at Kita.

For the Committee on Board Audit and Finance and its Chairman, Director Nestor C. Casela and its members, Dir. Luzviminda U. Padayao and Dir. Wilfredo C. Martinez, we have number (1) **"Request for**



**Approval for the Release of the Remaining Cash Portion for the TCGS Farmer-Cooperators in La Union Amounting to PhP 1,109,013.00**", our Resource Persons: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations and Mr. Reynaldo R. Aquino, OIC, Finance Department; (2) **"Request for Approval for the Release of PhP 744,300.00 for Cash Portion of TCGS Farmer-Beneficiaries in Pangasinan"**, our Resource Persons: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations and Mr. Reynaldo R. Aquino, OIC, Finance Department.

Last for the Committee on Legal Matters and Properties and its Chairman, Director Wilfredo C. Martinez, we have (1) **"Request for Discussion on Possible Usufruct Agreement with Philippines Redcross Abra Chapter, Involving a Portion of NTA Owned Lots in Bangued, Abra"**, Resource Persons: Mr. Benedicto M. Savellano, Deputy Administrator for Support Service (DASS); Mrs. Zenaida T. Arrojo, Manager, Administrative Department; and, Mr. Romeo Y. Paculdo, OIC, Abra Branch Office; (2) **"Report Update on the Construction of the New NTA Building Update on Accomplishment and Coordination with DPWH to Fast Track its Completion"**, Resource Persons; Mr. Benedicto M. Savellano, Deputy Administrator for Support Service (DASS); Engr. Abraham C. Dela Pena, OIC, General Services & Procurement Division (GSPD).

That would be all madam Chair.

Dir. Casela: I would like to manifest and additional Agenda on other matters if I may about on the report on the meeting of NTA with COA in Batac, Ilocos Norte and this is with respect to the ownership of Land the building where the building is situated right now. Thank you, madam Chair.

Atty. Obusan: In addition to that madam Chair, on other matters, I manifest that Board confirms the Appointment of Mr. Nestor C. Casela as the new Deputy Administrator for Operations, National Tobacco Administration.

So, madam Chair, maybe we can start with our first agenda, under the Committee on Research & Extension on the first topic **"Report Update on the Study Evaluation of the Economic Profitability of All Tobacco Types and Subtypes Planted in the Philippines (Year 2) amounting to PhP 938,632.60"**.

May we recognize the Resource Persons: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations, MS. Evangeline C. Cabigan, OIC-FTSD to report on this matter. Thank you, madam Chair.

**A. COMMITTEE ON RESEARCH & EXTENSION.**

Chairman: Dir. LUZVIMINDA U. PADAYAO  
Members: Dir. NESTOR C. CASELA  
Dir. DANILO C. TRONGCO  
Admin. BELINDA S. SANCHEZ, CPA

**1. REPORT UPDATE ON THE STUDY EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES (YEAR 2) AMOUNTING TO PHP 938,632.60.**

RESOURCE PERSONS: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations, MS. Evangeline C. Cabigan, OIC-FTSD

**2. REPORT UPDATE ON THE TIMELINE WHEN TO COMPLETE THE SURVEY OF THE ACTUAL AREA PLANTED WITH TOBACCO IN THE MINDANAO AREA AND OTHER NTA UNDERTAKINGS HIGHLIGHTED DURING THE MINDANAO SUMMIT.**

RESOURCE PERSONS: Dr. Giovanni B. Palabay, OIC- Deputy Administrator for Operations,

Dr. Palabay: Thank you Atty. George, for the first agenda, before I would like to greetings po sa ating lahat' of course to our Administrator & CEO, Ma'am Bel and to the members of the Board, and Sir Nestor C. Casela our new DAOP and 'lahat po ng ating mga Managers at the Central Office and different Branch Managers, 'magandang umaga po sa ating lahat'.

For the first agenda this is actually the second year of implementation of the economic profitability analysis for all tobacco types. During the first year we conducted survey study on all types but this time for the second year we focus of course, we will concentrate of course, for Virginia and Burley and then we will focus... 'kasi yung difference po' during the first year of the study and the second year we set on the parameters, 'yung area dapat magkakaparehas yung Virginia, Improved flavor, Burley, 'dapat po iisa lang yung area kung' .75 po of 1 hectare, 1.5 it depends on respondents po' and then we will consider yung variety to be use and uniformity in terms of collection of the data, for the presentation may we request Ms. Cabigan, OIC-FTSD to report on the update.

Ms. Cabigan: Thank you, sir, good morning to everyone to our Administrator & CEO, ma'am Bel, Deputy Administrator, Members of the Board, Managers, Atty. Parado and our Board Secretary, good morning po'.

So, this project was presented last Committee Meeting, and it was agreed upon during the meeting that we will hire a consultant on his expertise of economics 'kasi wala pong expert sa FTSD sa field na ito', so, ang major concern and problem ko kasi is how to select po talaga is yung magiging respondents, that's why we hire from PhilRice Batac...

*The audio lagged\*\*\**

So, we already have an initial study po' first is how to select farmers respondents. So, I don't have yet talk to DAOP, kasi hindi ko pa daw ito' na update sa changes, so, ito po yung' ating i-re report. So, this project will be

implemented by the both FTSD and all the Branch Offices, na' discussed din po namin ni ma'am Betzaida, yung' mga objectives and really...

*The audio lagged\*\*\**

Specifically, we would determine the primary of course affecting profitability on the tobacco situation in Northern Luzon...

*The audio lagged\*\*\* and was preventing the recorder from picking up some of the discussions.*

So, 'sa implementation for this year we focus on the Virginia and burley types and the two sub-types under this two types and all the NTA Branch Offices will be provided with the list of farmers-cooperators correspondents per tobacco sub types the... were this randomly selected to sampling from the master list of farmers that they submitted to FTSD...

Atty. Obusan: Thank you for your report Ma'am Vangie, the floor is now open for discussion and comments of the governing board.

Dir. Padayao: Wala pa ba tayong formal validation na submit yung report na ilang farmers ang nagtanim at ano ang areas nila, kasi as mentioned by Ms. Cabigan may apat yata may farmers ata na hindi nagtanim ano yung basis may test validation, kasi sa Ilocos Norte, apat ata parang wala pang updated list kasi pag may updated list malalaman natin kung sino mga farmers na hindi nagtanim this crop year

Ms. Cabigan: They will inform as immediately like in Pangasinan namatay yung kanilang tanim and the branch office informed us about it.

DAOP: Gusto ko lang sabihin na we based on previous survey nasabi nga ni Vangie

Dir. Padayao: Ano yung activities sa field na natapos na, have you have identified the cooperators respondents?

Ms. Cabigan: We noted that, nasabihan naman mga managers na sabihan yung mga extension workers

Dir. Padayao: Nasabi mo kasi na yung area na mga tobacco farmers respondents may statistical method to say the viability of the areas

Ms. Cabigan: Yes po, we will be able to analyze that gawin data base yung mga respondents' statistical analysis

Dir. Casela: How you reconcile the data the volume the determination of profitability entails cost of production of course it starts with seed bedding how do you do that?

Ms. Cabigan: Wala po tayong data sa expenses from the beginning sabihan yung extension workers to the managers to tell all the expenditures

- Dir. Casela: We have to say all these things because it is very crucial as to the production data all types and subtypes as to the certification of NTA the total volume of production Municipality per Province, we can now resolve the issues, assuming that there are so many PIV's submitted but the area doesn't tally, we should synchronize, we should know the validity of the data you are gathering. Thank you.
- Dir. Trongco: Hindi ba pwede yung extension worker natin may record kasi hindi natin alam baka dinodoktor yung record nakakalimutan yung data from the beginning of the operation, kasi para yung data natin proven talaga, sino yung nasa record keeping?
- Ms. Cabigan: Nasabi na naming yan pero ang sabi po nila ang dami nilang ginagawa may ibang activities, we will request sa farmer respondent na tumulong silasabihan ko po mga managers na assist yung mga extension workers nila to gather the data.
- DAOP:** Tumutulong yung mga extension workers natin from seedbedding to delivery
- Dir. Padayao: Definitely extension workers will work hand in hand considering the RA's, mahirap yung bagong recruit ka, sinasabi ng farmer na yung data may control yung extension worker it may go up or beyond.
- Dir. Casela: Kasi data gathering is important, I suggest if you hire extension worker there should be data proving, you continue asking questions that would enhance the data. Thank you.
- Dir. Padayao: Dito sa mga data gathered I a very much aware, dito sa demographic profile meron na tayo, just dig the files, just validate nalang yung mga plants planted.
- Dir. Casela: Another suggestion is it possible to come-up with periodic assessment or periodic validation as to the progress of conduct of study.
- Ms. Cabigan: Monthly naman po nag submit ng accomplishment report ang mga RA's
- Dir. Casela: The importance of periodic assessment for the research group to determine if some of the activities within the project or objectives, activities are not undertaken
- Ms. Cabigan: Yung suggestion niyo sir kailangan naming pumunta sa mga respondents, kailangan ko budget pag pumunta ako doon.
- Dir. Casela: Definitely, Mr. Aquino will question you for additional budget because hindi mo naman anticipated as expense that should be as component as included you should anticipate things the validity and reliability of data gathering. Kasi kakailangan natin ito sa next Tripartite so, yun lang. I am emphasizing the significance, the importance

- Dir. Padayao: Importance of communication nandun na ba yung focal person at saka how about the commonality ng procedure para naman mabawasan yung error.
- Ms. Cabigan: Orientation meeting last week Kailangan ng face to face meeting.
- Dir. Padayao: Sana ma-solve natin yung travelling expenses, di ba marami kayong projects di ba pwede punan nalang para hindi lang isang project na kunan ng funds.
- Atty. Obusan: Thank you, just point of clarification may I ask the pleasure of the body regarding the budget proposal, there is a discrepancy of 8 thousand from the submitted documents base on the power point presentation the budget is 930,632.60
- Ms. Cabigan: Sorry, yung nasa inyo ay yung luma na, yung additional 8 thousand ay representation may 4 thousand the other 4 thousand ay sa travel
- Atty. Obusan: Yung updated po ay yung 938,632.60. Tanong ko lang po based on the earlier discussion magkakaroon pa po ba ng revision.
- Ms. Cabigan: Nagkakaroon po ng problema sa Abra.
- Dir. Casela: Madam Chair, on that aspect, I am instructing you to come-up with communication to that effect so that in that basis to be deliberated by the Board to approve or disapprove, wala kasing basis.
- Atty. Obusan: With that settled already. We now proceed to Agenda No. 2, to be reported by Dr. Palabay.
- DAOP: We would like to inform you that as of this time hindi pa ready we are planning ngayon March, nakalagay po dito Bohol and Palawan hindi po kasama ang Palawan kasi wala nagtatanim doon yung other Provinces sa Visayas ito yung Negros Occidental, Leyte, Iloilo and Cebu kaya it would be possible mag survey kaya this March. We will be preparing yung budget nito, and we will be preparing datas needed.
- Atty. Obusan: Thank you for your report, Doc Vanni, the floor is now open for discussion and comments of the governing board.
- Dir. Casela: We should learn based on our experience during the summit. We are encouraging all LGU's in planting Native Tobacco, as a way of control, we should first solve the issue of the ceiling or cap the amount of share of LGU's under RA 8240. Now when it comes to planting and likewise NTA has no money for expansion so, I rather management should postpone on this aspect, well its good but for the meantime, we should avoid doing that. To determine existing farmers and areas, ang sasabihin doon yung nagtatanim na farmers and second yung LGU's maraming nagtatanim doon pero hindi nakaka receive kasi do we have additional funds to hire additional work force to do this, that is a limiting factor. Planting Native the motive is to have share in 8240

Dir. Martinez: Nakita natin yung enthusiast na magtanim, naka-usap natin sila alam natin ang gagawin. Dapat ang approach natin diyan ay positive Maganda naman pinakita natin but worrying where to get money, don't worry about that nandun si Usec. Savellano maraming gusto tumulong sa atin kaya lets go forward sinimulan na natin yan, may Maganda pupuntahan. Thank you.

Dir. Casela: Likewise, I do agree with you Dir. Martinez we should determine the area planted but, in the process, if we are going to plant tobacco and manpower to document acceptances it will not be included, financial status so that we could hire additional manpower, undertake training, undertake orientations. Upcoming consultation with DBM for the RA 4155.

Dir. Trongco: Bago natin push yung sa Mindanao ayusin natin yung cap.

Sir DASS: We should come-up with position paper considering the original share of 15% LGU.

Dir. Casela: Certification from the Bureau of Treasury that we have money and forget the legislative we should not ask DBM. Surely we can get funds from 4155.

Atty. Obusan: Next Agenda, still under the Committee on Research and Extension...

### **3. REPORT ON THE COMPARATIVE ANALYSIS OF TOBACCO PRODUCTION PER TOBACCO-GROWING MUNICIPALITY/CITY FOR THE PRECEDING THREE (3) YEARS**

Resource Person/s: Dr. Giovanni B. Palabay, OIC, Deputy Administrator for Operations (DAOP);  
Atty. Rohbert A. Ambros, Manager, Regulations Department;

Atty. Ambros: I will be reporting 2019-2020-2021 Tobacco Production and Tobacco Acceptances (Power Point presentation data provided)

*Unknowingly, the recorder stopped because of its full memory; part of Atty. Ambros' report was unintentionally not recorded; back-up recorder was used for the rest of the meeting;*

Atty. Obusan: Thank you for your report, Atty Ambros, the floor is now open for discussion and comments of the governing board.

Dir. Padayao: Thank you Atty. For the comprehensive report. However, parang wala ako Nakita na areas.

Atty. Ambros: That is for production only per Municipality, we have the areas per Municipality but if the Board requires, I will provide.

Dir. Padayao: Siguro meron sa FTSD. Tignann a lang natin per Province. Meron naman consistencies pero yung Abra yung 2019 4 Million Siya. I ask is yung area to justify. Sana kailangan din natin yung area, validation submitted to FTSD, tignan lang natin validated area on that year.

Dir. Casela: Tignan nalang natin dit sa Bangued 2019-2021, hindi sila nag submit ng PIV o area na natamnan.

Atty. Ambros: As I have said hindi pa natin ginagamit noon ang area, but I can provide the board with the data on the area for that year;

Dir. Casela: Please do that Atty. Thank you very much!

## **B. COMMITTEE ON TRADING AND REGULATION**

Chairman: Dir. JESSIE PAT M. SERNA  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. WILFREDO C. MARTINEZ

### **REPORT ON THE STATUS OF OPERATIONS OF THE TOBACCO DUST PROCESSING PLANT (TDPP)**

Resource Person/s: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations (DAOP);  
Engr. Christopher R. Supang, Acting Project Manager, Tobacco Dust Processing Plant;

Engr. Supang : *(Reported on the Status of Operation of the Tobacco Dust processing Plant)*

Atty. Obusan: The floor is now open for discussion

Engr. Supang: Ang maproproduce po natin na 20,000 bags ay distribute natin ito sa Pangasinan, Bataan, Zambales at La Union.

Dir. Serna: Engr. Magkano ba expenses mo per bag?

Engr. Supang mga 135 nandun nandun na yung kuryente at yung mga sweldo ng empleyado natin. Ang price ng tobacco dust dun sa area ay 120-130 lang

Dir. Martinez: So, magkano yung net income per bag?

Engr. Supang: Mga thirty pesos per bag.

Dir. Casela: Ano naman ang feedback dun sa mga gumagamit ng tobacco dust natin, in terms of efficacy?

Engr. Supang: Yung ibang fishpond owner okey naman daw, yung iba sabi mahina daw kasi may nakukuha sila sa manufacturing malakas daw yung nangagaling sa iba na pino daw at matapang

Dir. Serna: Engr. Ang sabi mo kasi mahina kung poisoning 11-2 ang apply para ma-poison yung predator ang purpose niyo diyan double effect and three to four days magiging lab-lab na iyan kailangan mainit na yung tubig. Dapat 16-20 yung idagdag Urea

Engr. Supang: Wala pa naman study kung ano combination ng fertilizer.

Dir. Trongco: Kasi para mas dumami yung lab-lab kailangan yung Nitrogen and Phosporus kasi sa Urea Nitrogen lang yun kasi Urea single element lang

Engr. Supang: Kailangan natin ay 16 bags per hectare

Dir. Casela: What are the steps dun sa processing ninyo?

Engr. Supang: Yung branch at leaves grind namin tapos pupunta na sa storage dun isasako

Dir. Casela: Baka kaya bumababa yung nicotine content lilit naman yung dust di ba simplehan natin ang sabi mo naman at least may 1% na dun sa operational cost at least liliit na, kaya sabi ko strainer na lang

Dir. Padayao: Grind na lang ulit yung malaking tabako

Dir. Casela: What would you suggest for our business to expand or improve base on yur observation

Engr. Supang: Ang nakikita ko kapag hindi natin nakukuha yung raw materials sa ULPI at Conleaf ay nakukuha rin ng mga buyer din nagtitinda rin ng tobacco dust kaya ang mga customer naming ngayon from Bulacan Hagonoy kasi pag nakuha nating dust ng ULPI at Conleaf mabibigyan na natin ang Pangasinan, kailangan na lang natin ay isang grinding machine.

Atty. Obusan: We are going to skip first sa topic. Assigned representative of DPWH in the person of Engineer Edgardo Ramos and his team will be reporting first under Agenda D under Committee on Legal Matters and Properties. Headed by Dir. Wilfredo Martinez and its Members Dir. N. Casela and Dir. D. Trongco.

#### **D. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairman: Dir. WILFREDO C. MARTINEZ  
Members: Dir. NESTOR C. CASELA  
Dir. DANILO C. TRONGCO

#### **REPORT UPDATE ON THE CONSTRUCTION OF THE NEW NTA BUILDING; UPDATES ON ACCOMPLISHMENTS AND COORDINATION WITH DPWH TO FAST TRACK ITS COMPLETION;**

Resource Person/s: Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS);  
Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD);

Engr. Ramos: Reporting: Ang discuss ko ay project Status and Project Timeline, Allocation released, Change of Scope, Project Cost ang Contractor po natin CP Garay ang original contract po natin PhP 192,564,038.61 ang effectivity ay July 8 and duration 360 days ang original expiry is October 2 nagkaroon po kami ng extension 1 One hundred thirty days then extension 2 580 calendar days so, yung extension No. 1 nagkaroon po kami ng changes sa structural design so, nag extend kami ng 130 now extension 2 may mga new item of work kami sa extension 3 so, ang nagging revise expiry April 3. Ang accomplishment naming ay 86% ang scope of work po doon is the foundation, footing kumpleto na po yung foundation natin.



Dir. Casela: Ang sa akin lang dapat ang timeline ay nasusunod.

Engr. Ramos: Phase 2 naman po hindi pa pwede umpisahan kasi yung Phase 1 ay hindi pa natatapos ang Expiry November 6, 2024 and Phase 2 naman po ang scope is Structural dito naman ay I-Beam kaya na suspend kasi hindi pa mailagay yung I-Beam.

Atty. Obusan: The floor is open, any comments and discussion from Governing Board?

Dir. Casela: Where we will address our letter for the release of fund?

Engr. Ramos: Sa Regional Director po ng NCR, the best po siguro kay Secretary Bonoan. Thank you po.

Atty. Obusan: On behalf of the Administrator and the governing board, Maraming salamat po Engr. Ramos and sa buong team for finding time and giving us update on the status of the construction of the new NTA Building.

Atty. Obusan: Balik po tayo Agenda B. Next item is Report on the Operational Status of the NTA Kadiwa ni Ani at Kita with possible Tie-up with the National Meat Inspection Service (NMIS). May we recognize Doc Vanni and Engr. Idica.

**REPORT ON THE OPERATIONAL STATUS OF THE NTA KADIWA NI ANI AT KITA WITH POSSIBLE TIE-UP WITH THE NATIONAL MEAT INSPECTION SERVICE (NMIS).**

Resource Person/s: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations (DAOP);  
Engr. Noralyn I. Idica, Acting Project Manager, NTA – Kadiwa ni Ani at Kita;

Dir. Casela: We all know the status of the NTA Kadiwa ni Ani at Kita, so siguro skip na natin yung report regarding its operation.

Ms. Idica: We are requesting po to be allowed to go back to our mother unit, Engr. De la Pena already inspected the Kadiwa and the accounting COA and our JO's will not renewed.

Atty. Obusan: Thank you Ma'am Nora, the floor is open for discussion.

Dir. Casela: Candon Branch Office will take charge.

Accountant present together with Engr. Idica: Iba po kasi ang ano natin sa BIR, kailangan din ng Board Resolution to declare closure and cessation of operation.

Dir. Casela: We need to wait for the letter of LGU of ....to know what really is their intention if they will take over the Kadiwa.

Dir. Padayao: Ganun nalang siguro inform natin ang BIR para hindi mag incur ng penalties that NTA is stopping operations, communication muna.

Atty. Obusan: Kung papirmahan po natin muna kay accountant?

Dir. Padayao: Papirmahin natin si Nora and his accountant to send communication to the BIR that NTA is stopping its operation in order for us not to be penalized yan na lang muna first step natin before the Board Reso pending the result baka LGU ang mag take over.

Ms. Idica: Meron na tayo letter sa BIR na hindi tayo mag operate

Atty. Obusan: Ms Nora thank you, lets just wait for further instructions from the Board and ang mga concerns po ay duly noted naman po. Siguro po sa next Meeting may update na.

### **C. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairman: Dir. NESTOR C. CASELA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. WILFREDO C. MARTINEZ

#### **1. REQUEST FOR APPROVAL FOR THE RELEASE OF THE REMAINING CASH PORTION FOR THE TCGS FARMER-COOPERATORS IN LA UNION AMOUNTING TO PHP 1,109,013.00.**

Resource Person/s: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations (DAOP);  
Mr. Reynaldo R. Aquino, OIC, Finance Department;

#### **2. REQUEST FOR APPROVAL FOR THE RELEASE OF PHP 744,300.00 FOR CASH PORTION OF TCGS FARMER-BENEFICIARIES IN PANGASINAN.**

Resource Person/s: Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations (DAOP);  
Mr. Reynaldo R. Aquino, OIC, Finance Department;

Dr. Palabay: This was the remaining with portion of with total allocation of PhP 10,494,538.00 so we are requesting release of unrelease portion PhP 1,109,013.00 for the project consolidated farm plan, we are requesting for approval of the amount the 1,109,013.00 covers the 50% of the total cost of the gas and oil of our farmers in Balaoan and they will purchase of firewood for flue curing so, we are requesting for the release of the amount for approval of the Members of the Board. Na approved na po ito kaya lang kulang.

Dir. Casela: Why is it there is additional release again it should be covered, is there additional farmers to be assisted?

Dr. Palabay: With the consolidation of FTSD kasi nga 9M lang ang nai-release kasama na dun sa original farm plan naming for cash portion and material inputs kaya ni-rerequest namin, yung case naman ng Pangasinan they are requesting for the savings from material inputs nag decrease na yung price ng fertilizer so they are requesting for the release of their savings na 1,004,710.00 but they are only requesting 744,600.00 nakakuha sila ng ibang items from their budget, they thought na yung savings nila pwede gamitin sa ibang items

Dir.Casela: This is minimal amount to be added or included for TCGS

Mr. Aquino: Sir pwede naman siguro sir yung Abra hindi naman na utilized lahat yung budget nila and may ibabalik sila na 2M.

Dir. Casela: Sige ang reference mo kasi is yung 150 ngayon kung ibabalik yung 2M cash portion yun ba iko-kover dun sa request Ninyo ganun ba yon, pero hindi naman mag tally yung actual

Mr. Aquino: Talaga kasi ang na approved is 9M hindi naconsider ng FTSD yung 1M nila.

Dir. Padayao: I believe ginawa na natin ito noon.

Mr. Aquino: Yes po kaya tumawag kami sa Abra siguraduhin by tomorrow nandito na yung 2,481,000.00 marami daw ata nag back out.

Dir. Casela: Tanong ko bakit wala naibalik na abono at at other material inputs.

Off the Record

Dir. Casela: I move for the approval of the two request for funding under TCGS for La Union and pangasinan so, walang amendment sa resolution.

Mr. Aquino: Sir pag hindi masasauli yung sa Abra wala akong maibibigay.

Atty. Obusan: Sir for the record lang po yung request for release of cash portion for both branches La Union and Pangasinan is approved? Is there a motion po?

Dir. Padayao: I moved that the board approved the two requests for additional release of cash portion for the La Union branch amounting to Php 1,109,013.00 and for the Pangasinan branch amounting to Php 744,300.00.

Dir. Casela: I second the motion.

Atty Obusan: With that we move to the Agenda on Other Matters first is the report on the meeting between COA and Members of Governing Board represented by Dir. Casela and Dir. Padayao.

*"Sorry, before I forgot, still on the Committee on Legal Matter and Properties, there was a request for deferment on the discussion on possible usufruct agreement with PNRC as requested by Sir Ben thru Dir. Casela as earlier manifested."*

#### **COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairman: Dir. WILFREDO C. MARTINEZ

Members: Dir. NESTOR C. CASELA  
Dir. DANILO C. TRONGCO

**REPORT UPDATE ON THE MEETING BETWEEN THE COA AUDITORS AND MEMBERS OF THE GOVERNING BOARD (REPRESENTED BY DIRECTOR NESTOR C. CASELA AND DIR. LUZVIMINDA U. PADAYAO), TOGETHER WITH BRANCH MANAGER RANDY I. ABELLA OF NTA ILOCOS NORTE, REGARDING THE DEED OF EXCHANGE BETWEEN THE NTA AND MMSU THAT TOOK PLACE LAST FEBUARY 5, 2024 AT NTA ILOCOS NORTE BRANCH OFFICE.**

Dir. Casela: This is regarding the Deed of Exchange between NTA and MMSU. Shirley Agrupis said that they have standing order from CHED that SUC's have to consolidate its properties. There were activities on the Titling of lots undertaken by NTA but it was stopped by way of communication forwarded by Pres. Agrupis to Assessor of Batac, the operation was stopped, Auditor Sebo said subject of Deed Of Exchange, Accountant III mentioned that the property originally owned by NTA in exchange of property of MMSU was assumed not recorded in the book of NTA. Dir. Casela stated that if they comply of agreement, yung MMSU complied with its term and condition Deed of Exchange, kinuha na nila yung pagaari ng NTA na swap dun sa kanila pero yung sa atin NTA seemingly negligent in implementing the xxx mentioned by the Auditor the prescriptive period for the compliance of Deed of Exchange. The question now is it to late for NTA to recover the listing or recording of property?

Atty. Obusan: So long as Notarized naman po yung Deed of Exchange, binding po yun sa parties and sa 3<sup>rd</sup> parties, hindi naman agad-agad papasok prescription na 2years. Isa pa po na dapat tingnan diyan ay kung nag-take po ba ang NTA ng ownership at possession noong property na binabanggit from MMSU.

Dir. Padayao: Ang problema kasi dito ay yung present leadership ng NTA noon ay hindi niya ito priority at napabayaan.

Atty. Obusan: Yung Real Property Tax po ba ay patuloy ang ating pagbabayad?

Dir. Padayao: Ang naano ko dito ay yung pinalit natin nasa book na nila.

Atty. Obusan: Parang sa book ng NTA tinanggal na rin po natin, hintayin nalang po siguro natin yung findings ng COA kung nasa kanila na po ba talaga ito, from there saka nalang tayo mag explore kung anong remedies na pwede natin gawin.

Dir. Padayao: During the time of Admin. Ancheta bakit nag execute ulit ng another MOA regarding the use of facilities so, ibig sabihin sa kanya and this was in 1999, unang nangyari yung Deed of Exchange yung kay Former Admin A. De Guzman nakikontrata ulit sa PhilRice ibig sabihin claim property for possession naki pag agree kay Dr. Obien so, si Dr. accept din niya na sa NTA yon.

Atty. Obusan: Next Agenda on Other Matters is the request of Ms Benosa regarding the Approval of the Program of Year-end assessment scheduled for next week, Feb 26-27.

*"Board approved the said program of activities."*

Atty. Obusan: Last on the agenda before adjournment is the confirmation of the appointment of Mr. Nestor C. Casela as Deputy Administrator, National Tobacco Administration.

Dir. Padayao: I respectfully move for the Confirmation of the Appointment of Hon. Director Nestor C. Casela now Deputy Administrator for Operations.

Dir. Trongco: I second the motion.

Atty. Obusan: Madam Chair, ito na po ang pinakahihintay ng lahat, ang adjournment.

Dir. Serna: I move for the adjournment of the meeting

Dir. Tronco: Second the motion

Admin. Sanchez: There being no Other Matters to be discussed, the meeting was adjourned.

Prepared by:

  
**RAMON R. MUNCAL**  
Stenographer III

Reviewed by

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
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**ISO 9001: 2015 QMS CERTIFIED**

**HIGHLIGHTS/EXCERPTS**  
**OF THE COMMITTEE MEETING**  
**HELD AT MICROTEL BY WYNDHAM, COMMONWEALTH AVENUE,**  
**UP AYALA LAND TECHNOHUB, QUEZON CITY**  
**27 FEBRUARY 2024**  
**1:30 PM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 2:00 PM.

Atty. Obusan: Good afternoon, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today February 27, 2024 (Tuesday) at Microtel by Wyndham, Commonwealth Avenue, UP Ayala Land Technohub, Quezon City

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to please call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following:  
Committee on Legal Matters and Properties  
Committee on Research and Extension  
Committee on Trading Operations & Regulation  
is now called to order.

Atty. Obusan: Thank you madam Chair, to start with, May I call on Lexter Cabanting to lead us in the opening prayer.

*"Lexter Cabanting led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, of course we have the Presiding Officer, the Honorable Belinda S. Sanchez, Administrator and CEO.

We also have the members of the NTA Governing Board:

Honorable Director Nestor C. Casela, representing the Academic Community Sector. Good afternoon, sir.

Honorable Director Jessie Pat M. Serna, representing the Tobacco Exporters and Traders Sector. Good afternoon, sir.

Honorable Danilo C. Trongco, representing the Tobacco Farmer Sector. Good afternoon, sir.

Honorable Director Luzviminda U. Padayao, also representing the Tobacco Farmer Sector. Good afternoon, ma'am.

And Honorable Director Wilfredo C. Martinez, which will be joining us later, also from the Tobacco Farmer Sector.

We also have here today and joining us are the following:

Mr. Benjamin B. Sarmiento, our Executive Assistant IV, Special Assistant to the Administrator. Good afternoon, sir.

Dr. Giovanni B. Palabay, our OIC Deputy Administrator for Operations. Good afternoon, sir.

Engineer Randy I. Abella, Manager of Ilocos Norte Branch Office. Good afternoon, sir.

Attorney Rohbert A. Ambros, Manager of Regulation Department.

Mr. Reynaldo Aquino, OIC, Finance Department. Good afternoon, sir.

And lastly, Attorney Jun Fred V. Parado, Attorney V, Office of the Administrator. Good afternoon, sir.

As such madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation of the agenda.

Atty. Obusan: Thank you madam Chair.

*"The Board Secretary presented the different agendas and its Committee Chairperson, Members, and Resource Persons"*

Atty. Obusan:

We have **Agenda A** on **Committee on Legal Matters and Properties**, headed by Director Wilfredo C. Martinez and Members Director Nestor C. Casela and Director Danilo C. Trongco.

We have Agenda No. 1, REQUEST FOR DISCUSSION ON POSSIBLE USUFRUCT AGREEMENT WITH PHILIPPINE RED CROSS ABRA CHAPTER INVOLVING A PORTION OF NTA-OWNED LOTS IN BANGUED, ABRA.

Agenda No. 2, REPORT UPDATE ON THE MEETING BETWEEN NTA-COA AND MMSU-COA ABOUT THE PROPERTIES INVOLVED IN A DEED OF EXCHANGE BETWEEN THE TWO ENTITIES.

Under **Agenda B** on **Committee on Research and Extension**, headed by its Chairman, Director Luzviminda U. Padayao, and Members Director Nestor C. Casela, Director Danilo C. Trongco, and Admin Belinda S. Sanchez, we have, REQUEST FOR APPROVAL OF THE CONDUCT OF THE STUDY, "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES, YEAR 2" WITH REVISED BUDGETARY REQUIREMENTS AMOUNTING TO PHP 1,043,046.60.

Under **Agenda C** on **Committee on Trading Operations and Regulation**, headed by its Chairman, Director Jessie Pat M. Serna, and Members Director Luzviminda U. Padayao and Director Wilfredo C. Martinez, we have, REQUEST FOR APPROVAL OF THE ANNUAL REGULATORY PLAN FOR THE CALENDAR YEAR 2024 AND AUTHORIZING ITS SUBMISSION THEREOF TO THE ANTI-RED TAPE AUTHORITY.

ON OTHER MATTERS, as manifested earlier, we have additional agenda(s). Still under the Committee on Trading Operations and Regulation, (1) REQUEST FOR APPROVAL / AUTHORITY FROM NTA MANAGEMENT TO FORMULATE AND ADOPT A MANUAL OF PROCEDURE FOR THE RESOLUTION OF VIOLATIONS OF TRADING RULES AND REGULATIONS COMMITTED BY REGULATED ENTITIES AND INDIVIDUALS AND AUTHORIZING THE SUBMISSION THEREOF TO THE GOVERNANCE COMMISSION FOR GOCCs (GCG).

Under the Committee on Research and Extension,

(2) REQUEST FOR APPROVAL OF BUDGET RELEASE AS PER MEMORANDUM OF AGREEMENT IN RELATION TO TOBACCO DEMO FARMS IN TARLAC IN THE AMOUNT OF



PHP 382,532.43. This corresponds to the 50% amount that, according to the MOA, the NTA will shoulder.

Lastly, on Other Matters, is the request by OIC-DAOP regarding the (3) ISSUANCE OF AN ANTE-DATED BOARD RESOLUTION AUTHORIZING THE RESUMPTION OF OPERATION TOBACCO DUST PLANT IN DECEMBER 2022.

That would be all madam Chair.

Admin Sanchez: I would like to delegate the Chair to the respective Committee Chairperson to facilitate the continuance of the meeting. Together with incoming DAOP (Nestor C.Casela), please excuse us, we have visitors upstairs from the Department of Agriculture.

Atty. Obusan: Thank you madam Chair.

To give in to an earlier request, we first discuss Agenda C. May I call on Dir. Serna.....sir.

### **C. COMMITTEE ON TRADING OPERATIONS AND REGULATION**

Chairman: Dir. JESSIE PAT M. SERNA  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. WILFREDO C. MARTINEZ

#### **1. REQUEST FOR APPROVAL OF THE ANNUAL REGULATORY PLAN FOR THE CALENDAR YEAR 2024 AND AUTHORIZING ITS SUBMISSION THEREOF TO THE ANTI-RED TAPE AUTHORITY.**

Resource Person: Atty. Rohbert A. Ambros, Manager, Regulations Department

Dir Serna: You can proceed with your presentation Atty. Ambros, you are hereby recognized.

Atty. Ambros: For my first Agenda, I will be presenting to you the mandated submission of an Annual Regulatory Plan to the Anti-Red Tape Authority. This was required by the ARPA with the issuance of an advisory to all government agencies to submit an Annual Regulatory Plan.

For the information of the members of the Board, you may ask what is a Regulatory Plan?

It is the document that details the action that the NTA intends to implement for the year 2024. It also includes other activities such as proposing new regulations, as well as review, repeal, amend, and consolidate existing regulations. These are mandated under ARPA Memo Circular No.2022-006.

What is the legal basis for our submission of an Annual Regulatory Plan? It is contained in Advisory No. 15, which was issued earlier this year, that all government agencies

undertaking regulatory implementation will submit an Annual Regulatory Plan not later than March 7. This is a very urgent issue.

We just received this advisory from ARPA. Prior to the issuance of the ARPA advisory, the NTA officials and staff already attended the Basic and Advanced Courses in Regulatory Impact Assessment. We have already submitted some of our Preliminary Impact Assessments during those seminars and workshops.

This Regulatory Impact Assessment was already a regular program of the Regulation Department for 2024 under its programs, activities, and projects. To summarize, as you can see, I have provided the copy of the Regulatory Plan in your respective folders. This is the summary of our submissions to ARPA.

Of course, No. 1 is we have to review and evaluate the quality of our rules and regulations. Then, of course, we have to create a committee or a management team to effectively formulate and implement, as well as monitor and evaluate our regulatory plan.

Of course, part of the plan would be capability building. Some of our officers and staff will be undergoing seminars on Regulatory Impact Assessment.

In No.4, we targeted that at least we will have one existing rule that will be subjected to Preliminary Impact Assessment or Regulatory Impact Assessment. You might wonder what is the difference between Preliminary Impact Assessment and Regulatory Impact Assessment.

PIA is just an assessment on the phase of the regulatory measures itself. It is not yet in-depth. We just evaluate the issues and concerns encountered in the implementation.

That is in contrast with our regulatory impact assessment which will include an in-depth study of the rules and regulations. This includes the determination of cost-benefit analysis. There is also a recommendation whether to repeal the rules and regulations, update that, or consolidate with other related regulations.

Of course, in No.5 is we have to monitor and evaluate how the implementation of the ARC will be undertaken during the year. This is our cash flow for 2024. We budgeted 1.9M for all these activities. That was approved by the Project Review and Evaluation Committee. That will be part of our COB for 2024. These are the major activities under our PAP.

The creation of the Committee on Implementation Management Team for Regulatory Impact Assessment. Issuance of the corresponding special order once this regulatory plan will be approved by the Board. And of course, we will identify who will be the first batch of participants that will be attending the training workshop.

And of course, the subject matters here in the training workshop are a bit technical. We need also to hire the services of expert resource speakers. It's urgent sir because we have a deadline to meet.

But our PAP is already approved. The corresponding document will be submitted to ARTA. That is the annual regulatory plan.

Dir. Padayao:

It did not state in the advisory that it will be approved by the board. But since we need to know everything about what the NTA management is doing, we believe it's necessary to involve the board when it comes to the regulatory process. Especially so that it may help you in decision or policy making.

Atty. Ambros:

So, the ARP is a bit long. But my request is if you could approve that and we will be able to submit that to the ARTA on the deadline before March 7. Okay.

Dir. Serna:

Is this the first time that this has happened?

Atty. Ambros:

Yes, sir. Yes, first time. This started with the Ease of Doing Business Act. Then ARTA was created based on that law.

Then ARTA, issued several memorandum circular and advisories on how to implement the law. So here, they required the annual regulatory plan so that they can see that the agencies like NTA that regulates tobacco industries are following the systems and procedures implemented by ARTA.

If ever, sir, ma'am, if you have questions or if you have time to read our regulatory plan, if you would want to make additional comments or suggestions, we can do that before March 7.

Dir. Serna:

I moved FOR APPROVAL OF THE ANNUAL REGULATORY PLAN FOR THE CALENDAR YEAR 2024 AND AUTHORIZING ITS SUBMISSION THEREOF TO THE ANTI-RED TAPE AUTHORITY.

Dir. Trongco:

I second the motion. (APPROVED)

**2. REQUEST FOR APPROVAL / AUTHORITY FROM NTA MANAGEMENT TO FORMULATE AND ADOPT A MANUAL OF PROCEDURE FOR THE RESOLUTION OF VIOLATIONS OF TRADING RULES AND**

**REGULATIONS COMMITTED BY REGULATED ENTITIES AND INDIVIDUALS AND AUTHORIZING THE SUBMISSION THEREOF TO THE GOVERNANCE COMMISSION FOR GOCCs (GCG).**

Resource Person: Atty. Rohbert A. Ambros, Manager, Regulations Department

Dir Serna: You can proceed with your presentation Atty. Ambros, you are hereby recognized.

Atty. Ambros: Okay, thank you very much, Your Honors for giving me the opportunity to present this agenda to the board. And, of course, for understanding if ever I am presenting this to you in a short notice.

I have one more request. Because it's only yesterday that I learned from Ma'am Nini Benosa that what I'm going to do, she will also submit it to the GCG. That is the manual of procedure for the resolution of violations in the trading rules and regulations.

Not only the trading rules, but also the import, export, and manufacturing rules. That's why I couldn't include it in your agenda because I was not able to... Actually, if you would... and if you don't mind. I've been doing it since yesterday, but until now, I am not yet done.... Here, just to give you a glimpse of what I've been doing until now.

I've already started it, but this is really a very long document. So, I really need some time to finish this. I'm still in the part, identifying the violations.

It's not yet the procedure. Because our existing rules and regulations, Ma'am, sir, there's no process on how the NTA will handle it if there's a documented violation. Although... We have... in our rules, there are existing penalties.

So, it's like there's a gap. Yes, there's a documented violation. But how will you handle it? Before you impose a penalty.

So, that's the missing portion in our rules. I think my suggestion to the members of the board is... It's not really an approval of the manual. But maybe an authority for the NTA management to adopt a manual.

So that you won't be tied later on to this. Of course, when I finish this, I will still present it. But just for the sake of submitting it to the GCG with Ma'am Nini, maybe that's all, sir. Actually, the deadline is February. Yes, the end of February.

Dir. Padayao: Atty., when was the deadline communicated to us?

Atty. Ambros: It's been a while, Ma'am. Because we left, and went to Panama. Then we were grilled in... the Senate. Because of that... that's the only thing I finished.

Just to give you a bird's eye view of the manual.

The process is, if there's a violation, our staff will report it to the inspectors at the trading centers, at our manufacturing plants, at our export and import plants. So, that's all. Maybe the GCG wants to see how we handle it.

It's like a prosecutor handling a criminal case or a civil case. Because there's a hiatus between the determination that there's a violation, And there's a penalty. So, it's part of the due process clause.

Not because there's a violation, you will immediately impose a penalty. You also have to give a notice to the violator to explain it. If the explanation is sufficient, or insufficient, at that time, we will decide to impose the penalty.

So, that's all. Maybe the NTA management is just authorizing to adopt a manual. And to submit the manual to the GCG.

Dir. Padayao: Anyway, this is a manual. It can be amended anytime Atty?

Atty. Ambros: Yes, ma'am.

Dir. Serna: I moved that AUTHORITY FROM NTA MANAGEMENT BE GIVEN TO FORMULATE AND ADOPT A MANUAL OF PROCEDURE FOR THE RESOLUTION OF VIOLATIONS OF TRADING RULES AND REGULATIONS COMMITTED BY REGULATED ENTITIES AND INDIVIDUALS AND AUTHORIZING THE SUBMISSION THEREOF TO THE GOVERNANCE COMMISSION FOR GOCCs (GCG)

Dir. Padayao: I second the motion. (APPROVED)

*Atty. Rohbert Ambros asked to be excused to join the workshop on the preparation of PAPs for the block farm project. Dir. Nestor Casela rejoined the meeting.*

Atty. Obusan: We now moved to Agenda B. May I call on Dir. Padayao to present the agenda.

#### **B. COMMITTEE ON RESEARCH AND EXTENSION**

Chairman: Dir. LUZVIMINDA U. PADAYAO  
Members: Dir. NESTOR C. CASELA  
Dir. DANILO C. TRONGCO

**1. REQUEST FOR APPROVAL OF THE CONDUCT OF THE STUDY, "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES, YEAR 2" WITH REVISED BUDGETARY REQUIREMENTS AMOUNTING TO PHP 1,043,046.60.**

Resource Person: Dr. Giovanni B. Palabay, OIC Deputy Administrator for Operations (DAOP)

Dir. Padayao: To report on this matter, may we recognize Dr. Giovanni B. Palabay, OIC Deputy Administrator for Operations.

Dr. Palabay: Thank you, ma'am. For this agenda, this was already presented by the OIC manager of FTSD last board committee meeting, and we are now requesting for the approval of the revised budget.

Kasi ang kulang po noon is yung research assistant ng ABRA, so we added Php 104,414.00 to the original budget of Php 938,632.60. Kaya po yung revise request po namin ngayon, including yung research assistant for ABRA for this profitability study is now Php 1,043,046.60 for the approval of the honorable members of the board. There was an increase of Php 104,414.00.

*Mr. Reynaldo Aquino, OIC of the Finance Department, certified that there are funds available for the conduct of the study and the revised budgetary requirement.*

Dir. Padayao: I moved FOR APPROVAL OF THE CONDUCT OF THE STUDY, "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES, YEAR 2" WITH REVISED BUDGETARY REQUIREMENTS AMOUNTING TO PHP 1,043,046.60.

Dir. Trongco: I second the motion. (APPROVED)

**2. REQUEST FOR APPROVAL OF BUDGET RELEASE AS PER MEMORANDUM OF AGREEMENT IN RELATION TO TOBACCO DEMO FARMS IN TARLAC IN THE AMOUNT OF PHP 382,532.43.**

Resource Person: Dr. Giovanni B. Palabay, OIC Deputy Administrator for Operations (DAOP)

Dir. Padayao: We move to our next agenda, the request for approval of the release of P382,532.43 pesos from Pangasinan branch office.

Dr. Palabay: This is the NTA obligation in relation to the tobacco demo farms as supported by the memorandum of agreement between NTA administration, the provincial government of Tarlac, TMI and the municipal government of Anao, Ramos, San Clemente, and Mayantoc, and the tobacco farmers.

There are four municipalities and the the original budget is Php 1.2 million. It was reduced to Php 765,064.85 due to the

decrease in the total land areas planted. This will be divided into two, the NTA's share is 50%, and the other half is for TMI.

The NTA Pangasinan is requesting for the release of Php 382,532.43 which consists of the cash portion for various farm activities, transplanting, fertilization, and other expenses including cash for gas and oil and seedlings and bamboo for the curing shed. This is for the approval of the board and eventually the release of the budget.

*Mr. Reynaldo Aquino, OIC of the Finance Department, certified that there are funds available for this project.*

Dir. Trongco: I moved for the APPROVAL OF BUDGET RELEASE AS PER MEMORANDUM OF AGREEMENT IN RELATION TO TOBACCO DEMO FARMS IN TARLAC IN THE AMOUNT OF PHP 382,532.43.

Dir. Casela: I second the motion. (APPROVED)

Atty. Obusan: We moved to our next agenda on other matters, REQUEST FOR APPROVAL OF ISSUING AN ANTE-DATED BOARD RESOLUTION AUTHORIZING THE RESUMPTION OF OPERATION OF THE TOBACCO DUST PROCESSING PLANT IN DECEMBER 2022.

May we please recognize again, Doc Vanni and Enge. Supang to present this subject matter.

**REQUEST FOR APPROVAL OF ISSUING ANTE-DATED BOARD RESOLUTION AUTHORIZING THE RESUMPTION OF OPERATION OF THE TOBACCO DUST PROCESSING PLANT (TDPP) IN DECEMBER 2022.**

Resource Person: Dr. Giovanni B. Palabay, OIC Deputy Administrator for Operations (DAOP)  
Engr. Christopher R. Supang, Acting Project Manager, Tobacco Dust Processing Plant;

Dr. Palabay: As backgrounder lang po, TDPP was inaugurated July 2009. It stopped its operation on August 2016 due to a fire incident that severely damaged the plant machineries and equipments. It incurred huge losses in the process.

But during the time of Sir JR, they prepared a feasibility study for the continuance of the operation of the tobacco dust processing plant. Based on the feasibility study, it was recommended by the board last time during the time of Sir JR for the reopening of the plant.

Yun nga lang po, walang na-issue na board resolution for its reopening last January 1, 2023.

Kaya, our branch auditor is now is asking, with the permission of board, for an ante-dated board resolution for its reopening, to be dated December 2022.

*(Recorder was unable to record clearly the ensuing discussions as the place of the meeting is not exclusive to the participants. It was held in the restaurant of Microtel by Wyndham.)*

*Engr. Supang was recognized and had a lengthy discussion with the Directors regarding the operation of the TDPP, its projections for the current year, its perceived problems that it may encounter, source of raw materials, and other marketing strategies, including research and future studies.*

Atty. Parado: Your Honors, what we are trying to resolve here is whether or not the body is amenable to issuing an ante-dated resolution approving the re-opening or resumption of the TDPP operation.

Dir. Casela: That question is best answered by asking if whether or not we still want to continue its operation despite its losses or promise of a meager income coming from it.

Dir. Padayao: May I still state that one of our function or new direction is the utilization of tobacco waste, so that is one way in which we can utilize tobacco waste and also, we can protect the environment by preventing the use of toxic chemicals in our response.

Dir. Casela: That's a good point. To finally resolve this matter, I call for division of the house.

Dir. Martinez: So, okay, who will vote? All of us here?

Dir. Casela: No, only the board, members of the board at that. As many as those who are in favor of the board to issue an ante-dated resolution regarding the resumption of operation of the tobacco dust plant, please raise your right hand.

Dir. Serna: You mean to approve and eventually continue the operation? And to approve the requested ante-dated resolution?

*Those in favor, raised their right hand.*

Dir. Casela: I counted three, no four. Four.

It's moot and academic.  
*(THIS REQUEST IS HEREBY APPROVED.)*

Atty. Obusan: We now go back to Agenda A under Committee on Legal Matters and Properties. May we recognize Dir. Wilfredo C. Martinez, Chairman...sir.



Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS)  
joined  
the group.

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairman: Dir. WILFREDO C. MARTINEZ  
Members: Dir. NESTOR C. CASELA  
Dir. DANILO C. TRONGCO

**1. REQUEST FOR DISCUSSION ON POSSIBLE USUFRUCT AGREEMENT WITH PHILIPPINE RED CROSS-ABRA CHAPTER, INVOLVING A PORTION OF NTA OWNED LOTS IN BANGUED, ABRA**

Resource Person/s: Mr. Benedicto M. Savellano, Deputy for Support Services (DASS);  
Mrs. Zenaida T. Arrojo, Manager, Administrative Department;  
Mr. Romeo Y. Paculdo, OIC, Abra Branch Office;

Sir Ben: Hi, Mr. Chair. I move for the deferment of the agenda, and rather suggest the NTA management to conduct a dialogue with these people concerned from Red Cross Abra. And from that report of management, we will come up with a decision regarding the requested usufruct agreement.

Dir. Martinez: Maybe we can recognize Sir DASS to comment on this subject matter.

Sir DASS: Thank you very much. With regards to the request for the discussion on the use of these lots, we will make representations with the local government and the provincial government of Abra.

Because I for one, has some concerns on why the endorsement for PRC Abra came from Governor Singson of Ilocos Sur and not from the provincial government of Abra itself.

Probably it is one of the activities that we will do next week, because we are also planning to go to the municipalities to talk to the mayor and have a chance to discuss the issue next week.

*(THIS SUBJECT MATTER IS DEFERRED AND FOR FURTHER DISCUSSIONS.)*

Atty. Obusan: We now moved to our next agenda.

**2. REPORT UPDATE ON THE MEETING BETWEEN NTA COA AND MMSU COA ABOUT THE PROPERTIES INVOLVED IN A DEED OF EXCHANGE BETWEEN THE TWO ENTITIES**

Resource Person: Engr. Randy I. Abella, Manager, Ilocos Norte Branch Office

Dir. Martinez: Maybe we can recognize Engr. Abella to report on this subject matter.

Engr. Abella: Thank you very much. Good afternoon to all of us. During the meeting between Honorable Directors Padayao and Casela with

the COA representative of Ilocos Norte NTA, we discussed the status of the Deed of Exchange between NTA and MMSU.

Afterwards, I had a meeting between NTA COA and MMSU COA about the properties involved.

It came out that MMSU's properties were not yet booked at NTA. And of course, NTA's properties was not yet also booked at MMSU. We learned from the documents made during the time of the previous manager of NTA Ilocos Norte, the joint inventory of the properties of NTA and MMSU. As, we can saw from the tables that the properties of NTA were still in the books of NTA and the properties of MMSU were still in MMSU.

There was no exchange yet, but the Deed of Exchange itself was already approved.

Dir. Casela:

During our meeting, it was claimed by the COA that they were already utilizing our land.

Dir. Padayao:

Yes, I was the one who said that. During the dialogue with President Agrupis, the areas were evaluated. And we found out that majority of the areas were utilized by MMSU as bamboo, their agroforestry area.

It means that even though it was not yet seen on their books, they are already using it. But I just can't remember if these tax declarations are in our files.

Atty. Parado:

Yes, ma'am.

Engr. Abella:

We printed them during our meeting so that we can prove where they are. We are sad to note that the areas where the NTA building was erected were still under the names of farmers, the former owners before.

They bought the parcels of land, but they haven't replaced the ownership.

There are 60 parcels of land where the NTA building was built. That is, the land that MMSU gave to us for exchange.

The concern of COA here is for NTA to resolve or to implement the Deed of Exchange, so that there will be proper identification of ownership of such.

Dir. Casela:

Because it is alleged that MMSU have booked already these properties in their books of account. And that was the issue, and that was the pronouncement of COA during our meeting, that they will coordinate with their counterpart, COA with MMSU,

whether these properties have already been in the books of MMSU.

Engr. Abella: Not yet, sir. And, if that's the case, the deed of exchange is still enforceable. That's what COA said, sir.

Dir. Casela: That's still enforceable. This is what they said to us, should we implement this, or just dissolve the deed of exchange. That is the issue, Mr. Chairman.

Dir. Martinez: So, it's better if we execute it. What's the issue? I don't know.

Dir. Padayao: But the issue, sir, is that they have already built a building in the compound. That will not constitute an absolute ownership of the land. Let me talk. We will continue talking with them. Our stand is to proceed with the exchange. We will continue to discuss this.

Dir. Casela: Now, it's like this. NTA, through the then-administrative officer of NTA, Madam Helen, she was already in the process of titling these properties. But, when the president of MMSU came to know of this activity of NTA, she wrote a letter to the assessor to suspend the activity of NTA as to the titling of this property.

So, it did not prosper. So, maybe, the action of NTA now is to communicate with MMSU that NTA is... is good enough in pursuing the implementation of the deed of exchange. I don't know.

So, the question is, is NTA still interested to pursue its right over the implementation of the deed of exchange?

Dir. Martinez: Yes, sir. Yes, we are.

Dir. Padayao: Maybe, what we should say to the President of MMSU is that in view of recent developments, by way of a series of meetings with COA that NTA requested, we are being requested to expedite the implementation of the Deed of Exchange, which were both signed by then MMSU President, Cachola, and the then Administrator, Alonso Ancheta.

Who will do that Attorney?

Atty. Parado: Let us review the previous communications. This is a way of testing waters. What will be the reaction of MMSU?

Dir. Padayao: Make an agreement with Attorney Obusan. Let us review it. Let's talk about it again.

*(THIS SUBJECT MATTER IS DEFERRED AND FOR FURTHER DISCUSSIONS.)*

Atty. Obusan:

Last on the agenda is adjournment.

Dir. Serna:

I move for the adjournment of the meeting

Dir. Trongco:

I second the motion

Dir. Martinez:

There being no Other Matters to be discussed, the meeting is adjourned.

Prepared by:

  
**RAMON R. MUNCAL**  
Stenographer III

Reviewed by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**HIGHLIGHTS/EXCERPTS  
OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
14 MARCH 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today March 14, 2024 (Thursday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Research and Extension, Trading Operations & Regulation, and Legal Matters and Properties is now called to order.

Atty. Obusan: Thank you madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, the Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing

the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Exporters/Traders Sector; Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; and, Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; Dir. Danilo C. Trongco will be joining us online via the virtual platform;

Also present at the NTA Board Room and joining us are the following: Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Assistant to the Administrator, *good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, *good morning to all*.

As such madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

Atty. Obusan: Thank you madam Chair. Before we begin, do you have any opening statements?

Admin. Sanchez: I would like to welcome our two newest appointed Directors to the NTA in the person of Dir. Gerry Virgilio V. Guzman and Dir. Ray A. Elaydo. I am sure that with their vast experience, they will surely help the tobacco industry in fulfilling its mandate.

Again, welcome to the NTA, Directors.

Dir. Elaydo: Thank you very much ma'am and to the members of the governing board.

Dir. Guzman: Thank you very much to all.

Atty. Obusan: Madam Chair, before we proceed with the reading of the agenda, it is just and proper that the body confirmed first the appointment of our two newest directors, Dir. Ray A. Elaydo, and Dir. Gerry Virgilio V. Guzman.

Dir. Serna: Madam Chair, I respectfully move for the confirmation of Mr. Ray A. Elaydo as Member, Board of Directors, National Tobacco Administration, representing Tobacco Manufacturing Sector.

Dir. Padayao: I second the motion.

Madam Chair, I respectfully move for the confirmation of Mr. Gerry Virgilio V. Guzman as Member, Board of Directors, National Tobacco Administration, representing Tobacco Farmers Sector.

Admin. Sanchez: There's a motion, seconded. Any objection, I hear none, motion is approved.

Atty. Obusan: Subsequently, Madam Chair, there is a need for the reconstitution of the board committees to enable Dir. Elaydo and Dir. Guzman to participate in the discussion of their respective committees.

Dir. Serna: I respectfully move for the approval of the reconstitution of the board committees, brought about by the appointment of Dir. Ray A. Elaydo and Dir. Gerry Virgilio V. Guzman, and also in compliance with the requirements of the Governance Commission for GOCCs (GCG).

Dir. Trongco: I second the motion.

Admin. Sanchez: There's a motion, seconded. Any objection, I hear none, motion is approved.

Atty. Obusan: For the information of everyone:

Director Ray A. Elaydo will be replacing former Director and now Deputy Administrator for Operations, Mr. Nestor C. Casela in the latter's committees either as Chairperson or as Member;

thus, he will be the Chairman of the Committee on Board Audit and Finance and member of the following committees:

Committee on Research and Extension  
Committee on Legal Matters and Properties  
Committee on Nomination, Remuneration, and Personnel Administration

on the other hand, Director Gerry Virgilio V. Guzman will be replacing outgoing Director Wilfredo C. Martinez in the latter's committees either as Chairperson or as Member;

thus, he will be the Chairman of the Committee on Legal Matters and Properties and member of the following committees:

Committee on Board Audit and Finance  
Committee on Trading Operations and Regulations

Committee on Corporate Social Responsibilities, Public Relations, Public Safety and Security

Madam Chair, we now proceed with the reading of the agenda scheduled for discussion today.

*"Atty. Obusan read the different Agenda(s) under each committee, and its Committee Chairperson, Members and Resource Persons"*

That would be all madam Chair.

DAOP Casela: I would like to manifest an additional Agenda Madam Chair, the "Request for Discussion on the Audit Observation Memorandum on the Tobacco Dust Processing Agribusiness Plant (TDPAP) that was received by OIC, Project Manager, Engr. Christopher R. Supang, last Feb. 29, 2024.

Atty. Obusan: That is duly noted Sir DAOP. We now proceed with the discussion of the respective Agenda(s)

So, madam Chair, maybe we can start with our first agenda, under the:

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairman: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE POSSIBLE EXECUTION OF A USUFRUCT AGREEMENT BETWEEN NTA AND PHILIPPINE RED CROSS-ABRA CHAPTER, INVOLVING A PORTION OF THE FORMER'S OWNED LOTS IN BANGUED, ABRA (AS PER BOARD RECOMMENDATION)**

May we recognize the Resource Persons: Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS) together with Mrs. Zenaida T. Arrojo, Manager, Administrative Department and Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD) to report on this matter. Thank you, madam Chair.

DASS Savellano: Thank you, Atty.Obusan. First, I'd like to acknowledge our Administrator and CEO, the Honorable Belinda S. Sanchez, the members of the Governing Board here present, Director Luzviminda U. Padayao, Director Jessie Pat M. Serna, and the newly appointed Directors, the Honorable Engineer Mayor Ray E. Elaydo, and the Honorable Attorney Gerry Virgilio V. Guzman. Likewise, on the virtual platform, Director Danilo C. Trongco, to our Deputy Administrator for Operations and former Director, DAOP Nestor C. Casela, and to our Special Assistant to the



Administrator, the Honorable Former Mayor Benjamin Sarmiento.

Also, to our Managers here at the Central Office and Branch Managers, and to all who are working day and night for us.

First, to give a brief background on the possible execution of a usufruct agreement between NTA and the Philippine Red Cross, and for the information of our Committee Chair. This usufruct agreement, supposedly, a letter was sent by the Provincial Head of the Red Cross in Abra, addressed to the Administrator, which was coursed through the office of the Governor of Ilocos Sur, the Honorable Jerry Singson.

The request of the Red Cross Abra is for us to execute a usufruct agreement, since the first request was for a donation. But the Red Cross Abra, since there are complexities on the donation of the lot, they went back to the usufruct agreement. So, they are submitting a request, a proposed usufruct agreement for 50 years between NTA and the Red Cross Provincial Office.

But since this is still a proposed agreement, we will be traveling next week to Abra to discuss the matter with the Provincial Red Cross Office, and to determine what will be a good for both parties, because we want it to be mutually beneficial. Since the request for the lot is 604, we would like also to propose some revisions. I would like to ask the Board to recognize Engineer Abraham de la Pena to provide the technical report or the possible points of discussion for the said usufruct agreement between NTA and the Red Cross.

Engr. Dela Peña: Thank you, sir. Good morning, everyone. For this discussion, I would like to share a screen so that we can visual the real situation in Abra.

*(Presentation flashed on the screen.)*

This is our lot in Abra. It is bounded by a green line totaling 1,763 square meters. A part of it, in front of us, the red color is occupied by the Philippine Red Cross with a total area of 604 square meters. That is what we would like to share with them using usufruct agreement. Beforehand, since 1965, it was utilized by the Provincial Government. They have a mutual understanding with the Philippine Red Cross on the utilization, that is why the Philippine Red Cross is here. Ever since, there is no document between the NTA and the Philippine Red Cross to show that it can be used.

At the year 2022, since we have development for the ground's office, we have written letters to the former administrator to evacuate our land for us to utilize. Since then, there has been

communication that they want use of property and further utilization of the property.

This is our grounds office. It is shaded with a green color. This is our new training building, the yellow one. The lot area being occupied by the NTA is 1,159 sq.m. The entrance to our ground's office is here in Washington Street, which is very narrow when we enter here. That is why we are taking back this land for us to enter here, so that we can be in front of it.

- DASS Savellano: We have here an initial draft of the Philippine Red Cross' proposed usufruct agreement, asking for 50 years use of the lot. We are reviewing this. We want to know, what is the aim of this committee, what will be done to our land? Will this building remain? Or is there another infrastructure that will be placed there?
- Engr. Dela Peña: And then, if possible, if they have development in the area, they can give it to us so that we can plot. So that we can also utilize some portion. We will not give everything that they want.
- Dir. Elaydo: Because our area is too narrow, we aim for future development in our ground's office. So maybe we can adjust the boundary. This is the boundary between. So that is what we want. If possible, we can move there. We can get the development there so that we can plot what we want before we arrive at the drafting of the final usufruct agreement.
- Dir. Guzman: Fifty (50) years is eternity for me. No one will be alive at that time to witness what is our intention now. So, I think to shorten it is more viable and possible.
- Dir. Padayao: agreement. So that is it. Let us look at the details of the proposed
- Dir. Trongco: We need to put in the usufruct agreement what is the purpose of the Philippine Red Cross to continue occupying our land.
- DASS Savellano: And to add on that, your honors, with the permission of our administrator, we will be also proposing a development plan on our part.
- Dir. Padayao: Either there will be common parking, common areas, but definitely if they will be constructing a new building, we need to fix the future plans, at least for the development. So that it will be mutually beneficial to the NTA and the Red Cross-ABRA, the partnership when it comes to utilizing. But of course, we want also that there will be future development for our branch office there in the NTA-ABRA.

- Atty. Obusan: Your honors, any more discussions regarding this matter? Or we can now proceed to the next agenda.
- Dir. Elaydo: Madam Chair, may I ask if that wall between the land occupied by the Red Cross and NTA, if it will be moved? Then, we can move also the entrance.
- DASS Savellano: That's part of the development plan, Your Honor. The proposal of our GSPD, through Engineer Abe, is that the entrance will be already on the top street.
- Engr. Dela Peña: That's why we want the Philippine Red Cross to provide us with the proposed plan of how they will utilize that and if there will be a new building constructed for them. Because their old building is old already, since 1965. So, it's possible for demolition and for new infrastructure project.
- DASS Savellano: We will fix it first for possible development of parties. And in addition to that, Your Honor, we will not agree also to the 50-year proposal. We will shorten that. So, for our activity, Your Honor, with this agenda, we will be going to Abra next week, targeting March 20 to 22 to have an ocular inspection of the area and to meet with the provincial Red Cross officials.

We will also be probably going to the local government units to inform them of what is transpiring. Because it was initially used by local government unit in that area, and then given to the Red Cross. We will update them also of the development plans that the NTA has for this particular property.

Atty. Obusan: We moved to the next agenda.

**2. REPORT UPDATE ON CONDUCT OF INVENTORY OF NTA PROPERTIES AND POSSIBLE HIRING OF PRIVATE APPRAISER (SPECIFICALLY FOR KADIWA NI ANI AT KITA AND THE FEED MILL)**

Atty. Obusan: To report on this matter, once again, Madam Chair, may we recognize the same resource persons.

DASS Savellano: Your Honors. Agenda A-2 is on the update of the conduct of the inventory of NTA properties and possible hiring of private appraisers. This came about at previous board meetings wherein we were tasked to conduct the inventory of our properties, including appraising said properties, particularly Kadiwa ni Ani at Kita, and the Feed Mill in Narvacan, Ilocos Sur.

We will conduct a physical inspection to see the status of our properties there. As of the moment, our feed mill is not operational, same with Kadiwa ni Ani at Kita.

We were tasked by the board, Your Honors, to conduct an inventory and ask for appraisal of the current value of our properties. This is part and in relation also to the first agenda, that will go to ABRA, then we will also go to Narvacan for three days. We will be conducting the physical inspection and as to the update of appraisers, I would like to ask again, Engr. Dela Peña to be recognized and to provide details on the status of our appraisers.

Engr. Dela Peña: Good morning. With regards to the hiring of appraisers, we published and come up with the ABC of the fee payment for hiring an appraiser. We emailed the possible ones here at NCR, but they did not respond because our property is in the Ilocos region. So, they might be having a hard time. They only responded to our properties in Montalban, which is for disposal.

They just informed how much their fee is for appraising. But we still need three conferences to get the minimum cost for hiring. Now, since we did not get an official appraiser, we just reported to BIR to get a zonal value initially for our land in Narvacan, which is the Kadiwa ni Ani at Kita and the feed mill complex.

The zonal value of our land here in Narvacan is Php 2,500.00 per square meter. Our total land area in Kadiwa is 14,399 square meters. So, its value now as per zonal value is Php 35,997,500.

Our feed mill with a lot area of 9,659 square meters, its zonal value is Php 2,300.00 per square meter. Now, its value is Php 22,215,700. That was our movement since we did not get an appraiser.

Yesterday, we held a meeting and our other source, which is the Landbank, was contacted. So, we mobilized our people assigned to Kadiwa to ask. The Landbank of Narvacan did not have an appraiser. But their manager told them that their Pangasinan Branch has an appraiser. We just need to write and request them, and that will be the next move of the committee to come up with the appraiser.

DASS Savellano: Thank you Engr. To add additional info, may I also request that the Administrative Manager, Madam Zeny. T. Arrojo, be recognized.

Mrs. Arrojo: Okay. Thank you, sir. And good morning to all of us.

To appreciate the status of our office equipment present in the Kadiwa and feed mill, as to the book value, may I request the acting accountant for the Kadiwa, Madam Janna, to present to us our lapsing schedule, Madam Janna. Good morning.

Because we will see there as to how much is the book value of our equipment and how old our equipment is. Because that is what we want to be appraised by the private appraisers.

While waiting for our accountant in the Vigan branch office to provide further details on why we are conducting this activity, it's also for us to make recommendations on what to do with these properties. So, we will be constantly coordinating with our Head for Legal Matters and Properties, particularly the new ones. We will definitely be informing you from time to time, for us to be given the direction also on how to proceed with these activities.

*(Ms. Janna reported on the financial statement of Kadiwa ni Ani at Kita since it started its operation up to CY 2023, where in the Net Losses accumulated to Php 169,442,431.28. She also reported that the total fund transfer from NTA Central Office from CY 2014 up to CY 2023 is Php 30,763,878.32)*

Mrs. Arrojo: We also have a property in Las Pinas which is around 90,000 sqm, almost 9 hectares. There was an interested buyer but their offer was not acceptable.

DASS Savellano: This is outside the topic that we are discussing. So, we will provide a briefer to all our members to update them on the properties that we are discussing.

To give clarity, I know we are off-topic, to provide a short briefer on the property that we are discussing here in the board, may we recognize Atty Rohbert Ambros.

Atty. Ambros: Good morning to everyone. Thank you to our chairperson, our administrator, and CEO, to the members of the NTA governing board, and to my fellow officers and staff of the NTA. Good morning.

I would like to inform the board regarding the prior incident, why we have a property at Las Pinas. So, you would be wondering why there is a property of NTA at Las Pinas, and we are not talking about our own property. Technically, the former owner of this property was a trader of tobacco, and prior to the merger of the tobacco industries, the PVTA before was granting loans to tobacco traders.

So, one of the availed loans was the former owner of that property, and as part of the loan agreement, we are asking for him to back up the loan. So, in short, the debtor was unable to pay up his loan. That is the reason why we were able to foreclose the property and title it in the name of the PVTA.

And, unfortunately, even prior to the acquisition of the NTA, that property was already heavily squatted by several illegal ones, and it so happened that Ayala had a property purchased within an adjacent land. So, what happened was that the property was squatted. What Ayala did was pay all the occupants' separately, if they were offered an amount and they are willing to accept, then that is the reason why Ayala Land Inc. (ALI) was able to fence the property, including our property. In short, it developed the property, and it is now a high-end subdivision.

Aside from NTA, there were other lot owners with individual titles in the adjacent lots. ALI filed a case for quieting of title before Regional Trial Court in Las Pinas, and it was filed in 1994. There was a decision rendered by the court saying that Ayala is not entitled to the property because of his spurious titles it presented during the course of the case. So, there is an appeal filed and I don't know what the status of the case at present. This is handled by Atty. Parado. So, maybe we would ask him.

Atty. Parado:

Good morning to our Administrator and Chairperson and to the Honorable Members of the Board. As to the case status of the property in Las Pinas, actually, this morning, we have received an order from the RTC of Las Pinas. All the cases, because there are many cases, the NTA is only one of the respondents on these cases filed by ALI or Ayala Land Incorporated.

The last order coming from RTC of Las Pinas is that all the claims are now considered for resolution. So, we're just waiting for the decision to be issued by the court on this matter.

In relation to what was mentioned earlier, regarding the appraisal of properties, actually, as to the request to purchase the NTA Las Piñas property, we deemed it necessary to seek the advice and opinion of the Office of the Corporate Government Counsel (OCGC), in order for us to be advise as to the action to be taken on the request for purchase of the property.

In the opinion rendered, they suggested for the conduct of appraisal on the property, so as to determine the fair market value of the property, that we will know how much it will be sold, should the NTA decide to sell the property.

Initially, there was an offer to buy Las Piñas property for Php 100 million. Then, when we turned down that offer, they countered with Php 150 million.

Based on the current zonal value of the property which is Php 65,000 per sqm and the total lot area is 90,000 sqm, that is almost Php 5.85 billion.

- Dir. Guzman: That's a loose change already.
- DASS Savellano: That's why, Your Honor, we are very careful on this. We are also having due diligence to conduct the work.
- Dir. Guzman: So, there are guidance's that have been provided. But what we're asking is, should NTA really decide this? We will go with the process of appraising the value.
- Dir. Elaydo: Should we pursue that? As of the moment, we were just given an offer. So, we just looked at it. But, definitely, for us, this is about this, the offer, if ever, will come to us, especially, we have a process that we need to follow. We cannot negotiate right away.
- Dir. Guzman: With the permission of the Chair, Atty. Parado, did we get a clear-cut authority from the opinion of the OCGC? Do we have the authority to sell the property according to their opinion. Do we have or we don't have?
- Atty. Parado: Per opinion advice of the OCGC, sir, we have the authority to sell the property provided that we will follow the guidelines. One of those is for us to determine first the appraisal of the property.
- Secondly, as earlier mentioned by Sir DASS, we have to follow the procedures as mandated by the Government Procurement Act. These are the requirements that we need to comply.
- Dir. Guzman: And then, of course, should we proceed with the same, we need a court resolution or authority from the members of the board. Because if we bid, you have a minimum price. So, you cannot bid if you don't have a block price.
- DASS Savellano: Should that be the case, Your Honor, we would like to request the authority from the board through a resolution that whoever they authorize to conduct the appraisal and other activities are at least guided properly. Because the initial conduct of the committee which was to explore the possibility of selling at that price, but as we went along with the activities, of course, there are legal aspects that we need to consider.

The committee is limited only because a report was rendered to the opinion. So, the action that we are waiting for, the direction that the board wants to pursue with regards to that property, if it will be sold or maybe appraised before we decide. But we are

just awaiting the direction and the guidance that the board will give.

And of course, if we are going to conduct new activities, there will probably be reconstitutions that the committee will do before we act.

- DAOP Casela: Excuse me. To give a background to our two new Directors, the last time, the potential buyers of the Las Piñas property who met with the board last time, initially, they were the ones who offered to hire the appraiser. Which we find that it's not only good that they will buy it, but the appraiser will also come to them. Self-serving. Yes, it's like, why are you dictating who will buy it? So, the decision of the board was that we should be the ones to hire the appraiser, not them.
- Dir. Trongco: If I remember correctly, the board already agreed to include in the appraisal the other NTA losing properties like Kadiwa, TDPAP and the feed mill .
- Dir. Padayao: Yes, I remember. That's why the hiring of the appraiser happened because of the property in Las Piñas. Then, the decision was to include Kadiwa and the other properties so that all the properties will be appraised at the same time.
- DASS Savellano: We will be also asking for the guidance so that we will meet with the current committee and the committee that was constituted before and discuss all this. We will also provide the recommendations moving forward.
- Engr. Dela Peña: Sorry if I may suggest, because hiring an appraiser for disposal, it should be accredited by the government also. It's really hard to find an appraiser. So, why can we not just publish it for the hiring? Those will be the candidates that you will meet. We are just awaiting the official call.
- DASS Savellano: I said that we are waiting for the guidance of the committee that we will directly explore the possibility. I was not aware of it. Because during that time, I was not there because we had a meeting at Malacañang.
- Atty. Parado: Permission to speak. So, I think what happened at that time was the committee meeting was over, I think. And then the group of the proponents, they went in and then off the record, this was discussed after the committee meeting.
- DASS Savellano: That's what we are asking from the committee. Now, if there is already that direction, that we want to include in the agenda even our properties in Las Pinas and other NTA properties also.



- Mrs. Arrojo: Sir, there must be a motion to include the Las Pinas properties and other properties that we want to be appraised. We just specify so that we have our priorities. Maybe, attorney. That's all. Maybe, just give us the specific properties that we will appraise.
- DASS Savellano: So I will just clarify to the governing board. We are amenable to a resolution. If there's. I hope there's a motion.
- Dir. Padayao: Sir, can we have just one motion, all-encompassing, to identify all the properties for appraisal?
- DASS Savellano: It will be an omnibus motion for this purpose.  
Dir. Guzman: Okay, sir. I moved that the NTA governing board issue a resolution authorizing the Asset and Inventory Management Committee to publish and entertain expression of interest from private or public appraisers with regards to NTA properties located in Las Piñas City, Montalban, Rizal, Kadiwa ni Ani at Kita, feed mill, and the Tobacco Dust Processing Agribusiness Plant (TDPAP)
- Dir. Elaydo: I second the motion.
- Admin. Sanchez: There is a motion, seconded, any objection, I hear none, motion is approved.
- Atty. Obusan: So, any more comments for this matter? Or we can move on to the next agenda?
- Mr. Sarmiento: With the permission of the Chair, I've been telling you this for a long time. Since the initial operations of Kadiwa 14 years ago, yearly, we are incurring a huge amount of losses.
- For Kadiwa, the total is Php 169 million. For the TDPAP, the total is Php 51 million. So, for our two projects, almost Php 220 million losses.
- What I'm saying here is we need to decide whether to continue its operation or stop it once and for all.
- DAOP Casela: That's what I want to say to our people. Madam Chair, good morning to everybody. This is corollary to the statement of the Special Assistant to the Administrator, Mr. Sarmiento, that for the two projects, that is the Feed Mill, and Kadiwa ni Ani at Kita, and the third project of the NTA that it is implementing, that would include the TDPAP.
- Since it started operations, and up to now, as he mentioned, it's about 16 years already, it has always been a losing proposition. Many to say, of course, there is nobility of intentions, but the

objective of the NTA as a GOCC did not materialize. That is to have some revenue from all these operations. But unfortunately, this never happened. Although, there had been measures, initiatives of former administrations for the betterment of this operation, but unfortunately, it failed. So, year in, year out, there is always that AOM, or COA, Audit Observation, that is always losing.

So, I think at this point in time, there's a need for management to come up with decisions as to the future plan for these three projects, whether it's going to be for closing, or whatever, or for sale. But I think, as I mentioned, there were approaches undertaken by previous administrations, but all these initiatives failed. So, there's a need for a firm decision on this issue already.

Atty. Obusan: Since we are already discussing the TDPAP and the AOM was mentioned already, and in order that there will be continuity, although it is listed under Other Matters, we first tackle this matter at hand now.

Dir. Guzman: So, there's a need for hiring appraisers?

DAOP Casela: Yes. Because, if we don't have one, I suggest that we put a value on the property. On this issue, the requisite is to have an official, or a recognized government appraiser.

So, that's a primordial concern of mine. It's meant to find one before we can proceed further with the intention of disposing of these properties. Thank you.

Dir. Padayao: With the kind indulgence of our administrator and the members of the governing board, probably we could, since we will be looking at the property for its appraisal and all, it's also, but proper, that we also try to harmonize also with the program of STEP, what will be our direction. Because, we could fully utilize also the property using also what will be our activities with the STEP program.

DASS Savellano: Because, mostly, most of these projects were funded through the R.A. 4155. And, if we're going to do activities that maybe later, there will be more contentious issues in giving us funding for R.A. 4155 because we already have an existing and we didn't use it wisely.

DASS Savellano: So, that is our plan to secure those inside the property and also to wait for possible directions in case that we try to look for other ventures for that property.

DAOP Casela: Thank you, Sir DASS on that. You mentioned that all these projects were funded coming from the funds of RA 4155. And right now, we are proposing again projects to be funded by RA 4155 from DBM.

So, I'd rather agree with you that we should also examine if these existing facilities could be used by the upcoming projects, we're going to implement funded by RA 4155. Now, moving forward on our work after the appraisal, maybe we will coordinate with government agencies who is in charge or who has knowledge as to the proper position of government properties so that it will be guided properly. I think there's a government agency doing this function.

And again, in relation to what Sir DASS had mentioned, there is a proposal under the present STEP program that there will be a establishment of a grading institute which is explicitly stated as one of the purposes of Republic 4155. It's now included in the proposal. And this will be part of the discussion in the next agenda.

Dir. Padayao: Madam Chair, may I ask the pleasure of the body on how do we reconcile or how to proceed With the AOM on TDPAP that we just received. We have to comply with the COA observation and at the same time we should also see the mandate of our agency.

DAOP Casela: I think we should study this carefully. What are the implications whether to continue or to discontinue its operation? We should study very well this matter Madam Chair.

Dir. Guzman If I may Madam Chair, I have the same notion with the opposition of Sir DAOP. Since there is a big investment poured in this project and gearing towards the attainment of the mandates of the agency. We have to have a clear view of all this project and with respect to the conduct of the evaluation or recommendation whether to continue or to stop its operation.

*(After the Committee meeting, during discussions among the Directors, it was decided unanimously to issue a Board Resolution stopping the operation of TDPAP and adopting the COA recommendation as stated in AOM No. 24-002. It was relayed to SIR DAOP. However, during the conduct of the Board Meeting, the following day, it was shelved and all agreed to defer it for the meantime pending conduct of the studies assigned to Sir DAOP by Hon. Usec DV.)*

Atty. Obusan: We now move on to the next agenda. Under the....

**B. COMMITTEE ON RESEARCH & EXTENSION.**

Chairman: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. GERRY VIRGILIO V. GUZMAN  
Dir. DANILO C. TRONGCO  
Admin. BELINDA S. SANCHEZ, CPA

**1. REPORT ON THE HIGHLIGHTS OF THE YEAR-END ASSESSMENT AND OPERATIONAL PLANNING & WORKSHOP ON THE PREPARATION OF PAPs FOR THE BLOCK FARM PROJECT**

Atty. Obusan: To report on this matter, may we recognize Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department (CPD) and Mr. Neyo Valdez, Division Chief, Planning, Programming and Evaluation Division.

Mrs. Benosa: Good morning. For this presentation, may I request the Division Chief of the Planning, Programming, and Evaluation Division, Mr. Neyo Valdez, to make the report. Thank you.

Mr. Valdez: Thank you, ma'am. Madam Chair, esteemed members of the NTA Governing Board, top management, and the managers, please allow me to present the highlights of the Joint Year-End Assessments and Operational Planning and Workshop on the Preparations of PAPs for the Block Farm Project, held last February 27, at Microtel in Commonwealth Ave., Quezon City.

So, on the first day was the Year-End Performance Assessment. This was attended by the top management, the NTA Governing Board, and the presentors of their various accomplishments and targets are the department managers and the branch managers. So, this was our focus during the last day of the Year-End The Planning, Programming, and Evaluation Division of the Corporate Planning Department conducted this annual activity, with emphasis on the financial and physical performance of each operating unit, branch, or department, and the corresponding reasons and justifications on unmet targets.

Targets for 2025 were also incorporated in the presentations to determine the project's inclusion in the Agency Plan and Budget, or APB, for 2025. So, a quick question before we start our activity. We have to remind the operating units that our plan and budget for 2025 must be focused on the various performance measures and initiatives under the revised Performance Scorecard and priorities included in the Philippine Development Plan, among other considerations.

So, we are also reminded that the NTA, as an attached agency under DA, it is bound to follow the trust and priorities of the Department of Agriculture, hence on the three-year plan of Secretary Francisco Tiu Laurel Jr, with directives to achieve sectoral goals, for most of which is food security. So, they

always ask why we, non-food commodities, are part of food security. Because we are giving farmers or tobacco growers income for their venture.

In summary, the branch managers and department managers were given templates wherein they input their accomplishments, strategies, and their plans for 2025. So, we got that data from the presentation. So, I just chose my presentation for this meeting.

So, under TCGS, which is our flagship project. Except for Isabela, which did not give its data on farmer cooperators.

I'll do it one by one. So, summary of the branch office reports for other projects. The branch offices met the target beneficiaries, 100%, of 1,333, for the gulayan manukan sa barangay and the 712,000 target seedlings for the STP.

All branch offices, except Ilocos Norte and Vigan, reported 76% accomplishment in the distribution of propagules for Beema production.

For the scholarship program, all branch offices, except Abra, Candon, and Cagayan, they did not have entries in their presentation, accomplished 79%, or 125 of the 153 target grantees of their target placement and release for school year 2023-2024. For the farmers' organizational development, all branch offices, except Abra, Candon, and Ilocos Norte, reported 90% accomplishment.

Data on the number of trainees and the number of farmers' cooperatives or associations are incomplete because the majority of the branch offices did not include details in their presentation. As to budget, this was our discussion on Day 1. Before I start, our overall budget utilization based on the report of Rey Cano of the Finance Department is 94% of our budget utilization. But for the branch offices, this is their budget report.

So, in La Union and Pangasinan, they accomplished 100% of their utilization. It's a big number because the majority are above 90%.

In terms of the utilization rate of other projects, there are many branch offices that...

Dir. Padayao:

Sir, can you explain why there are many no entries?

Mr. Valdez:

Because what happened is, although we provided them the same template, we did not include the indicators that we were

supposed to fill in. So, there are branches that did not provide a report on that particular project. They also did not add their activities.

Dir. Padayao: So, in this particular report, sir, in Candon, our utilization in the Tobacco Production Grant is 34%. Although, they explained it in the June forum. So, in CBAP, almost all of them are above 90% utilization.

Mr. Valdez: In Gulayan at Manukan, Synchronized Tree Planting, and Scholarship, Vigan is still below 71%. Although, they also explained it during their presentation.

I did not include here the presentation of the departments. We will give separate reports on the presentations of the departments because they will have their own indicators. So, it's hard to summarize.

We asked for the implementation issues if their projects are below 90% accomplishment as regards to physical and financial. So, in the Tobacco Production Grant, this is what we heard.

Why is the accomplishment below 90%? According to Abra, some farmers have already stopped tobacco production due to political issues or there is no support from NGOs. While others, like Vigan, although they are on the list, they are no longer producing tobacco. So, their grant is below 90%.

Dir. Trongco: Excuse me Neyo, can you tell us specifically what the Tobacco Production Grant is?

Mr. Valdez: Yes, sir. NTA provides two types of tobacco production grant.

One is the tobacco production grant under the tobacco contract growing system that has a subsidy of 40%.

And this one is the Tobacco Production Grant. This is the full subsidy.

Total of 16,600 farmers or those planting an area of below 0.5 hectares are given Php 6,000.00 free or cash assistance. So, this is the Php 100 million pesos budget. This is free to the smallholder farmers.

So, 16,666 are the private beneficiaries. So, this is the Beema production. This is what we heard.

The propaguse has a high mortality rate. As you can see, they reported that the mortality rate is almost half. And some

propaguse, straight up, and others were not good for planting anymore.

Abra, due to the occurrence of drought, is not good for planting.

On scholarship, the officials were affected by the preference of most of the farmers' dependents to not attend agriculture courses. And the delay of stipends due to incomplete documents. These are the problems they discussed.

And some target trainings for the farmers. Our official development for you to pay more live view training. They did not follow because they are looking for more profitable ventures.

On TCGS, this is the discussion in the politics. There is a problem with that. I don't know if this is the right story.

But I'll just sum it up. The ULPI was responsible in designating farmer cooperators resulting in the recruitment of new farmers. I think that's what happened.

Anyway, the official said that this was a major concern affecting production. So, the entire governing board will discuss on this matter.

Now, we'll proceed to the second part of the activity which is the workshop on the preparation of PAPs for the Block Farm Project.

The objectives are as follows. To enhance knowledge of the members of the various subcommittees in the preparation of PAPs for Block Farm project. And also, to provide opportunities for the various subcommittees to discuss and fine-tune their proposals based on newly acquired information.

So, we gathered the members of the subcommittees that prior to this event, they already have proposals that are invited for their various interventions in our Block Farm. So, this is their opportunity to have additional input from our resource persons. For the workshop, we invited four resource persons.

One of the four resource persons did not make it to the meeting in the person of Ms. Regina Brillantes of DBM. She is the director of the DBM. Supposedly, she would have discussed the requirements of submitting implementation-ready projects for funding.

Mrs. Benosa: She did not make it because of conflict of schedules.

Mr. Valdez: So, our first officer is the Project Development Officer III, F2C2 in the person of Mr. Anthony Francis Malabanan.

They are in charge of the fostering and consolidation program of the DA. So, because our Block Farm is a form of consolidated farming, we need the input of F2C2. Because this is the major program of the DA and the government that all farmers should be clustered and consolidated. This is F2C2, Farm and Fisheries Clustering and Consolidation.

So, there are two Fs and two Cs. That's why it's called F2C2. Because Block Farm, why do we need to cluster the farmers? First of all, so that they can sustain. So that if they are served by machineries, it's just one walk of a tractor in a day so that they can save time on gasoline for the particular activity of the farm.

At the same time, they need to be clustered because they need a unit where they can build a leader, a farmer leader or cluster leader so that they can talk to the government or any funding agencies as regards to the implementation of the project. So, not only in farming but also in the transport sector, they really need to be clustered. So, this is the bandit of F2C2.

Mr. Malabanan has given us the assurance that if ever we need to capacitate our farmers as regards to consolidation, we have our own people with offices that we can meet for the orientation.

The next presenter is the Deputy Administrator of the Cooperative Development Authority, Mr. Rey R. Elevazo. He will discuss here what is the function or role of the cooperatives in the creation of Block Farming. What he said here is that when he creates a cooperative for the block farm, it is voluntary. So, we cannot force the farmers to join a cooperative or any association, that matters. So, during his presentation, he showed a successful cooperative, the Lamac Multi-Purpose Cooperative of Cebu.

Well, it is very successful because they have a big brother, the Jollibee Corporation, where they buy their products to other countries. This is where they grow onions. So, Jollibee buys all of their products to produce onions.

The third speaker, in the person of Ms. Evelyn B. Estanislao, the Block Farm Coordinator for Luzon and Mindanao, Sugar Regulatory Administration (SRA). As I said before, during our workshop, the model of our block farm that we plan to create for the farmers came from the SRA. So, Ms. Estanislao, she has a very comprehensive discussion on the block farm project of the SRA.

She said, if ever we have a block farm project in the NTA, we need a memorandum of agreement supported by the resolution



of the general membership, stating among others that they commit the enthralled lot for production for a certain period.

In other words, if they have a block farm this year, they need to be able to facilitate, to provide intervention, tractors, for their block farm. So, they expect that their block farm will be self-sustaining. So, based on my experience with the SRA, they did not encourage the cooperative to hold our block farm.

Because what happened to them, when the machineries were given to the cooperative, they left the block farm. So, the machineries returned to the intervention. So, Ms. Estanislao gave me the templates that we created to reorganize the black farm.

So, my recommendations for the two activities, based on my year-end assessment, like what I said earlier, we just need to organize the templates so that we can facilitate the consolidation of relevant data for mentoring. And we are a little late for the year-end assessment. It's already February, nearing March.

Supposedly, it should be done in the first week of January. So, if they have to revise their plan, they have time to revise it.

As regards to block farming, the subcommittees, they are also scheduled to present in the Microtel, but we don't have time. So, we just give them the advice that they have to revise the block farms that they have proposed to the cooperative farmers using the information that they gained from their resource persons. We just need to have orientation seminars on the block farm.

Because maybe those who were recruited by the block farm, those who are not qualified, maybe they are not voluntary, or what are their commitments. So, we need to have orientation seminars. Sir, I'm planning to do it next week or two weeks after to have orientation.

Because prior to our submission of the project proposal to the DBM, the deadline is April, sir. So, we have to meet the proposed or prospective block farm members. I think that's all, sir, for my report on the joint activities.

Atty. Obusan: Thank you, Sir Neo. The floor is now open for comments or suggestions from members of the governing board.

Dir. Padayao: With the result of the distribution of the production grant, which is 6,000 per recipient, more than 50% can be availed as of the reporting time.

So, with the result, are we going to suggest that the same strategy will still be the one implemented? No, because it's better if, like before, it's subject to the 40% census only. Because here, there are a lot of TCGS that are signed.

Mrs. Benosa: Ma'am Luz, may I answer that? In your first question on why only 50% is the accomplishment, because the budget of P100 million from the DBM was released only on the 4th quarter. That's the scheduled release. In time for the tobacco season.

That's why that's the only accomplishment for the period. Okay, but I guess after that, their budget has increased because we're already in the harvesting stage. So, I think the accomplishment has increased.

Dir. Padayao: So, we really need to dispose of it until the first quarter of this year, the tobacco production grant. So, my second question is whether we shall be adopting the same strategy, free assistance, because this was instructed to us by the Honorable Senator Villar, that we will give it free to the farmers, and it's still here, this 2024,

Mrs. Benosa: I think we will be adopting the same. Maybe by 2025, we may be able to give it back to the former, we are giving the farmers 40% of the subsidy and 60% for tobacco production.

Although this is being adopted here in our regular TCGS funded by corporate funds. You know that it's like that. But for this 100 million, I believe we shall be adopting the same free assistance guidance.

Dir. Padayao: Madam Chair, as of two days ago, there was a report reaching my end that some provinces were not able to fully utilize the allotted funds for them, that is the giving of Php 6,000.00 pesos per farmer beneficiary.

DAOP Casela: Because, upon validation, some farmers didn't plant tobacco anymore. So, I think it's not logical for you to be giving assistance for those who didn't plant anymore.

And for Ilocos Norte, they were not able to distribute all, and there's a remaining unutilized amount of about Php 700,000, and for Abra, I think it's Php 2 million.

Now, I'm preparing already a memo to all branch managers for the submission of the final list of the farmer beneficiaries of this program and the extent of the fund utilization. So much so that if there are funds that were not utilized, then maybe we can upgrade that for other projects later.

Dir. Padayao: Thank you. I guess that's the same, the suggestion of the people, that they should not segregate the money, so that it can be integrated, because it would be a waste if other farmers who are in need, because it's already allocated to them, that's the only thing we can do. I guess that's the same, the suggestion of the people, Sir Casela, is to integrate it, it's the cash portion of the regular TCGS.

So maybe, if there are budget solutions to that effect, we can submit to the DBM for 2024, that the money will be released in the last quarter of the year. Although we will ask ourselves and with Rey, how can we submit a new guidance on the distribution.

DAOP Casela: Yes, Madam Luz. I've been proposing since last year that with the cash component of the TCGS, for the information of both Sirs, here in our Tobacco Contract Growing Project, there are two components, there are material inputs in cash. Now in cash, based on the availability of funds, there is an appropriation per hectare basis, and for the shares TCGS, it was reduced to half, that is only 18,500 per hectare, but originally it was 34,000. I'm proposing that in consonance with the directive of the Honorable Senator Villar, that this grant should be given subsidy.

I think if we can use the Php 100 million for the cash portion of the TCGS, and giving this cash portion under TCGS as a subsidy, there is no violation of the directive of the Honorable Senator, because this will be given free. And with this measure, with this approach, we will be saving more funds for a bigger coverage in terms of farmers and area. Because we will use the Php 100 million for the cash portion, because there is another fund of TCGS.

Now, if we can use the Php 100 million as program under the directive of the Honorable Senator Villar, there will be more farmers that we can serve, and there will be more areas that can be supported by the program. That is my proposition. And according to Madam Nini, maybe there is a resolution to that effect, and I think it's just a matter of presenting the issue to the Secretariat of Madam Senator with the plan of utilizing that fund under the TCGS in that manner.

Actually, I'm going to have, with the permission of Madam Bell, I was requesting for a virtual meeting with the branch managers to discuss all issues concerning operations, and this is one of the agendas to be discussed. Yes. I ask for our behalf to the needs of our tobacco farmers.

Atty. Obusan: Any other comments, ma'am? There is none. We'll move to...

- Dir. Padayao: One issue I had, regarding the scholarship program, the problem is the dependents. They want non-preferred courses. We have a suggestion before that we have to increase the stipends of the scholars for them to encourage to enroll in agriculture and related courses.
- Is that suggestion included in this? So that it can really help the tobacco farmers' dependents.
- Mrs. Arrojo: Actually, ma'am, their stipends have been increased from P700 to P1,000 per month.
- Dir. Padayao: Yes. That's the only difference, there is no distinction.
- Mrs. Arrojo: There is, ma'am. We will be giving a P10,000 cash award to a scholar who will graduate with BS Agriculture related courses.
- Dir. Padayao: I suggest that since agriculture and related courses have entailed much higher resources because of the laboratories, compared to those non-agricultural courses.
- We have to increase the stipend. That's what I experienced before during my time. There are more specimens, more laboratories, and it's more expensive to study these courses.
- DASS Savellano: Thank you, ma'am. The Committee on the Tobacco Farmers Scholarship Program will take note of the concerns raised by Dir. Padayao and we will take into consideration and come up with a proposal if it warrants the need.
- Definitely, we will discuss your concerns with the finance department. We will discuss it also with the corporate so that we can have a project.
- If ever, ma'am, would you consider if there are startup kits for agricultural graduates? For example, there are live load components that we can provide. They have a startup once they graduate. Should we add it? For example, we will link up also with the livestock office of USec DV.
- Dir. Padayao: I don't know, sir. It's just my experience. The thesis support is also warranted. That's the biggest expense.
- DASS Savellano: Duly noted that we will try to incorporate also that in our program. Should there be undergoing thesis or feasibility studies or research, we will provide the necessary financial assistance that our students and agricultural students need.
- DAOP Casela: Madam Chair, Sir DASS, Madam Zeny, I just came from Mindanao, and they were asking that the 12 scholars they

submitted for processing here, the committee approved only four? Will you kindly communicate with them what are the basis of the selection process?

Dir. Padayao: And may I please ask, is there a policy of the scholarship program that our scholars should start from first year? Because I was told that an applicant of the program is incoming second year.

DAOP Casela: So kindly state all the reasons why the committee approved only four. Thank you. Regarding the incoming second year, can you not consider that this is the first time for those Mindanao farmers to submit their independence to become scholars?

Mrs. Arrojo: No, this is not the first year for scholars coming from Mindanao. We already have scholars. We are just increasing the slots for our scholars. Because now, we can give them production assistance. That's all. Thank you.

DASS Savellano: Since year in year out, we have concerns like that incoming second year, third year, and so on. So, we will try to get and gather data on how big the demand is. Because sometimes, sustainability is difficult for students to study.

So they are inclined to stop studying. Second year, third year, those who are applying, we will also try also to come up with a matrix on how big the demand is. Of course, if we propose an additional budget, it should be pursued by NTA and of course, with the direction of the board.

Mrs. Arrojo: And also, as per info from Batac Admin officers, one of the reasons why the utilization of our slots is low is that mostly, the parents are beneficiary of the four Ps. And we know that once you are with the four Ps, they will not be able to join our scholarship because it is stated in our guidelines that you should only enjoy one government scholarship. Thank you.

Atty. Obusan: Any other discussion or comments? Since there is none, we move to our next agenda. May we recognize Ma'am Nini, Manager, from the Corporate Planning Department to present it. Ma'am...

**2. REPORT UPDATE ON NTA'S PLAN AND BUDGET FOR CY 2025 WITH INCLUSION OF BLOCK FARMING COMPONENT OF SUSTAINABLE TOBACCO ENHANCEMENT PROGRAM (STEP)**

Mrs. Benosa: So, may I just read na lang po the context of the report. So, I believe the other members of the board have repeatedly heard of this STEP natin. So, for the benefit of our new directors, Director Elaydo and Director Guzman, may I just give the

background of the sustainable tobacco enhancement program with emphasis on the block farming program.

So, the sustainable tobacco enhancement program which was then conceptualized in 2021, so this is a five-year roadmap that aims to harmonize directions, strategies, and priorities for the long-term development and strengthening of the industry through livelihood creation, job generation, and income augmentation, thereby contributing to poverty alleviation. So, following the DA's farm and fisheries clustering and consolidation concept, which was discussed by Sir Neyo, the agency shall adopt the block farming strategy which aims to transform the traditional small-scale tobacco and rice farmers to become part of the larger commercial food system or network through more efficient farm production and post-harvest operations, more efficient distribution of agricultural supplies, materials, and equipment, engagement in value-adding activities, processing, and storage, and more efficient marketing and distribution of farm commodities for the consumer chain. So, these are the previous activities in the chronological efforts that we made to propose for a budget out of the RA 4155 or the Tobacco Fund.

So, through the endorsements of our Regional Development Council, endorsement of the LMPs, endorsement of the Office of Senator Aimee Marcos, so, Secretary Pangandaman and that gave a response to us, to our agency, the original proposal is for us to request for a total Php 5 billion budget per year. But, considering the proposed budget is not approved, so, through the letter of Secretary Pangandaman of the DBM, the agency was advised to review and reprioritize the PAPs or Programs, Activities, Projects in the STEP. So, in addition, upon further advice of the Assistant Director of DBM's Bureau, the proposals for the STEP should be included in the 2025 Plan and Budget under Tier 2 or New Project.

So, previously, the Governing Board instructed the NTA management to create a composite team or technical working group to prepare proposals for the PAPs to be proposed to DBM. So, that's why we invited resource persons from various agencies for us to be clarified and the prerequisites for us to be able to establish the platform that we to help our farmers so that they can get the 40%, not the Php 6,000.00. So Neyo, yung paki-flash lang yung ating slides for presentation natin sa budget natin.

DAOP Casela:

Madam Nini, may we please inform the Governing Board that for Tier 1, that is 2024, we have already an approved budget of Php 550 million, and for a clearer view, Tier 2 is the budget for 2025.

Kaya yung budget na P234 million is a part of Tier 2 which will finance NTA project regarding tobacco production and also additional fund for the institutional seedling tobacco production. So, this is the total for Tier 2. Yan, kinakailangan na makita for Tier 2, This will be in addition to Php 550M?

Mrs. Benosa: Yes, sir. Kasi, although we have not received yet the official from the DBM how much is our Tier 1, yung continuing po. But we are presuming kasi that has been happening in the previous years na kung ano yung budget mo from the previous year, yung din ang forward estimate nila for the next year. So, we assume that all the continuing projects that we have conducted will be continued sa Tier 2.

DAOP Casela: So, these are the only new projects to be submitted? Madam, things should have been clearer with respect to this if the invited resources speaker from DBM came over during that seminar. But unfortunately, she didn't come. So, I propose to you the possibility of NTA to be meeting with representatives of DBM on a personal basis, I mean face-to-face, so that we will submit all these requirements they've been advising us to prepare.

And therefore, if we have that opportunity, we can have a face-to-face discussion about issues pertaining to this, if that would be possible.

Mrs. Benosa: Yes, Sir. We'll try to contact Ma'am Gina.

Hopefully, kasi medyo busy po sila ngayon din sa budget preparation. So, and yung one thing na hindi po siya nag-appear is because yung extension ng kanyang appointment was not yet approved by Malacañang.

She's already retired but she was hired by Secretary Pangantaman because of her expertise. And she knows very well our budget sa NTA. So, would that be, I mean, with that circumstance, would it be advantage to us or disadvantage for having a new one? She could advise us as to, kasi sila po yung nakakaalam why hindi po na-approve yung mga projects, ano-ano po yung mga kailangan.

DAOP Casela: Baka naman kung bago, approve in toto. Yan lang kung pwede para at least makapunta tayong sa kanila, ipaliwanag.

Mrs. Benosa: But definitely, Sir, and may, during the technical budget hearing sa DBM, for sure kailangan po tayong pumunta doon.

We will be presenting the same and we will be defending and submitting all the supporting documents. Alam natin lahat. Alam

natin lahat yung pinagdaanan natin dito na hirap magmula sa RDC, magmula sa LNP and other agencies, so on and so forth.

DAOP Casela: So, I think if we have the chance to meet with DBM, we would be straight with them, asking them if, I mean, categorically, do we have this fund for the project. Yan lang, tanungin natin.

Mrs. Benosa: Yes, Sir. Aside from the endorsements, kasi talagang when it comes to the review na ng ating new project, it goes, it passes through the NEDA.

Ang kasama po doon sa board ng DBM is the NEDA. So, ang NEDA medyo mahigpit po in reviewing those projects. And meron pa pong mga ibang agencies na kasama doon.

So, doon talaga, nasasala na yung mga, yung implementation readiness as to how shall we be able to, paano natin gagastusin yung request nating additional fund is very important, crucial.

DAOP Casela: So, with your proposal of that additional fund, do we have the capability of effectively implement this project in terms of fund utilization and also the manpower requirement of implementing this project?

Mrs. Benosa: I believe so, Sir. Because that's only an additional of P540 million.

And part of that is the tobacco production assistance which is alam na alam na nating pong-implement yan. Only the new, the improved seedling, we have already experienced that. We have the guidelines on that.

Then only the block farming talaga yung, it's the new one.

DAOP Casela: Yeah, that's a question really with DBM. They are measuring the capability of the agency and how we'll utilize, efficiently utilize funds. And we are really evaluated on that.

Now, if we don't have the capability to implement efficiently, especially on the budget utilization. Hindi ba ipapakita na mayroon tayong malaking unutilized funds?

Mrs. Benosa: Yung report kasi ni Sir Rey during our workshop was, in-include niya yung mga restricted funds na supposed to be returned to DBM, na hindi na nating pwedeng gamitin. So, I was telling him dapat yun lang current budget na nareceive natin. Yung 2023 yun lang yung utilization na sana pinakita niya.



So, yung pinakita niya yung utilization is about 50%, more than 50%. In-include niya kasi yung mga past year. Kasi DBM is ano din, evaluating us sa budget utilization for the year muna.

Yun yung titignan nila kung naubos mo ba yun sa year na binigay sa'yo dahil yung P550M yung kailangan mo present sa DBM, for them to be able to determine if bibigyan ka pa ng additional budget.

Dir. Padayao: Ma'am Nini, don't you think that yung restricted funds are supposed to be returned, right?

Mrs. Benosa: Yes.

Dir. Padayao: That is already an evidence or manifestation of the inefficiency of the agency on the fund utilization. How could you ask for more if you cannot even spend it? Right?

Parang hindi na-include yung request namin na drilling machinery?

Mrs. Benosa: As of this time, ma'am, wala pa yung proposal for that drilling machine. So, we need na kasi na kung ipropose natin po for 2025, dapat meron na yung kung anong itsura niyan, ano ang gamit. Wala pa po yung mga details. Those are the requirements of the DBM for us to propose for that.

And it will pass through the for evaluation. So, if it's a machine there's a memorandum from the DA that all requests for machinery should pass that.

We all know that water is a very important component in the production process, but just like yesterday, I was informed that with that project, you will have to get a permit from the National Water Regulatory Board.

Dir. Padayao: You submit your request to NIA, then NIA will endorse it to the government agency, National Water Regulatory Board. Who is tasked to prepare the proposal?

Operations ba? Kasi, kung maihabol po sa ano, this ano na, March. Or if not po, kung siguro one unit, baka we can source it from our corporate funds na lang.

DASS Savellano: Additional info, with regards dun po sa drilling po, when I was still with the local government unit of Cabugao, we conducted the soil activity mapping and water analysis. It was a partnership between the local government unit and the BSWM.

So, nung nag-conduct po kami ng soil fertility mapping, there was also, parang tinitest din po nila yung tubig. So, when you drill po, hindi lang po drill-drill ka dun, i-determine yung gano'ng kalalim and all.

Kasi yung leveling po, baka tumama ka sa pinaka-baba. May mga water intrusions na po na... Kaya magiging, yung ano natin is talagang, kailangan din po natin i-coordinate po with the, yung mga other agencies po tasked to conduct that. Kasi may mapping po na nangyayaring na ginagawa po, particularly sa BSWM po, that at a certain level, particularly yung topographic, ano niya kasi is, pag tumama ka lower than yung aquifers, bumaba ka na yung shot water intrusion na, baka magiging mas hazardous na po yung... So, yung gano'n po yung mga conduct na kailangan natin siguro po gawin.

Mrs. Benosa: So, in preparation po siguro, that would be part of the activities prior to purchase of the actual equipment. Tapos yung sinabi po ni Sir DASS, pero we'll start with the proposal. And then we'll go through the process.

Dir. SerNa: Siguro proposal, ano yung sinabi na one per branch office? One per, I mean, to be very objective, we provide one unit per block farm. Kung gusto nyo naman, one per branch office.

Mrs. Benosa: Ano lang, sir, one per branch office siguro. Depends, Sir, it's area specific.

Kasi we have other irrigation systems sa ano naman. For other branches, provinces. Siguro po, kung sino lang yung nakakailangan?

DAOP Casela: As I've mentioned, water is a very important component of the production process for tobacco. So, kailangan yan. So, process? Hindi, ganito lang yan, yung sa water and soil management. Ang kailangan mo lang doon, idetermine yung klase ng lupa. Yung mga porous o mga clay, mga sandy.

I think the initial step for us to do is, okay, that falls under operation. I will be coming up with a memo to come out of the group.

Specifically, the agricultural engineers, managers, to come up with the proposal. And, one collateral there would be coming up with the deadline, as I've mentioned. So that they can catch up with the inclusion of the project.

Mrs. Benosa: Sir DAOP, we need to know na po yung cost this week. Kasi mag-present si Ma'am Bel next week nung budget, officially included.

- DAOP Casela: Si Dir. Troncos, yung nakakaalam nyan. Php 2 million, lagay na lang natin including contingency.
- Dir. Tronco: Lagay mo na lang, with consideration sa inflation rate, Php 2.5 million, to be safe. Php 2.5 million multiplied by 13 block farms we have.
- Mrs. Benosa: O sige. Kasi sir yung block farms, sir, depende kasi yun, O sige, sige, para yung may tatlong branch na may tatlong block farms, they prioritize the utilization, if ever.
- DAOP Casela: Atsaka yung drone natin, di ba kailangan yun? Dun sa Php 550 million, meron na ba doon?
- Mrs. Benosa: Sir, kasi we have one existing already. If we shall propose that drones or any other IT equipment, it shall pass through the DICT. Kaya our hardware and software po are being funded by our corporate funds.
- Hindi po binibigay ng national government yung ating capital outlay on that.
- DASS Savellano: Just a reminder lang, Ma'am Nini, remember when we did the technical review, when they saw our proposal for the drone.
- Ang unang hinangap nila is your war room. It is an indication na hindi lang porket drone yung ilalagay mo, dapat yung mga monitoring, saka anong meron ka, kompleto.
- Sa anong software, sa mga ilalagay, sino nagmo-monitor. Ano yung mga data na ginagather.
- DAOP Casela: I think we're leading to that. Kasi, next week, yung natapos na nila yung flying ng drone, gathering the raw data.
- And what comes next is the analysis or the processing of the data. In which case, there will be technical personnel who will be undertaking that training on March 21st to the 22nd.
- Mrs. Benosa: We are aware, sir. When we did that technical presentation, po, yung DBM, yun po yung sinabi nila na hindi lang kayo magpa-purchase, dapat continuous po yung gamit niyan at saka anong purpose.
- Kasi may time in, at up-to-date nga yung dapat yung mga gathering ng data niya kung gaano kabilis. Kasi, ng inaano po nga sa atin is gamitin na sa atin.

Kasi wala nga tayong pera. Kaya yun lang, in which case, as simple as they may be.

DAOP Casela: They accomplish the purpose. Ayun lang naman, flying over the planted tobacco areas.

Atty. Obusan: Any other discussion po on this agenda? Madam Chair, you're your permission and members of the Governing Board, mag-lunch break pa po ba tayo? Or should we continue? Working lunch po?

Dir. Elaydo: Let's continue na lang Atty, last agenda na di ba?

Atty. Obusan: Ok sir. For our last agenda, may we recognize Atty. Rohbert Ambros, Manager, Regulations Department.

#### **COMMITTEE ON TRADING OPERATIONS AND REGULATIONS**

Chairman: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

#### **1. REPORT UPDATE ON THE ISSUANCE OF THE MANUAL OF PROCEDURES FOR RESOLUTION OF VIOLATIONS OF NTA TRADING RULES AND REGULATION SUBMITTED TO GCG**

DAOP Casela: May I please inform the members of the Governing Board that during the last committee meeting, there was a comprehensive discussion of this agenda already. And in consideration for the improvement of the violation trading rules, there were suggestions that were made. So those suggestions were already included in the proposed discussion or presentation of Attorney Ambrose.

Atty. Ambros: Thank you, sir. With the permission of the honorable members of the board and our Chairperson for today, Administrator Belinda S. Sanchez.

I just would like to share to you the status of the issuance of the manual of procedures in the resolution of violations of NTA rules and regulations.

So just to give you a brief background, I'll just point out to you what were the activities that we have undertaken so far. So, this matter came out when we had a technical panel meeting with the Governance Commission for Government-Owned and Controlled Corporations.

One of the remarks in the scorecard was for NTA to submit a revised trading rules or manual in the acting on violations. Because SM8 is one of the strategic measures wherein we have to resolve violations within a period of 24 hours. So GCG saw that in our trading rules or any rules and regulations issued by the NTA, there is no procedure for how to handle the violations.

May mga na-identify tayo ng mga acts of violations and then there are penalties, pero in between that, wala kasi tayong process. It's good that the GCG had that comment or suggestion for us to adopt a manual. So, on January 3, we submitted a partial submission to the GCG dahil hindi natin natapos yung manual on time, so we requested for an extension.

Pero lately, inulit na naman nila noong February 15, and they are following up ano na yung status ng manual of procedure. So, on February 28, during the board meeting of the Governing Board, in-adopt po nila yung Resolution No. 206 authorizing our administrator to issue the manual of procedure and for authority to submit this into the GCG.

So, on March 8, napirmahan na po yung final copy ng manual and this was already made part of our orientation seminar on the trading rules and regulations which we recently conducted. So na-publish na rin ito sa Manila Standard last March 12, so we will just wait 15 days thereafter before it will become effective. So tulad po ng sinabi nila, yung rationale on why we issued this manual, it was part of our performance target wherein one of the measures that we committed to undertake is we have to resolve violations within the next working day.

So yun nga, yung mga regulatory issuance natin may mga specific violations sya, penalties and fines provided, pero wala syang procedure on how to resolve the violations, especially where we are conducting monitoring and inspection activities on these regulated entities. Of course, one of the reasons why we also adopted this manual is to fill in the gap and to guarantee every citizen the right to due process of law. Due process means giving notice and giving the opportunity to be heard.

So hindi naman basta-basta ang NTA ay mag-impose ng penalty but instead we have to follow yung procedure na we will give an opportunity for those violators to explain their side. Okay, so this manual will cover the three major regulations that the NTA has already issued. So yung 2018 revised rules nun sa local trading.

So ito yung mga nire-regulate natin. Dito naman is yung mga buying stations, yung mga redrying plants and wholesale

tobacco dealers, including the field canvassers. Yung mga viajeros, they are also called yung mga cowboys.

So kasama po sila dito sa public. So, we also issued yung rules on the exportation and importation and transshipment, both manufactured and unmanufactured. And the last one is the rules on manufacturing and processing of tobacco.

So ano ba yung mga existing offenses under our trading rules? So, there are several identified specific offenses which we mentioned in the trading rules pero it can be summarized into seven lang ano. So, number one yan is buying without license. Yan yung buying below the floor price using pampered or uncalibrated weighing scales.

Buying without issuing the purchase invoice culture or COP on which we based our certificate of production. So alam na, alam naman natin bakit importante yung certificate of production for municipality. Kasi ito yung nagiging basis ng Department of Budget and Management to allocate the excise tax collection to the different local governments.

So, number one din na problem sa local trading is yung panunulot. For those who are not contracted with the farmers. So inagawan nila yung mga nakakonstrata.

So very rampant po yan sa local trading. And of course, isa pang mga importante dito is if we obstruct or hinder our anti-officials in conducting our monitoring and inspection functions. And other offenses are the non-payment or delayed payment of the research and regulatory fees.

Of course, pagdating sa penalties, we have identified that serious offenses can be fined from P100,000 to P500,000. Or less serious from P50,000 to P100,000. And light offenses from P5,000 to P50,000.

So hindi lang traders ang pinapatawan natin ng penalty. Even the farmer seller can be imposed with a penalty kung binibenta nila yung tabako with other buyers na hindi naman nila nakakonstrata. So depriving yung contracted buyer nila.

And of course, they will be blacklisted in future project of the NTA. Hindi na sila masasali next time sa ating tabako contract growing system. And for the other administrative penalties, of course, we can suspend, cancel or revoke their permit and licenses.

And of course, we can confiscate or detain their tabako which is not properly documented. And pag hindi sila nakabayad on time

ng kanilang R&R fees of every penalty ng late payment. Or kung nag-exchange sila sa delivery nila as per his commitment.

So, 25% of the gross value, yun ang babayaran nila sa NTA. And kung may na-violate sila na other crimes or other civil or administrative law, they will be punished under those laws. So ito yung late payment na sinasabi po kanina.

So may 3% na penalty per month. So blacklisting, revocation and so on. So doon naman sa rules ng manufacturing.

So doon naman sa processing and manufacturing rules, we have identified 3 offenses. Of course, yung building na ginagamit for manufacturing should not be used for other business activities.

Because it will hamper or obstruct the effective and efficient implementation ng ating rules and regulation. Of course, they have to display yung accreditation nila within the manufacturing premises. So failure to post or display those accreditation will be subject for an administrative procedure.

And of course, yung mga standards ng samples ng mga tobacco products na kailangan nakadisplay within the premises. So ang penalty naman na nakindicate dito sa rules natin is in case of violation, we can confiscate yung illicit na manufactured tobacco and we can burn that by pyrolysis. And of course, we can institute criminal, civil and administrative charges against those responsible persons.

Sa export, import and transshipment rules naman. Sorry, we are experiencing delays sa ating PowerPoint presentation. So of course, number one, there are 2 kinds of offenses dun sa export and import rules.

Number one is misdeclaration or misrepresentation as to the description quality, quantity, net weight and value. So, anything na misdeclared ng exporter or importer will be subject to an administrative case against them. So ito yung number 2 is yung pag nagshipment sila ng tobacco na walang approved na commodity clearance from NTA.

So ang penalty naman na nakindicate dun sa rules, sa 1st offense they will be fined by P10,000. Sa 2nd offense will be P50,000. And for the 3rd offense, they will be fined by P100,000 plus revocation ng kanilang licenses.

Okay, so we also, in our supervision and monitoring as well as inspection, may mga forms tayo na ginagamit. Particularly yung

mga ating mga tobacco production and regulation officer who are implementing our rules and regulation.

Okay. inspectors in identifying violation of our trading rules. So yan, mga ginagamit nilang form.

Merong tayong mga form for requirements prior to buying. Merong tayong monitoring form for buying stations and wholesale tobacco dealers. So ang next is yung for field canvassers or yung mga cowboys.

And then we also have a form for manufacturers. And we have the certificate of inspection.

Okay. So, what will trigger the resolution of violations? Of course, when our tobacco production and regulation officers will accomplish this one, any no answer that will be accomplished on that form will trigger the action for the administrative proceedings for violations of our trading rules and regulations.

So yan, yung limang forms na yun, yung pinakita ko kanina. And then ano naman yung process na i-undertake when there is a reported violation? Of course, there is procedure before the TPROs or yung mga inspectors natin. So, our inspectors should carry with them their notice of assignment or special order.

So dapat identified yung specific buyers or buying stations na babantayan nila. And of course, yun, mag-a-actual nila, supervision, monitoring, inspection sila. They will accomplish yung mga forms na ipakita ko kanina.

So, in case I document a violation, they will report that immediately to their respective branch manager through the fastest means of communication. So, they don't need to return first to their office before reporting. Pagka na-document na nila na violation, right there and there, may message na nila si manager.

Within one hour, dapat naka-report na yun kay manager. And then ano naman nagagawin yung branch manager? Within 24 hours, pag nareceive na niya yung report ng ating mga inspector, he or she will issue the notice of violation to be sent to the concerned regulated entities or individual natin. So nakadetail na doon ano ba yung na-violate niya, time and place of violation, sino yung nag-violate niya.

Para mabigyan din ng proper notice yung entity or individual, and requiring those individual to file a written explanation, why no administrative penalty shall be imposed. So ito na yung notice na binibigyan natin sila ng opportunity na mag-explain.



After waiting for 72 hours, lahat ng mga documents na yan itatransmit ng ating mga branch manager sa office ni DAOP.

And then si DAOP will forward the documents to the office of the administrator. Of course, with initial recommendation on the findings of our branch offices. So ito yung itsura ng ating notice of violation.

So nandito na yung specific nature or act of non-compliance. I-check lang ng ating manager kung ano yung specific rules na na-violate niya. Yung particular provisions violated, date and time, place, and sino yung inspector na naka-document ng violation.

So, if there are witnesses during the commission of violation, nandun siya sa far-right box. So dapat naka-indicate din kung sino yun. Very important na maka-identify na yung witnesses' para later on, pagka nag-proceed yung case, meron tayong testimonial evidence from other parties.

Of course, dun naman sa office ng administrator, after receiving the transmittal of the documents, ating authority will verify kung complete yung documents. And then pwede niyang i-recommend to the administrator if the findings lack merit. So, the administrator can dismiss immediately the complaint or the administrative proceedings through the issuance of a summary decision.

Or kung with the findings of appropriate na or sufficient na yung mga evidence submitted, he can already recommend to the administrator to issue the decision imposing the appropriate penalty. And kung meron pa rin daw if the violation would warrant a further investigation, the administrator can create an investigating committee. So, 7 days lang yung ibinibigay sa investigating committee, dapat meron na sila agad recommendation kay administrator kung ano yung appropriate action.

So yan ang gagawin nila, mag-conduct sila ng summary investigation. And if they will require, they can ask the branch managers or the witnesses to submit additional evidence or testimony. Yan yung, 7 days, calendar days, to terminate yung kanilang investigation.

So kung natapos na lahat yung mga pre-processes na sinabi ko, the administrator will now render the decision based on the documents and of course the testimonies that were submitted. So just like a decision in the court, yung decision would contain the nature of the case, ano yung rules and regulations violated, the supporting documents and evidence submitted, and then of

course it should be furnished to the branch manager or highest official of the branch. And kung dumaan yan sa investigating committee, meron din silang copy of the decision.

The nature of the decision of the administrator is final and executory, ibig sabihin non-appealable. However, even if the decision of the administrator is non-appealable, pagbibigyan din naman natin yung concerned entity or individual to make a motion for reconsideration. So ito rin ang mga grounds din for motion for reconsideration, taken verbatim from the rules of court kung merong fraud, accident, mistake, or excusable negligence.

And of course, kung may mga bagong ebidensya na na-discover na hindi na i-present during the hearing sa para-investigation. So, after 15 days, mag-render si administrator ng resolution ng MR. So sabihin natin kanina is yung decision of the administrator is final and executory.

Pwede bang mag-appeal ang yung concerned entity or individual? Yes, of course, pursuant to the rules of court, on the grounds of grave abuse of discretion on the part of the NTA. So, notwithstanding the pendency of the appeal before the court, the NTA can execute the decision unless the appellant can secure a temporary restraining order from the court. And that's the only time that we will delay first the enforcement of the decision.

So yan po, in summary, na-approve yung manual natin during the February 28 board meeting. It was published last March, and of course it will take effect on March 27 kasi 15 days from publication. Moving forward, this manual will be subjected to a regulatory impact assessment kasi requirement iyan ng Anti-Red Tape Act, na anything that we will issue with respect to regulation shall be assessed first as to the effect of those issuances to our regulation entities.

Thank you very much and once again good afternoon.

Atty. Obusan: Any comments or discussions from the Governing Board?

Dir. Serna: Atty. May nahuli na ba tayong violators even before?


Atty. Ambros: Meron na po sir. Since the memorandum was issued February 14, with regards to the importation and exportation and transportation, materials used in the manufacture of cigarettes, so parang materials lang sa tobacco paper to be precise, pinatawan natin sila ng penalty na 10,000 for the violation.

Pero kasi sir, itong process, itong manual of procedure natin is hindi pa siya pwedeng i-adopt, kasi we have to wait until March 27 before it can be legally implemented.

So, in the meantime sir, summary na lang muna yung ginagawa natin. Kapag may na-document tayo yung violation, imposition kaagad ng penalty. Thank you.

- Atty. Obusan: Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?
- Dir. Padayao: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.
- Dir. Guzman: I second the motion. Ano oras tayo tomorrow, Attorney?
- Atty. Obusan: 1 pm po Director.
- Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. *(Meeting was adjourned at 1:10 PM)*

Prepared and reviewed by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
25 MARCH 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today March 25, 2024 (Thursday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Trading Operations & Regulation, Board Audit and Finance, Research and Extension, and Legal Matters and Properties is now called to order.

Atty. Obusan: Thank you madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna,

representing the Tobacco Traders/Exporters Sector; Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; and, Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; Dir. Danilo C. Trongco will be joining us online via the virtual platform, along with Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda."*

Atty. Obusan: Before we begin with the Discussion Madam Chair, would you like to give your opening statements?

Admin. Sanchez: *"Good morning. I just want to share to everyone, last week we went to Naga to present our budget proposal for Fiscal Year 2025. Siguro review na lang din natin yung mga previous projects natin regarding sa beema bamboo, dati, parang nagka problema lang ata don sa supplier before dahil hindi maganda yung mga seedlings na na-deliver. Tsaka yung KPP natin na I believe nagka problema lang with DENR. Pero sayang kasi yung project, Napakaganda kasi and win-win sa NTA dahil na-address yung yung reason ng pagkawala ng fuel wood. Tapos maganda siyang additional income sa farmers natin. And siguro balikan lang natin kung saan ba talaga nagka problema, baka pwede pa natin i-revive. So yun lang"*

DAOP Casela: *(Made some reactions to the opening statement of the Presiding Chair, Hon. Belinda S. Sanchez.)*

Atty. Obusan: This is duly noted Sir DAOP. We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under the:

**A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REQUEST FOR APPROVAL OF THE BLOCK FARM ACCREDITATION GUIDELINES, ITS IMPLEMENTATION AND CREATION OF A TECHNICAL WORKING GROUP**

Atty. Obusan: May we recognize the Resource Persons: Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department, and Mr. Neyo Valdez, Division Chief, Planning, Programming and Evaluation Division to report on this matter.

DAOP Casela: May I request our Division Chief of the Accreditation Division, Sir Neyo Valdez, to present the Accreditation Guidelines for the Block Farm.

Mrs. Benosa: Good Morning, may I request our Division Chief of the Corplan, Mr. Neo Valdez to present the accreditation guidelines for the Block Farm with some background on the project.

Mr. Valdez: *(Reported using power point presentation flashed on the screen.)*

Thank you, Ma'am Nini, to our Administrator and the Honorable Members of the Governing Board, good morning, everyone.

Before I proceed to guidelines proper, I would like to report to the body that we just finished giving orientation to the prospective farmer cooperators to our Block Farm Project. How did we conduct the orientation? Initially, we conducted this in San Juan, Ilocos Sur with Mayor Ben Sarmiento and the NTA Branch Office personnels. This is a sample of our presentation, just to get an idea of why we need these accreditation guidelines.

We explained to the farmers why we are having this Block Farming Project. We told them that its part of our key strategy of our Sustainable Tobacco Enhancement Program or STEP. We explained to them what is this Tobacco Block Farming Model, because initially, when we asked the farmers, they did not know what Block Farming is. At the same time, they did not know what clustering is. Although they know this are group of farmers having their land pulled for the tobacco production. So, we explained to them that the production area should be 25 to 50 hectares at least. In San Juan for example, they only enrolled 38 hectares in their identified Block farm.

So, we explained to them why we are having this Block farm because we provide additional services for them. For example, production assistance for tobacco and other crops, livestock, farm machinery and equipment, agri-business, and capability development training. So, this is our paradigm shift. This is our goal to have the farmers empowered and become prosperous in tobacco production.

Under capability development training, this is what we will teach the farmers as regard to their management skills in block farm and financial literacy so, we give the agribusiness. Initially, we identified the tobacco handmade paper and other livelihood that we can teach the farmers and then farm machinery and equipment or the tractor and the livestock either beef, goat, pig, or poultry. We explain to them that the convergence programs are between and among the agencies. The same goes for Irrigation we can approach NIA. We also need to have the block farm to have an agreement with the LGU, maybe the Mayor or Local gov't officials should provide funds to the farmers. We also explain to them that we are only having limited model block farm per provinces. There is one in Vigan, Candon, Abra, Pangasinan and Isabela.

After finishing their orientation, they will apply for accreditation. These are our guidelines for approval by the Board. After accreditation the application will be validated by the FTSD and this is done by the GPS mapping. We will give them a certificate of accreditation, afterwards they will sign a MOU. So, if they have a certificate of accreditation, MOA, or MOU we will assign their farm, and identify the interventions that we will give.

So, we need to accredit the block farms because it is already proposed in the FY 2025 budget which was presented by Ma'am Bel, and Ma'am Nini in Naga City. So, this is what we need to do so that all farmers who will join our black farm will be accredited. I explained to them what are our expectations for them and their expectations from our agency.

So much for the introduction, I will present the guidelines next.

DAOP Casela: Yes, please, Neyo.

Mr. Valdez: Yes, sir.

DAOP Casela: And may I please suggest that I think you didn't include there the idea of coming up with a weaning program. Weaning program or component of block farm that would determine how many years each block farm will be receiving assistance from NTA and from that time that it will be cut off. So much so that we'll be covering more block farms. Thank you.

Mr. Valdez:

So from the proposed project, na-create ang Technical Working Group for the Sustainable Tobacco Enhancement Program, TWG on Step. So ang una pong assignment ng TWG, nagkaroon sila ng subcommittees. Ang subcommittees, for example may subcommittees sa tobacco production, crops, livestock, machinery, capability building and agribusiness. Sila ang gumawa ng mga proposals, plan, and budget proposals ng mga proposed interventions sa block farm. Ito po ang requirements ng DBM. Ang aming coordination with the branch office and the subcommittees para po, kasi after ang orientation, declaration and everything po, we will sit down again so that we will come up with talagang kabuan ng project proposal na isa-submit po sa DBM.

*(Sir, I will just share po na yung guidelines so that we can discuss po by item.)*

This is the proposed block farm accreditation guidelines. Sir, paliwanag ko lang po na this is just the accreditation guidelines po. Hindi pa po ito yung guidelines po ng block farming. So, this is just the initial po na gagawin natin sa block farm. Yung implementation guidelines ng the whole block farm, implementation guidelines po ng each component project po ay iba po yan. So ito lang po yung gagawin natin para po magkaroon po na tayo ng accredited block farm. The farm area should be within 5 km radius. Medyo malaki na rin po siya kasi we understand na magkakalayo po yung mga tobacco areas po sa ibang provinces po. From one farm to another and within 1 or 2 barangays. I do not know if this is okay po sa board kasi meron po kasing block farm na cover po yung isang barangay. So hindi lang siya within, isang barangay po talaga. So, it must be 1 or 2 barangays po siya. So, the block farm should have legal personality. It is either registered with CDA or the Cooperative Development Authority, the SEC, or the DOLE. So, majority of the members are farmers with small landholdings, 1 hectare and below. So, we need to organize po yung mga maliliit na farmers. So, the accomplished application form. Mamaya po ipapakita ko po yung application form. So, memorandum of undertaking supported by a resolution of the general membership stating among others that each member commits that their farm lot for tobacco production under the block farm for a period of at least 3 years. Ito siguro po yung nasabi ni DAOP po na meaning na although 3 years po nilagay dito but we have to change it to 5 years. So, sa discussion namin ni DAOP last time po masyado ma-exceed po yung 3 years. Ito na po yung after 5 years na po siya, i-wean na po siya. liwanan na po sila ng NTA because by that time, in 5 years' time po masasabi natin na po siya na self-sufficient na po yung block farm, marami na po sila mga interventions para yung pondo for the block farm ay



ilipat naman na po natin sa ibang block. Pero sir 5 years na po siguro ito. So, the block farm member shall commit that he implements the best practices on tobacco production as recommended by NTA. So huwag na po natin kalimutan na tobacco pa rin po ang ating major concerns. So kailangan pa rin nating i-commit nila na they follow the best practices on tobacco production. So, to provide NTA with all the necessary information in connection with the program. So, kung tanungin natin sila yung kanilang farm productivity, household income, etc. It is a co-farm or household income. So, violation of any of the provisions of the undertaking is a ground for termination of accreditation.... For example, di na siya nagtanim ng tabako, wala na po siya sa block farm. Ito ang natanong din sa San Juan, ang sabi niya po, paano kung di na po magtanim next year? So ang sinagot po namin di na po siya member ng block farm kasi nga po kailangan po magtanim ng tabako. So ang hindi niya mag-gain po yung mga pwedeng makuha po ng ibang block farm members. So, number 3 is basic organizational individual farm profile. Ito na po yung trabaho natin after po accreditation nila. What is the accreditation process? The applicant shall undergo a block farm program orientation awareness. Pag sinabi ng applicant siya ito na po yung block farm applicant po, hindi po yung individual farmer po ang pinag-usapan po natin. Applicant refers to the block farm, yung block farm po siya. So, ito na po yung nangyari sa San Juan na they already underwent the block farm program orientation awareness. So, after that, the applicant block farm shall submit an application form and all requirements herein set forth. So, sa San Juan nag-iwan na po kami ng application form, na-fill-out na po nila, nakapag-elect natin po sila ng kanilang mga officials for the block farm. If the applicant has met all the requirements set above, the branch office and the block farm focal person po ito po si Branch Manager po, shall endorse its approval to the Administrator. The approval or disapproval of the application shall be communicated to the applicant within 30 days. In case of disapproval, the reasons for rejection shall be stated and the applicant may file for reconsideration after correcting the defects or insufficiency of the application. Next po is Issuance of Certificate of Accreditation. After receipt of the favorable recommendation of the application and the signing of the certificate application, the said certificate shall be issued to the applicant block farm. A memorandum of agreement shall be forged with the block farm and the entity stating therein the obligations and responsibilities of each party before any funding shall be authorized for release. That would be all Your Honors.

Atty. Obusan:

Thank you for your presentation, Sir Neyo. The floor is now open for any comments or discussions from the governing board.

- DAOP Casela: Madam Chair, may I please? Neyo, can you establish a timeline for the accomplishment of the accreditation?
- Mr. Valdez: Yes, Sir. Actually, it is not included in the guidelines, but in our orientation, it is stated in the block farm. After the orientation, possibly for the other block farms, it will be conducted by early April. Initially, the branch office will receive the application form. Then they will transmit to FTSD in a matter of 1-2 days, FTSD will go to the block farms to validate. Then they will endorse the validated application form to the Office of the Deputy Administrator for Operations. Then the office will endorse the validated application form to the certification committee headed by the Administrator.
- DAOP Casela: Sir, the timeline is we need to accomplish all these things before April 15.
- Mr. Valdez: April 15, Sir, because our timeline is we need to collect all the validated application form and certification. This is where we will compute the indicators, how many farmers, how many areas are validated. This is what the subcommittees will use to finalize their proposals, Sir. Our target is to submit the supporting documents to the DBM.
- Dir. Serna: On the the weaning period, it should also be stated what the maximum is and the indications are also stated for them to be ready for weaning.
- Dir. Padayao: Pwede ba sila? kung hindi pa nila na meet that level, na i-wean natin sila, will they still be qualified to become a member of the block farm? Di pa sila nag-grow eh, diba?
- Mr. Valdez: Yes, Sir. Yes, Ma'am. Yes, Ma'am. We will revise the guidelines and be more specific regarding the weaning because it has been fully discussed here, Ma'am. Thank you for your input. We will include the weaning, how they will graduate from the block farm. If ever not, what are the other guidelines?
- DAOP Casela: Thank you, Madam Padayao, and Dir. Serna. Thank you for that additional information. What they would like to know, Neyo, is what are your indicators or parameters that your block farm are ready for weaning? So, you have established those parameters, meaning to say those indicators that this block farm has already accomplished what is supposed to be accomplished or are they ready to be weaned out? Yan ang gustong malaman nila, yung mga parameters natin or indicators of weaning.
- Mr. Valdez: Thank you. Yes, sir.

Dir. Guzman: Ma'am. I think we will just approve the guidelines right now and then the revisions will be made later. Thank you.

Dir. Serna: I second the motion.

Atty. Obusan: So, with that, Madam Chair, if there are no more questions, we move to our next agenda.

**2. REQUEST FOR APPROVAL OF THE AMENDMENT ON THE TARGET YIELD PER TOBACCO TYPE / SUBTYPE PER HECTARE AS BASIS FOR THE AVAILMENT OF SUBSIDY FOR FARMERS UNDER THE TCGS PROJECT**

Atty. Obusan: To report on this matter, once again, Madam Chair, may we recognize Sir DAOP and Engr. Roger T. Madriaga, Manager, Pangasinan Branch Office.

DAOP Casela: Thank you very much, Atty. Before Engineer Madriaga, our branch manager for NTA Pangasinan would give his report regarding this agenda, may I please give a background on this issue at hand.

Sometime a month or two, this agenda was presented again before the board requesting for the reduction of the targets of yield per hectare per subtype of tobacco. And during that committee meeting, it was agreed that there is corresponding decrease as to the level of production per subtype of tobacco. But during the presentation of the agenda or as a result of the committee meeting, the Hon. Usec. Savellano vetoed the proposal on the ground that decrease of yield would mean retrogression, and he is not amenable to that. So, during the last ManCom, which was conducted a week or two weeks ago, this agenda was presented again by the Branch Managers because of certain circumstances that are prevailing now, especially in the trading operations. And in that Mancom, there was justification made by Branch Managers as to the reduction. But I advised the Branch Managers to come up with a unified stand as to the level of production per subtype of tobacco that they want the board to approve. And with that, may I please give the floor to manager Roger Madriaga, who was designated as the team leader for the Branch Manager to address the issue at hand. Take it away sir,

Mr. Madriaga: Thank you, Sir DAOP. To the Honorable Members of the Governing Board headed by our Vice Chairman, Administrator, and CEO, to the two deputies, Deputy Administrators, to our Executive Assistant, to the Department Managers, and my fellow Branch Managers, a pleasant morning to each and everyone. As mentioned by our very own Deputy Administrator for Operations, last week, we discussed amongst us, from the Branch Managers and including the Chief Agriculturalist,

virtually, reasonable reduction of the yield per hectare, which is caused by the present natural calamity that we are experiencing right now, particularly the El Nino phenomenon. And more importantly, because of the high demand, perhaps attributed by small limited supply, we could not control the movement of tobacco market because they are dealing at the night time. So, since the implementing guidelines have specified a certain production level to be considered before the farmers can avail on the 40% subsidy, we arrived at a decision, to make an appeal to the Honorable Board that the stated production level in the implementing guidelines of TCGS be reduced, or should I say, consequently reduced.

You may read now the, our proposals from for the Virginia improved Flavor, as stipulated in the implementing guidelines, the yield per hectare to be considered is 2,200 kgs per hectare. Now, we are appealing that it be reduced to 1,800. For Virginia Neutral Flavor, from 2,000 to 1,600 kgs per hectare. For Burley Improved Flavor in Region 1, 2,400 in the implementing guidelines to 2,200 kgs per hectare. And in Region 2, for the Implementing guidelines, 2,500 should be reduced to 2,300 kgs per hectare. For Burley Neutral Flavor, from 2,400 to 2,000 kgs per hectare. Now, for native chewing tobacco, our Cluster implementing guidelines, 2,400 to be reduced to 2,000 kgs per hectare, likewise to a cigar filler.

So, that is all Honorables. We hope that our appeal this time will be approved by the body because the 45% subsidy can augment some of the classes of our tobacco farmers whom we desire to improve their living conditions. Thank you very much sir.

DAOP Casela:

As stated on the yield level on the implementing guidelines for TCGS 2020-24, the yield level targets in the implementing guidelines were high as they approximately equal the yield potentials of the tobacco varieties or subtype of tobacco planted. Yield potentials would mean the highest possible yield that the variety of a crop could attain or be produced. This may be validated by our FTSD if such a statement is true, but the implementing guidelines states that it is so quite high.

Now, other justifications that some of the farmer cooperators of the project, especially those farmers who are not given the complete requirements to comply with the required technology, particularly from LGUs and traders. For the TCGS, there are three categories in the provision of material, I mean the components for the TCGS, that is the cost and material inputs. The first category is full sustenance coming from NTA. Second, there is intervention as the provision of farm inputs from the trader or the LGU. And the third is technical assistance being

provided only by the NTA. In this program that we have, it is true that our managers coordinated so well, so closely with LGUs, so much so that the LGUs, some LGUs required only cash portion for the TCGS and that they promised that material inputs will be provided by the LGUs to the farmer cooperators under the TCGS. But unfortunately, NTA did not receive a report as to the extent of the volume or the kind of farm inputs this LGUs provided to the farmer cooperators. So, I mean to say, we cannot validate if the LGUs really complied with the volume and kind of fertilizer or insecticide that is needed, so much so if it is not being completed as required by the technology, we cannot achieve the desired level of yield as well as the quality. And likewise, because of the inadequate funds of NTA with respect to this, previous years, the cost allotment, or cost component per hectare being provided was Php 38,000 pesos per hectare. But for the TCGS 2024, it was reduced considerably to Php 18,500 pesos per hectare, so much so that the required technology may not be properly implemented by the farmers.

Likewise, during the growth period of tobacco, there were observations of the occurrence of pests and diseases. There were occurrences of calamities. And latest is the El Niño. The El Niño phenomenon is very delicate as to the good growth of tobacco plants. Especially if the tobacco plants have been late planted. But for those who practice the technology in terms of the deadline for the planting of tobacco, it is now they are reaping the good effect of this because there are no rains. And meaning to say that the bad effect of El Niño did not affect these farmers.

And what is prevalent now is that there is soaring of prices of tobacco in Region 1 and Region 2. This is observed because of the active and aggressive and proliferation of middlemen or what we call the field canvassers. These canvassers, according to the farmers and according to our technicians and branch managers, perks up the prices. They are so high. And last week, the price of tobacco for one stick, approximately a kilo, is now Php 107 per kilo. And according to reports also, because of the aggressive buying operations of our cowboys, they even claim that the prices offered by our cowboys or middlemen are much higher than our wholesale tobacco dealers. But the big question is, where does the field canvassers sell the tobacco? It is to the wholesale tobacco dealers. So how come the field canvassers can afford to buy much higher prices than that of the WTDs? Maybe there are some practices they might be doing, maybe some manipulations. I hope I am wrong with my assumption.

Now, likewise, the very high prices of tobacco manifest that there is keen competition in the buying operations. And now,

what is the effect of the high prices of tobacco on the part of the wholesale tobacco dealers? And this is with respect to the tobacco contract growing. If the farmer cooperators as contracted by the wholesale tobacco dealers, and they are not offering a better price, assuming that they are not buying the tobacco at the higher prices, this tobacco they are expecting might not be delivered to them. And therefore, their purchase commitment will be drastically affected. Purchase commitment is the volume of produce or the volume of tobacco being committed by the wholesale tobacco dealers. Now, an example of our wholesale tobacco dealers with due respect to our Members of the Board. We have here the ULPI, Trans-Manila, ConLeaf, and other smaller wholesale tobacco buyers.

Before the trading operations or before the tobacco season starts, these WTDs commit themselves to purchase a volume of tobacco to their mother buyers. Now, if the contracted farmer cooperators with the project, do not deliver the tobacco, of course, the purchase commitment is affected. So, what is the effect of the high prices on the part of the farmer? Well, this is their bonanza. On the part of the cowboy, I would say that they are the sector that is more benefited on this. But in line with the request of our managers to the reduction, we are all aware that our mandate is to help our tobacco farmers.

Our tobacco farmers. It is seldom that the prices occur this way this time. It is seldom, of course. So, I for one, in my view, would support the request of our managers as to the reduction. Now, because of the volatility of the price of tobacco, our technicians could hardly monitor the movement of tobacco from the farmer cooperators. Because they cannot monitor for 24 hours. And, you know, our farmers have a culture of selling where it is expensive. So, they forgot all about the commitment, the memorandum of agreement being accomplished prior to the implementation of the project. So, this is the effect of the soaring or the unabated price increase. So, in short, I would support the request of our managers.

But on the part of NTA, what is the effect of the soaring prices on the part of NTA? Okay, I mentioned the positive indicator already. That with this situation, NTA is helping the farmers. But in terms of collection of revenue, because if there is no full documentation of tobacco produced from the project, the service fee and the R&R, research, and regulation fee, being collected by NTA will be depleted. That is the after effect. But the soaring prices only experience, as mentioned, this happens especially for the flue-cured tobacco or the Virginia. The other types, the Burley, the native, it follows, but not as high as that of the Virginia tobacco.

So, to the Honorable Members of the Board, with due respect, I favor the request of our branch managers for the reduction of the level of targets for the types and subtypes of tobacco under the TCGS. Thank you.

Dir. Padayao:

Madam Chair, can I also give a comment on this? It has been said that there are two effects if we have to approve this. One is the retrogression and number two is the inconsistencies. We are aware that we are being monitored by GCG and every year we have that, yield levels to be maintained. So, we have to indicate in here that for this particular crop year, we will have to adapt this considering the mentioned reasons.

However, sir, if we have to give one reason that we did not give the sufficient support, it will come back to us. Because their report back then did not give everything. The grant of Php 6,000 was not used. It was returned, like in the province of Abra, Php 2 million was returned. And we are telling here that one reason is that the assistance we gave was not complete. It will come back to us, sir.

If I remember right, during our board meeting back then, we mentioned that one way or major measure to record the production is to record also those being bought by the field canvassers to add to the recorded. We already said this, sir. So, if they are aware that it was bought by a certain field canvassers, what is the volume of the tobacco that was bought by a certain field canvassers? And, sir, you have mentioned also that R&R and the TCGS service fee. The R&R is okay because the total recorded by the trading centers will be the basis. Maybe what is affected here is the service fee to those contracted by farmer cooperators. So, the service fee that will really go to us, our services, and the production assistance we gave will be affected. So, maybe we should prepare, if we will have the board meeting here, I will have to answer these two issues, retrogression and inconsistencies, the yield levels that we submit to the GCG and also with our performance appraisal, sir.

DAOP Casela:

Thank you very much, Madam Padayao, for your observations. Now, with respect to the GCG, I think we have to change the notion of the GCG. That every year, there is an increment as to the yield. That is what they think. But as I have mentioned that each variety of any crop has its potential yield. It means that up to that point, there will be a lot of harvest. Or whatever other cultural management you are going to include in the production technology, if you have attained already that potential yield, you can no longer increase. So, I think that is a challenge also to management to change that notion of GCG as to this aspect. And I do agree on the observation of Madam Padayao, that we should be specific for the reduction or for the performance

targets for TCGS as to the yield every year. So many would say that for this year, 2023-2024 TCGS, this reduction or this level of production per type subtype should be the one to be observed. So, every year, we have to change the implementing guidelines. Well, maybe because of projections, so on and so forth. Thank you.

Dir. Padayao: We must be flexible, sir. One more question, since we are imposing a certain yield level of type and subtype of tobacco, what then will happen if a certain farmer will exceed at least 200 kilos per type or subtype of tobacco produced?

DAOP Casela: The volume of acceptance or production, the excess of 200 kilos, is that and that will be also credited to the LGU in the computation of RA 7171 and 8240?

Dir. Padayao: Definitely, sir. That is the limit.

DAOP Casela: Yes, Madam, I do agree. And what you just stated. You mentioned a strategy. I hope I am wrong with my assumption. The wholesale tobacco dealers, the big wholesale tobacco dealers would employ so many field canvassers. That they know our farmer cooperators under the tobacco contract growing project. So much so that they will advise their cowboy to buy the tobacco of our farmer cooperators. And if that cowboy will buy the tobacco from farmers, you can never be sure that it will be credited to that particular municipality. And therefore, it will affect the documentation process. That is what will going to happen. More can I add? They will not pay the service fee. Their cowboys will buy it. Canvassers and even before, there was already a claim to stop operation of the middleman or cowboy. But as far as NTA is concerned, I hope you agree with me. We cannot do that because we are following the dictum of free trade. Free trade. May nangyari noon, May nag-propose na Administrator campaigning that the operation of cowboy would cease. But unfortunately, NTA was not successful on that.

Dir. Elaydo: May tagbiag payman ko na. Ito is observation in our municipality of San Esteban. There are so many cowboys there. And the cowboys, they will buy the tobacco produced higher than the price of other trading centers. And the worst is that the cowboys, the cowboys from the municipality of other municipalities, the tobacco they bought, they will credit that municipality. That is the one problem. So, our 7171 will be affected in the municipality.

DAOP Casela: Yeah, I do agree on your observation, sir. But nowadays, our local government officials, the mayors, they are now so aggressive in protecting the tobacco they produce within their municipality. So much so, that they even come out with ordinances.



- Dir. Elaydo: Merong hindi pinapapasok ang ibang cowboy kung walang municipal permit. I think that is their prerogative to come up with certain ordinances. But NTA cannot. We just allow a middleman or a field canvasser provided he has that permit from NTA. Basta may permit from NTA, hindi natin ito pakikilaman, kaya ako may permit ako. Kukuha ko ng mga tao ko, gagamitin nila yung permit na nakuha ko sa NTA. Yan ang mga sistema, yung mga problema doon. Ginagamit nila yung permit ng mga nakakuha sa NTA.
- DAOP Casela: Yeah, I think that is the sad reality. Pag tingnan niyo sir doon sa permit, non-transferable. Tao kami ni ganito. Yeah. No matter how a law or a guideline or a policy is crafted, there always go around it.
- Dir. Guzman: Circumventions.
- DAOP Casela: Yeah, that is the right word, Atty. Thank you. There are circumventions. And with the present situation, that is why we are all aware that we are after the welfare of NTA tobacco farmers. And with this observation, these circumstances that is prevailing, I think it's just justifiable, it's just reasonable for us to give value to our mandates of helping the farmers. Thank you.
- Atty. Obusan: Anymore discussions? May I ask, ano po yung consensus ng body regarding this agenda?
- Dir. Guzman: With due respect Madam Chair, I think the issue here is whether we will approve the proposed reduction that was the issue here. So, I think with all the discussions, there is no really serious objection on that proposed reduction. So, I move for its approval, Madam Chair.
- Dir. Serna: I second the motion, Madam Chair. But please take note that for this year only. Atty. Obusan, please.
- Atty. Obusan: This is noted sir. May we recognize Ma'am Nini, Madam Chair.
- Mrs. Benosa: Yes, although it was seconded already may I just react to the reduction in the yield level and the concern with the GCG target. Since, this coming Wednesday, we will be signing the GCG scorecards, with the yield that we targeted, which is 2560 kgs per hectare. So, they will, I really do not know if we can still change the target. So how will this affect our future, Sir? Since the GCG allows only for a, kumbaga we cannot anticipate na may mangyayaring calamity. So parang narinig ko po kanina na we are anticipating na may calamity for this, so we are lowering, reducing the target. So that is my concern, Sir, for the yield. Since it is also one of the outcomes that are really, yung really require po ng DA, yan po yung pinaka-outcome nila sa ating

mga programs and projects like yield. Yan po yung mga talagang tinitignan nila on how they will rate us on the yield and net income of the tobacco farmers. Not only the tobacco farmers, but all farmers in general. That is my comment, Sir. Thank you so much,

DAOP Casela: Madam Manager Nini, through the years, NTA have been making that level of production per type of tobacco. But what we are trying to justify now, this is circumstantial this year. Circumstantial meaning to say it is happening already. But maybe for next year, maybe for next year, we can always set targets as high as you want. But let us try to consider this present situation. Because this is already, the circumstance that is already happening. It is already happening. That is why Madam Luz suggested that in the implementing guidelines for the coming program for TCGS, it will be a case-to-case basis. Meaning to say, it does not make the level standard. So, it will be a case-to-case basis. Madam Nini, will I be invited? Am I included or will I accompany you? Will I be a member of the group, Madam?

Mrs. Benosa: Yes, Sir.

DAOP Casela: Okay. I will try my best to make some justifications. Thank you.

Mrs. Benosa: Okay. Thank you, Sir.

Atty. Obusan: Madam Chair, may we recognize Ma'am Dina Pichay of IAD? Go ahead Ma'am.

Mrs. Pichay: Yes. Thank you, Attorney. With regard to the issue at hand, may I manifest that probably the revision or the amendment coming from DAOP was the result, siguro, nung audit report of the IAD. Because there was an observation before, parang hindi po nasusunod yung guidelines on the qualification of tobacco farmers who will be entitled to the subsidy. Nakalagay po kasi sa guidelines na for a certain farmer to be given or to be entitled to the 40% subsidy, he or she must meet the set target sa guidelines. Kaya po ang recommendation ng IAD before was either to continue with the set targets na yield or discontinue or amend. Kasi napansin po namin, yung mga farmers na nabibigyan ng subsidy did not actually meet the yield na required for them to be entitled to the 40% subsidy. Kaya ang recommendation namin kung hindi na rin lang nasusunod po yung yield, baka pwedeng i-revise na, i-revise siya or i-discontinue yun pong nakalagay sa guidelines. That's all. Thank you po.

DAOP Casela: Thank you very much, Madam Dines.

Atty. Obusan: We now move on to the next agenda. Under the....

**B. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. GERRY VIRGILIO V. GUZMAN  
Dir. LUZVIMINDA U. PADAYAO

**1. REQUEST FOR APPROVAL OF THE AUDIT REPORT ON THE ADMINISTRATIVE SERVICES OF NTA ILOCOS NORTE BRANCH OFFICE**

Atty. Obusan: To report on this matter, may we recognize Mrs. Dinah E. Pichay, Manager, Internal Audit Department (IAD) and Ms. Rochelle C. De Peralta, Internal Auditor III

Mrs. Pichay: Yes, thank you very much. Once again, we would like to offer esteemed members of the NTA governing board and also to our two deputies, Sir DAOP and Sir DASS, also to Sir Ben and to all our department and branch managers joining us online, good morning.

I am honored to present to you the audit report highlights of the administrative services of Ilocos Norte branch office, the third branch to be audited. The audit was conducted last February 12-16.

The audit objectives include the evaluation of the degree of compliance with internal policies and oversight of bodies. They also evaluated the adequacy of internal controls adopted in the process. They also identified areas for potential improvement. And likewise, they conducted validation and monitoring of the implementation of the approved audit recommendations on the previous audit, particularly on the tobacco farmers' dependent scholarship program.

So, please bear with us. This is a little long because it includes three processes, personnel, measures, and procurement. The audit team was composed of Rochelle C. De Peralta, the OIC of the Management Audit Division, and Marisa J. Alvero, our Internal Auditor I.

So, to present to you the personnel best practices of the Ilocos Norte branch office, may I turn over the floor to Rochelle De Peralta. Rochelle, if you are ready.

Ms. De Peralta: Thank you, Ma'am.

Good morning, Sirs and Ma'ams. We are honored to present to you the audit report highlights on the administrative services of the Ilocos Norte branch office. The internal audit report would

like to highlight the past observations or best practices of the branch office under the areas covered by the audit.

For personnel management, number one, accomplishment of performance evaluation, job order staff, and probationary employees. Permanent employees for promotion or transfer, as well as job order staff, secure clearance from work accountabilities to be cleared of any accountabilities. Number two, use of permit to work beyond office hours for overtime, for weekends, and holidays. There is a designated area for drivers to rest and wait for dispatch. Exemplary work performance of employees is recognized by the branch manager. Existence of grievance committee on the branch office. Existence of committee on decorum and investigation as per Civil Service Commission policy. Conduct of exercise as part of the activities during the flag raising ceremonies. Conduct of flag retreat as per branch policy on Fridays at the closing of office hours. Introduction of the agency's vision, mission and mandate to new employees and job order staff. J.O. Extension workers are oriented of the Package of Technology with team leaders as resource person. The prescribed period for the performance accomplishment and signing of IPCRs were adhered to.

For records and management, there is a designated storage area for branch official documents, which is accessible only for authorized personnel, are properly labelled and grouped per Division. Warning labels are posted in front of the steel cabinets to inform access by authorized personnel. Employees' records are maintained in individual folders kept on a metal cabinet with key access by the administrative officer and other authorized personnel. Notices of all branch office activities are posted in the bulletin boards for information dissemination of employees. There is a designated storage cabinet for active and separated employees' 201 files. And there is also a designated storage area for unserviceable properties.

For procurement and issuance of office supplies and equipment, there is a designated storage area for office supplies and materials, which is accessible to authorized personnel only. Use of gas slips for purchase of gasoline. And lastly, the branch maintains a copy of disbursement vouchers with attachments filed per month.

After careful review and verification and assessment, overall, the processes of the administrative services of the said branch office particularly, the personnel management, records management, and procurement and issuance of office supplies and equipment are accomplishing their intended objectives. The processes have internal controls in place. However, based on the obtained evidences and information as basis for the findings and

conclusions, there are practices which are contrary to internal policies and external rules and regulations, and deficiencies in internal controls, compliance, and financial reporting and documentation.

The following flows in operation and design were noted:

Number one, absence of standards or policies which ensures implementation and compliance with established rules and regulations, such as reorientation and orientations for employees, mechanisms to verify or validate merit and fitness of job applicants, succession planning and public service continuity plan. Second, lack of monitoring mechanism for the attendance of employees to the flag ceremony. Confusion in the use of Office Order, Memo Order, versus Special Order and the signing authority. Non-adherence with requirements of CSC on publication and personnel management such as non-posting of vacant positions, inconsistencies in recorded dates of appointment versus dates indicated in the service records, and learning and development and training of at least on a year per employee was not undertaken.

Weak internal controls in the Administration of Leave and other personnel movement. Process of filing the application forms is not consistent with the Manual of Operations. Leave application forms not filed within the specific period. Lack of validation and monitoring mechanisms for personnel attendance. Leave credits deduction not affected in the leave cards. And deduction of leave credits for employees not wearing uniforms. Adoption of Human Resource and Payroll System by the branch offices has yet to be implemented. Weak internal controls in the administrative processes such as pass slips not properly accomplished and not approved by the Branch Manager, and some employees' performance metrics were not consistent with the agency's SPMS guidelines. Noncompliance with oversight agency rules and regulations on records and disposal management. Management of 201 files not in compliance with CSC policy. Recommendation for disposal of unserviceable properties was made by the Disposal Committee approved by the branch instead of being recommended by the Branch Manager to be approved by the Administrator. Retention of branch official documents not in accordance with the NTA General Records Dispositions Schedule (GRDS) guidelines. A weak internal control on procurement and supplies management such as non-preparation of required records and documents, inconsistencies in the collection receipt of suppliers, non-posting of procurement transaction in NTA website, non-attendance to procurement training by BAC personnel at the time the audit as required. Although the procurement training was conducted after the audit. Non-use of DBM Procurement Service for the

procurement of office supplies and equipment, non-confirmation of supplier's registration to PhilGeps website, issuance of BAC resolutions for purchases under Php 50,000.00 even if not required, preparation of procurement documents by the job order staff without proper delegation. Lastly, government properties are not tagged with property stickers.

In the platform of the areas for improvement and identifier, the branch office conducts oath of office of new employees on a yearly basis coinciding with the celebration of the CSC month. This activity is recommended to be conducted by the branch management before an employee or officer assumes the duties of his office. Filing system improvement to facilitate and allow for continuous review of DTRs and leave forms. Currently, manual DTRs and leave forms are filed per employee, while biometric DTRs are filed on a yearly basis. Proper segregation of documents per classification is not observed. Documents in the incoming and outgoing folders were not properly segregated as to classification, thereby creating confusion in the retrieval of documents. Third, the branch office requests additional storage for financial documents to protect the documents from theft, damage, loss, and further deterioration. Fourth, the branch office to retain an approved list of bona fide suppliers in the locality to facilitate the pre-procurement process, and ensure that the branch office selects the suppliers of known integrity and quality. And for the Admin Department, General Services and Procurement Division (AD-GSPD) to disseminate approved Annual Procurement Plan to all concerned offices or units to inform them of their approved procurement activities.

For our recommendation, after careful review and assessment of the findings observed during the audit, the internal audit department respectfully recommends the following to strengthen internal controls on records management, procurement activities, and personnel management, including but not limited to the:

Number one, establishment and implementation of standards and policies by the NTA Management and concerned unit which ensures compliance with established rules and regulations. Number two, review, update, and monitor internal policies by the NTA management for uniformity, consistency, and applicability. Number three, provision of capacity training for concerned personnel handling records management, personnel management, and procurement management. Number four, effective communication and coordination between different units concerned for the establishment, implementation, and continuing improvement of systems and procedures. And lastly, preparation and submission of reports in adherence to the requirements of oversight bodies.

The audit on the administrative services also covered the follow-up audit of the Tobacco Farmers Dependent Scholarship Program (TFDSP), which was conducted last year of May 22-23, and which consisted of 13 audit recommendations. One of the objectives and scope of this audit was to conduct a follow-up on the audit of the Tobacco Farmers Dependent Scholarship Program. The follow-up audit included validation and monitoring of the implementation of approved audit recommendations.

The branch management has submitted evidence or proof of implementation of the remaining unimplemented audit recommendations. Out of the three audit recommendations that are yet to be implemented, two were addressed as fully implemented and partially implemented. The status of audit recommendations are as follows.

There are 10 fully implemented audit recommendations, one partially implemented, one ongoing, and one unimplemented. That is the end of our presentation. Thank you very much.

Atty. Obusan: Thank you for the comprehensive Audit Report, Ma'am Dina and Ma'am Rochelle. The floor is now open for any comments or discussions from the members of the governing board.

Dir. Elaydo: I moved for the approval of the Audit Report on the Administrative Services of NTA Ilocos Norte Branch Office.

Dir. Padayao: I second the motion.

DASS Savellano: With the permission of the members of the board, first I would like to acknowledge our Administrator and CEO, Belinda S. Sanchez, members of the Governing Board here present, to our Deputy Administrator for Operations, Mr. Casela, to our Special Adviser to the Administrator, former Mayor Benjamin Sarmiento, to our managers and staff, and to all the members of the Pambansang Pangasiwaan ng Tabako, I would like to just make a short comment on the report made by the Internal Audit Department.

We would take note of all the findings. Just a quick rejoinder on the report made by our Internal Audit Department. We duly note of all the recommendations made by the Internal Audit Department and the Support Services Group of the Admin and we will act accordingly since the recommendation and the report was adopted by the governing board. Thank you. I just want to commend the activity done by the Internal Audit Services Department.

I just want to emphasize the Number Two recommendation regarding the review, update and monitor internal policies by the NTA Management for uniformity, consistency and applicability so that our evaluation is more objective. And also, this Number Three, those who are in the positions, especially the new officers, they should have to attend trainings, the provision of capacity trainings should be done. These recommendations are very much needed. Thank you.

We would like to assure the Governing Board, that we will coordinate and we will partner with the Internal Audit Department on the concerns raised for us to provide better guidance and for us also to adopt said recommendations.

Atty. Obusan: Thank you very much, Sir DASS.

*(With the permission of the Honorable Chair and the Governing Board, can we have 30 minutes lunch break? Thank you.)*

Good afternoon everyone, we now resume and move to our next agenda.

**2. REPORT UPDATE ON THE STATUS OF PRIOR AUDIT RECOMMENDATIONS ON THE IMPLEMENTATION OF BCPAP AND TCGS**

Atty. Obusan: To report on this matter, may we recognize Mrs. Dinah E. Pichay, Manager, Internal Audit Department (IAD) and Mr. Resty C. Cambe, Internal Auditor V

Mr. Cambe: Thank you, Atty. Honorable Administrator, Sir DAOP, Sir DASS, Honorable Members of the Board, Executive Assistant and Special Adviser to the Administrator, Sir Ben, Branch Managers, Department Managers, good afternoon. This is the report in the updated status of priority work recommendations whether implemented or not implemented for BCPAP (CY 2020) and TCGS (CY 2022-2023).

For TCGS, certified project recommendations were approved through Work Resolution No.169-2023, dated November 29, 2023. Of the 35 recommendations, nine were already implemented by management. Among the significant work recommendations that are not implemented are the following.

Number one, inclusion in the project implementing guidelines, the account and certification, particularly the recruitment, registration, and application section. This certification was included in the application form for TCGS CY 2022-2023, but was totally removed in the implementation of TCGS CY 2023-2024. As per the conversation with Sir DAOP, it intends to bring the certification of accountant for the implementation of TCGS CY 2024-2025.



Next, number two, for NTA La Union, collection of standing service fees amounted to Php 4,498.13. Out of the recommended Php 8,465.68 amount for collection, Php 3,967.55 were already collected, with the remaining balance of Php 4,498.13.

Number three, Regulation Department to help NTA branches specifically in Region II in regulating buyer firms, particularly the timely signing of MOA, acceptance of NTA recruited farmers by ULPI, and possible equal sharing or application of amounts collected to receivables. Per conversation with Atty. Ambros, he stated that this matter is beyond the function of the Regulation Department, nonetheless it is willing to communicate to the ULPI in Region II to hasten the signing of MOA. As to equal sharing application of collections, Atty. Ambros said that this is not possible since it will intervene the private engagement of the company.

For number four, management to review the implementing guidelines whether to continue, discontinue, or amend the required condition prior to the absolute grant of financial subsidy.

So, this was discussed earlier by the top management, the current condition which seeks to lower the required target yield to be qualified for the subsidy. This recommendation emanated from the finding that 4,326 farmer beneficiaries had been affected by calamities and did not meet the required yield, were granted subsidy amounting to Php 38,112,961.54.

Number five, management to impose the necessary sanctions for farmers violating the conditions stipulated under the Memorandum of Agreement among the NTA, buyer firms, and farmer cooperators. So, one of the reasons cited by Branch Managers for the under-deliveries is for verification of internal auditing. There was no official list of blacklisted farmers in the branches.

Number six, another issue cited by the Branch Managers for the under-deliveries, management to include in the MOA with ULPI and farmer cooperators the possible removal of limitation of acceptances by the company to resolve the issue on system lock.

Number seven, NTA branch offices to restructure the loans of farmer beneficiaries of TCGS CY 2022-2023 affected by calamities. For NTA Abra, Batac, Vigan, La Union, Pangasinan, and Candon, the restructuring may not be already applicable because of high percentage of collection. But NTA Isabela and NTA Cagayan, who have only 47.63% and 45.34% collection

efficiency, should consider restructuring the loads of balances of farmer beneficiaries affected by calamities.

Number eight, NTA Pangasinan to include the unutilized farm inputs for distribution to farmer beneficiaries of IFOIGAP-TCGS CY 2023-2024. The Branch Manager, Engr. Roger T. Madriaga, commits to reduce these unutilized farm inputs.

Number nine, management to review the hauling rates for fertilizers provided to farmer beneficiaries for its possible increase. Our NTA office has supported the Branch Managers for their recommendation on the rate to be requested for approval by the NTA governing board.

Number 10 and 11, NTA branch offices will strictly monitor the movements of tobacco produce to prevent pole vaulting, and to enforce the sanctions outlined in the project implementing guidelines against farmers who intentionally fail to deliver to their contracted buyer firms. So, this number 10 and 11 will be validated by Internal Auditing after the trading season.

Number 12, NTA branch offices to conduct an analysis of the discrepancies between the reported deliveries and deliveries per TCGS fee billing before issuing the final billing to buyer firms. This recommendation emanated from the audit finding that the deliveries in kilograms per TCGS CY 2022-2023 was less than 1,556,230.10 kilograms, which is the lead record for the branches.

So that is all for TCGS.

For BCPAP, 28 recommendations were approved through Property Resolution No. 79, 2023 dated May 23, 2023.

Of the 28 recommendations, 11 were already implemented. Among the significant audit recommendations that were not implemented are the following.

Number 1, management in coordination with the Finance Department and branch accountants to:

- a. Devise policy in costing the offspring whether bull or heifer as basis of recording farmer-beneficiaries' repayments;
- b. Devise policy in determining the fair value of offspring whether bull or heifer as basis in recognizing income and principal value of loan to next-in-line farmer; and
- c. Devise policy in recording the cattle particularly in repayments and in cases of deaths.

Number 2, management to demand Dr. Crisologo to turn-over the five cattle and offspring to NTA Abra.

Number 3, consequently, NTA Abra to transfer the five cattle to next-in-line farmers. This recommendation emanated from the finding that five cattle were not distributed to farmers. The cattle are in the possession of Dr. Crisologo, former NTA consultant. The five cattle were not found by the internal audit in the farm of Dr. Crisologo located in Bagalay, Tayum. For the five mother cattle, as replied or commented by our Branch Manager in NTA Abra, from the five mother cattle, four offspring were already sold and awarded to next-in-line farmers. But regarding to the retrieval of the mother cattle, NTA Abra had yet to formally talk to Dr. Crisologo regarding that.

Number 4, BCMD to prepare monthly Comparative Budget and Actual Expenses Report to monitor under budget expenditures.

Number 5, management to review and revise conflicting forms. This was discussed while we were talking to Dr. Frisolo on the issue of the reports.

Number 6, CPD to strictly follow the provisions of the Project Implementing Guidelines, including their respective responsibilities. As per conversation with Sir Arnold, OIC, there were no list of vulnerabilities that was submitted to them for validation. However, as per conversation with FTSD, it was confirmed that they directly submitted the list of vulnerabilities, thereby bypassing the CPD. However, said forms submitted by FTSD does not meet the requirement for CPD validation.

Number 7, NTA Isabela, La Union and Pangasinan to provide a consolidated list of succeeding farmer-beneficiaries and/or transferees to DAOP and OAD for their recommendation and approval respectively. NTA branch offices to have a readily approved list of next-in-line farmers so that all transfers are authorized even on unexpected circumstances. For NTA Abra, Batac, Vigan, Candon, and Cagayan, they already implemented the recommended recommendation.

Number 8, management to review the Project Implementing Guidelines, specifically the Production Technology Package under the Essential Components of the production assistance if it includes Artificial Insemination Supplies, management to provide such supplies to farmer-beneficiaries taken from cattle with Brahman breed to hasten the pregnancy among the cattle distributed. This was discussed with Sir DAOP and he said that he will look for the possible inclusion of artificial insemination in the budget so that we can provide it to the farmer beneficiaries.

Number 9, management to communicate the matter to Dr. Mikael Benedict Crisologo and demand the replacement cattle that he promised. This recommendation emanated from the finding that an injured cartel was accepted by NTA Isabela during the delivery on January 6, 2021, upon instructions of Dr. Crisologo, former NTA Consultant. NTA Isabela already sent a letter to Dr. Crisologo demanding the replacement but no official reply from him as of yet.

Number 10, NTA branch offices to impose a collection of service fee to farmer-beneficiaries and send demand letters if needed. For NTA Abra, we need to collect from 3 farmer-beneficiaries amounting to Php 1,200 and in NTA Pangasinan, we need to collect from 6 farmer beneficiaries Php 2,400 pesos.

Number 11, management to devise policy on repossession of cattle granted to deceased farmer-beneficiary, including the grant of compensation to the late farmer for raising the cattle. Additionally, devise policy on the grant of compensation to farmer-beneficiaries who extended their service in overseeing the offspring after attaining 12 months old.

Number 12, management to review the Project Implementing Guidelines specifically the Production Technology Package under the Essential Components of the production assistance if it includes cattle medications; and if it does include medications, management to provide the needed medications of the cattle.

Number 13, management to hire Veterinary Health Expert/s to oversee the health conditions of the cattle. As of today, we have no veterinary experts to oversee the health conditions of the cattle in this report.

DAOP Casela: Yes, sir. We later discussed about the non-availability of a veterinarian to make certifications with respect to the project. And in line with this, a communication came over to me that a request by IRD of hiring a consultant for the profitability level research project which has been undertaken now. And I read the credentials of that prospective consultant and he is a veterinarian. And if ever management will consider the request of IRD with respect to the hiring of a consultant on that, maybe in addition to that function as mentioned by IRD, we can make him as a consultant also for this project.

Dir. Elaydo: That's possible. Probably we could just add the additional functions or other possible engagement to be contained in the contract if we pursue the terms of reference. Thank you.

DAOP Casela: Thank you sir. Go ahead, Resty. Please continue with your report.

Mr. Cambe: Thank you, sir. Number 14, management to assign a Technical Team other than the Branch Implementing Team to evaluate the cattle casualties if caused by unavoidable circumstances or due to negligence by farmer-beneficiary. As per conversation again with Sir DAOP, we intend to create a technical committee either from central office or from the branch offices.

Number 15, NTA branch offices to issue demand letters to collect the indemnities and proceeds from sale of carcasses of demised cattle to Elena Cabalo, Bernabe Dacutan, Delfin Ariola, and Diosdado Trinidad.

Number 16, NTA Batac and NTA Pangasinan to insure all cattle including offspring with PCIC. As per data, NTA Abra, NTA Batac and NTA Pangasinan is yet to insure the cattle and the offspring with PCIC. Again, for NTA Vigan, La Union, Isabela, Candon, and Cagayan, they already initiated to register the cartel under PCIC and to register the municipalities where it is being raised.

Number 17, NTA Batac and NTA Pangasinan to register the cattle and the offspring under the name of NTA in the municipalities where it is being raised.

That would be all Your Honors. Thank you very much.

Atty. Obusan: Thank you for your presentation, Sir Resty and Ma'am Dinah. The floor is now open for any comments or discussions from the governing board.

DAOP Casela: Madam Chair, may I? I scheduled a one-on-one meeting on April 8 with the Branch Managers, and one of the agenda will be the discussion as to the recommendations made by the IAD. Correspondingly, I will make the commitment as to the compliance to the recommendations of the IAD. Thank you.

Dir. Padayao: Who is the right person to assess the value of the cattle?

DAOP Casela: Thank you, ma'am, for your query. As stated in the implementing guidelines, it should be a veterinarian. But the fact that NTA has no veterinarian, so I mean to say there is no accurate or precise evaluation of the bull or the cow. So based on circumstances now, I think with the hiring of a veterinarian, maybe additional functions with respect to this project will now be one of the provisions of the Terms of Reference. Of course, those additional functions will be included for approval of the TOR. So that compensation may be based on those functions he is going to accomplish.

Atty. Obusan: Thank you. Any more comments? So, if there is none, we will now move on to our next agenda.

**3. REPORT UPDATE ON THE FINANCIAL ANALYSIS MADE ON THE TOBACCO DUST PROCESSING AGRIBUSINESS PLANT (TDPAP) PROJECT WITH RECOMMENDATIONS**

Atty. Obusan: To report on this matter, once again, Madam Chair, may we recognize Sir DAOP, Mr. Reynaldo R. Aquino, OIC, Finance Department, and Mrs. Myrna O. Lozano, Manager, Industrial Research Department.

DAOP Casela: Thank you very much, Attorney. Good afternoon again. Madam Chair, on this particular agenda, we do admit that the recommendation made by COA was made already. It is quite heavy on the part of NTA because it is recommending for the cessation of the stoppage of the operation of the Tobacco Dust Plan. With that, and per instruction of the Honorable USec Savellano, to come up with a deeper analysis on the operation of the Tobacco Dust Plan. With that, I met with the managers and other individuals concerning the implementation of the project. We met last week and discussed the possibility of a plausible presentation of the real status of the project and as a requirement in compliance with the directive of the Honorable USec Savellano.

Financial analysis, according to them, is quite tedious to accomplish. And that records here at Central Office is not enough or is not adequate. They suggested that the accountant based in Bawang, La Union is more knowledgeable as to the financial status of the project. And with that, it is requested that the accountant of La Union will do some financial analysis, of course, in conjunction or in coordination with the OIC of the Finance Department here. It is quite difficult to come up with a decision without some basis for decision making.

So, with those circumstances, I respectfully request for the deferment of the further discussion of the said agenda. Thank you.

Atty. Obusan: Any comments? And the presentation is on the next committee meeting in Candon, Sir DAOP?

DAOP Casela: This will be in Candon. Thank you.

Atty. Obusan: Duly noted. Any more comments from the Governing Board? Hearing none, with this, we move to the next agenda.

**4. REQUEST FOR APPROVAL OF FISCAL YEAR (FY) 2024 CORPORATE OPERATING BUDGET (COB) IN THE AMOUNT OF PHP 1,349,669,000.00**

**TO BE SUBMITTED TO DEPARTMENT OF BUDGET AND MANAGEMENT  
(DBM)**

Atty. Obusan: To report on this matter, Madam Chair, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS), Mr. Reynaldo R. Aquino, OIC, Finance Department, and Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department.

DASS Savellano: Thank you, Attorney. This is to earnestly request for the approval of the Corporate Operating Budget for Fiscal Year 2024 in the amount of Php1,349,669,000.00 and to provide information and to render the report, may I ask that we recognize Mr. Reynaldo Arraquinó, OIC Finance Department Manager, and Mrs. Fortuna C. Binosa, Manager, Corporate Planning Department.

Mrs. Benosa: Good afternoon again to our members of the Governing Board. So may I start with the report on the request for approval of the budget. But before that, may I just give a summary of the corporate priorities that were we are submitting our budget for Calendar Year 2024.

So, I believe the members of the Board were provided a copy. So may I just read some of the contents of the NTA corporate priorities. This was in line with the Department of Agriculture's vision and priorities and the Philippine Development Plan (PDP) for 2023-2028 towards "economic and social transformation for a prosperous, inclusive, and resilient society."

They apportioned some priorities to the following programs, projects, and activities for FY 2024. Under the strategy of boosting local production of key commodities, and raising the farmers' and fisherfolk's income, we had the following programs and budgets.

First, the Tobacco Farmer's Production Grant, and the Tobacco Contract Growing System (TCGS), which will be budgeted with Php 100 million. We will be giving a grant to our tobacco farmers in the amount of Php 6,000 pesos each for those tilling 0.5 hectares and below. This shall be augmented from the agency's corporate funds by about Php 140 million as production loan of farmers with 40% subsidy.

Another project will be on the tobacco seed production and distribution, which targets to provide free seeds to about 8,000 tobacco farmers.

We also have our Curing Barn Assistance Project (CBAP), which involves the provision of facility assistance for the construction

and repair of about 3,000 curing barns and air curing shed for the tobacco farmers in Regions I, II, and CAR.

Also, we are providing bio-stimulant for rain damaged tobacco as mitigation measures for the affected crops of tobacco farmers as needed.

Then, we also have a priority program under the Farmers Organizational Development, to include continuing registration of farmers, strengthening farm clusters, trainings for cooperative officials and members, organizational development and livelihood assistance, to enable them to become self-reliant, food secured and active partners of development.

As to strategy of ensuring accessibility to affordable, safe, and nutritious food that will benefit all Filipinos, we have a project, a continuing project, Gulayan at Manukan sa Barangay, which will be budgeted with about Php 10 million and to benefit about 1,000 tobacco farmers. So, this will be funded under our corporate funds.

Then, another strategy of the department is developing strong, modernized, and climate-resilient value chains through the delivery of quality services. Under these are the agency's projects on the monitoring of soil and water quality to generate information on the fertility and salinity status of different tobacco growing areas to be presented as soil fertility and chloride maps.

Another is agricultural researches aimed at improving the production technology, particularly on the preservation and development of current tobacco varieties, field verification of organic and inorganic fertilizers and pesticides to recommend the suitable fertilizers for various tobacco types that will lessen the cost of production and improvement of our curing structures and curing processes to tap other fuelwood sources, like solar-aided curing barns.

Also, we are conducting industrial researches that are focused on the other uses of tobacco. The research on tobacco handmade paper has led to the production of novelty items that are already for commercialization and were piloted to the Women Weavers Association of Banna, Ilocos Norte. In collaborative research with FPRDI, in Los Banos, the ground tobacco stalks were found to be a safe additive in wood glue and effective in termites. Other researches include tobacco powder and extracts as organic pesticides in fruit bearing trees and vegetables, while soaps and shampoos were found to control diseases of animals.



We also have quality assurance for tobacco leaf and manufactured products, that will concentrate in the provision of laboratory services to test the quality of soil, water, fertilizer, and leaf tobacco, including the continuing study and monitoring of physical and chemical quality of cigarettes, as an input to continuing technology adjustments, standards formulation and effective regulation enforcement and compliance.

Then, the Renewable Energy Farm Project and Restoration of Ecological Integrity of tobacco growing regions, activities will include the annual Synchronized Tree Planting per province and the Beema Bamboo Production Project with the aim of producing alternative source of materials for curing and in the future, utilize the biomass for possible conversion to ethanol and other fuel forms.

Under the DA Strategy on Institutionalizing Policy Reforms and Strengthening Institution to Enhance Efficiency and Accelerate the Modernization of the Sector, we have – these are all under digitalization also, and we have the Development of Facility Maps in tobacco producing areas which are being undertaken by our FTSD, and these are all embedded in our website.

Then, we have also Market Research and Development, which includes research and assessment on the local tobacco industry, situation and trends of the international market and trade promotions thru participation in trade exhibits.

Also, another continuing activity or project are, of course, our mandate and regulatory services, which include monitoring of trading operations and documentation of tobacco production. NTA certifies annually to DBM as basis for R.A.s 7171, and 8240 shares of LGU. Likewise, issuance of licenses/permits to leaf buyers, importers and exporters, and the conduct of the bi-annual Tripartite Consultative Conference for the setting of tobacco floor prices;

Then, another activity is the Communication Support Program, which involves the provision of information and education materials for the stakeholders, especially the tobacco farmers, in the form of technoguides or technocalendars, newsletters, video production, radio programs (OMT) and other forms of social media.

Another continuing project is the Institutional Development Program, which includes human resource development activities, capability trainings, for the agency's personnel and improvement or repair of facilities, buildings, and all other activities which fall under the General Administration and Support Services (GASS) Project.

And the last but not the least are the Support to Operations (STO) Projects or activities identified below, which are regularly funded under the GAA. I will not discuss further directly below.

I will turn over the next topic to the Budget Chief, Mr. Reynaldo Aquino, OIC for the Finance Department for the discussion and on the proposed budget for FY 2024. Go ahead Sir Rey.

Mr. Aquino:

Yes, ma'am. Thank you very much.

To all the Honorable Members of the Board, Director Guzman, Director Elaydo, Director Padayao, Director Serna, Director Trongco, and to all the Department and Branch Managers, good afternoon.

*(I will just share the slides with you.)*

So, here are the sources and uses of funds for 2024. Our sources for this one, cash balance for January 1, 2024, are Php 531.375M for the collection of receivables, Php 130M, and current year income from operation, Php 138.198M. And, for the special account in the general fund, this is the work fund that comes from 4155, which is under the GAA now. And, distribution for that is, for PS, we have Php 218.919M, for MOOE, Php 131.585 M. For Tobacco Farmers Production Assistance, this is 100% grant to the farmers, Php 100 million. And, the Curing Barn Assistance Project, of Php 100 million or a total of Php 550.504M.

Our total sources is Php 1,350,077,000.00.

So, in this distribution, sources of funds here, meaning out of Php 1,350,077,000.00, P799,573,000.00 comes from our corporate fund. ASAP po natin sya gagamitin.

Una po is PS. So, PS po natin totalling Php 351,900,000. Since we have Php 218,919,000 from Tobacco Fund, so magdagdag po ang agency natin ang P132,981,000.

So, for maintenance, regular maintenance po natin, regular MOOE, P238,479,000. So, out of this amount, P131,585,000, eto po sya comes from R.A. 4155, and, P106,894,000 comes from Corporate Funds.

For financial subsidy po, eto po yung mga assistance extended to the farmers. Some of these are 100 percent, and yung iba po, 40 percent.

Number one is TCGS po, 2024 is Php 100 million. So, for Tobacco Farmers Production Assistance, sa 2024 Corporate Fund, meron po tayong Php 44,800,000.

So, tapos po, Tobacco Farmers Production Assistance ng 2023 with 100 percent subsidy granted to the farmers, meron po tayong Php 83,020,000. Ito po ay galing po ng Corporate Fund.

Yung Curing Barn Assistance naman po for 2024. Hindi pa po na-re-release yan. Bale sa December pa po natin ito re-release.

Yung Curing Barn Assistance naman po ng 2023, ito po yung subsidy na binigay ng DBM, na hindi po na-re-release. So, re-release pa po natin yan ng 2024.

Ito naman po ang babawasin, meron po yung Php 10M for biostimulant distribution for rain damaged tobacco, Php 16.698M for Gulayan at Manukan sa Barangay, Php 3M subsidy for Tobacco Farmers Dependents Scholarship program and hauling subsidy for Php 2.5M.

So meron po tayo accounts payable. Accounts payable po natin sa the ABRA Training Center, may balanse pa po tayo sa contractor ng Php 594,000. Yung sa Irrigation Support Program for Small Tobacco Farmers ay P52,209.

Ito naman po yung due to National Treasury. Matagal na po ito naka-obligate eh, babayara na lang pa po natin yan, meaning restricted na po ito. We have quality assurance equipment na Php 60.222 million. Tapos yang Kakahuyang Pangkabuhayan Program (KPP) na Php 16.674M and prior year MOEE from SAGF na Php 42.736M. So meron po tayo Total Due to National Treasury na Php 119.632M.

However, gaya po nang sinabi po kanina ni Ma'am Nini and Ma'am Bel, lalo na po itong pagkabuhayan, we will try to seek first authority from the DBM na magkaroon tayo ng authorization to release yung pondo. Kasi nag-touch na po ito talaga. So, we need to seek their approval.

Capital outlay po natin regular is Php 49.179M, mang-gagaling po yan ng Corporate Fund.

Tapos for locally funded projects, investment, and loans outlay, ito po, halo po ito ng corporate fund at saka tobacco fund.

So meron po tayo dito na tobacco farmers production assistance na corporate funded for Php 67,200,000. Tapos yung 2023, kung makikita niyo po dito sa taas, meron po tayo yung tobacco farmers production assistance. Ito po.

Tapos sa Curing Barn Assistance Project for 2024, Php 60 million. And 2023, meron pa rin po yung natitirang Php 46.8M. So magagamit po natin ito. Ito po yung in-extend natin sa mga extension workers natin for their mobility, tapos Synchronized Tree Planting every July.

So, for the summary of the program, activities, and projects, ito po siya.

Tobacco fund, meron tayo Php 200 million sa 2024. Bale, Php 140 million will be up front for the tobacco farmers. So TCGS and Curing Barn, total of Php 140M.

However, we have a profitable of Php 60 million sa Curing Barn. Ito na po yung 60-40 nang nasabi natin, 40% sa farmers, tapos receivable po natin yung 60%.

Sa Curing Barn naman po for 2024, TCGS po, yan. For Curing Barn, mobility, synchronized tree planting, and down to policy subsidy, ang total po natin is Php 150,198,000. So ang mapupunta po sa farmers as grant is Php 70,998,000. Ang recoverable po natin is 79,200,000. So total po na 150,198,000. So, all in all, we have Php 350,198,000 for 2024.

Sa 2023, sources of fund nya is tobacco fund. Tobacco fund po from R.A. 4155. We still have remaining balance of Php 161.020M. So, this is made up of TCGS, Php 83.02 million and Curing Barn Assistance, Php 78 million. So, this is the main release here to the farmers. Sa corporate fund naman po, ng 2023, may natitira pa po sa TCGS na Php 25 million.

So ito po ang Php150 million, Php 25 million na natitira po for distribution sa farmers. So ang total po nyan ng 2023 is Php 25,918,000. For our grand total, about Php 537,136,000 po.

So that is all po sir. Thank you.

Atty. Obusan: Thank you for the presentation, Ma'am Nini and Sir Rey. The floor is now open for comments or discussions from the Governing Board.

Mr. Aquino: Ang Php 100 million po na Curing Barn na 2024, kung gusto po natin ito i-utilize sa project, ito po pwede po, kasi dapat ma-utilize ito before September 10. So pwede po natin ito i-utilize sa TCGS 40-60 pa rin. Maaari po natin i-supplement ito kasi ang Curing Barn natin medyo kuha na po.

DAOP Casela: Existing or not?

- Mr. Aquino: Mayroon pa po tayo. So pwede po natin itong i-utilize kung walang gagamit sa Curing Barn.
- DAOP Casela: Okay. That is not bad drawing, but I am concerned with the report here that TCGS, I mean, we have an unutilized amount of Php 13 million for 2023.
- Mr. Aquino: Yes, sir. This is as of December 31, 2023, sir. But currently, the branch offices are still issuing the assistance to the farmers. Actually, sir, take a look at our referral for 2023. It is only Php 12 million that we issued on December 31, 2023 because it's still early. Just like what Director Luz said, it is still too early because it is time for harvesting.
- DAOP Casela: So we can continue utilizing that fund for the same project?
- Mr. Aquino: Yes, sir.
- DAOP Casela: The unutilized fund from the project implemented, unutilized, specifically the unutilized fund, can still be used the following year for the same project?
- Mr. Aquino: Yes, sir. Especially now that a new budget is coming out. I am not sure if our 2023 budget will still be obligated and be paid until December 31, 2024.
- DAOP Casela: Now, with the utilization of the grant of Php 100 million? I am the one who is asking for that. Meaning, there is cash portion of the TCGS. Why not utilize that Php 100 million for the cash portion under TCGS subsidy. Because the directive of the good Senator is just to give this cash. And for the cash component of TCGS, we will also give free assistance as well. And where is the violation there? We will also give free aid. If we will do this, there is an additional fund to expand our operation in terms of area and number of farmers.
- Mr. Aquino: Sir, I do not know if Ma'am Mimi will allow it. Because, sir, we have fiscal target for TCGS, which is 16,666 farmers. If we use it for the regular cash portion of our TCGS, we might not meet our target.
- DAOP Casela: The fiscal target is 16,666 farmers, but it's inefficient. And they add the inclusion of non-TCGS. So, if it is only for TCGS, there is no valuation?
- Mr. Aquino: No.

DAOP Casela: If, for example, they have money, we will give non-TCGS. This is what has been approved, what has been released, and the extent of utilization. There is Php 13 million unutilized.

TCGS covers only how many farmers with an area of how many hectares. Are you not happy we can expand that by utilizing such funds? That is my point. We will increase the area coverage and the number of farmers. For me, trying to be objective, purposeful, you have to give meaning to what we are doing and that is helping our farmers.

Can we talk to the Senator or her technical personnel? This is what I am saying. This is what I have been saying for a while now. I am sorry for this, but that is what I have been thinking about, to find a way.

DASS Savellano: If I may, Your Honor. For the information of everyone, the Php 100 million that is funded through DBM, that was previously a subsidy last May budget hearing. The Honorable Senator Villar requested that we should not be doing the 60-40, subsidy. So, what she said, her instruction is to give the 100 million as a grant to everyone. But we had a qualification for farmers who are tilling 0.5 hectares. That is what she said. We identified 16,666 farmers. So now, if the challenge is we either increase the Php 6,000 that are being given, or we go for allocating funds also for other tobacco farmers who are not included in our TCGS, if it is allowed, the technicality or qualification for such giving grants outside the TCGS program.

Mrs. Benosa: Yes, in reaction to what Sir DAOP said, regarding the 16,666-farmer beneficiary of TCGS, by this time we have already submitted those physical targets to the Senate and to the DBM, including the implementing guidelines. So, I believe we cannot at this time change the physical targets. So, I guess we can only, maybe we can do that by the 2025 budget. We can change the guidelines. We will implement the suggestion of Sir DAOP that it will be included as a cash subsidy. So maybe by 2025, through board resolution, we can change our guidelines.

DAOP Casela: Thank you, Madam Manager Nini. I remember that during the budget presentation, your 2024 budget, you added our budget to the grant.

Mrs. Benosa: Yes, Sir. It increased, not just Php 6,000, but Php 12,000.

DAOP Casela: So if we can justify this coming budget in the DBM, we can approve an additional of P286 million for the TCGS. That is only my point of view. And I consider that an objective proposal and purposeful.

Atty. Obusan: Any more comments regarding this?

DAOP Casela: One more, Madam Chair. Sir Rey, the realignment that you said, can it be done by September?

Mr. Aquino: Before September ends.

DAOP Casela: So, what are the probable projects that can be realigned? That is the only two probable projects that can be approved by the board and the DBM.

Mr. Aquino: Yes, Sir.

DAOP Casela: And that is really included in the DBM's system. So, we will follow that?

Mr. Aquino: Yes, Sir.

DAOP Casela: Okay. Thank you. I guess I am not very convincing to do it.

I am just saying, why don't we release all of that? Because according to you, there are 42,000 farmers and only 16,000 plus intended beneficiaries. That is also what we are aiming for. What we are aiming for is P250 million in the past years.

We added Php 100 million plus Php 150 million of corporate funds. What we are aiming for is additional 5,000 farmers. You might need P250 million.

This is P100 million. 16,666 farmers are the beneficiaries at Php 6,000 assistance each.

Mr. Aquino: Yes, Sir.

DAOP Casela: Can you quantify to me, Mr. Aquino, your word of assistance by way of that aid? Can you quantify? What are the implications? What are the impacts?

Mr. Aquino: I do not. Actually, Sir, I really do not know what are the impacts of Php 6,000 aid.

DAOP Casela: But if you really think about it, you will not be able to follow that aid. Because I also know how much expenses per hectare of production. And besides, the farmer will get more.

They will get our regular TCGS. Because 60-40, 40 percent of, let us say P100 million, no, P100,000 is the cost of production per hectare. Imagine P40,000 is the cost of P60,000 compared to P6,000.

So, it is possible for the farmers. But it is also possible for us to reduce our P150 million to P60,000. Compared to P100 million per gram. It is faster. That is why there are only a few farmers who benefit from P150 million. Compared to P100 million.

But it is inequality for the farmers. Maybe we will not be able to give them P6,000. Why did the others get P6,000 and we did not? It is because there are only a few farmers who benefit from TCGS.

The PCBS farmers also benefit from it. However, we didn't give them P60,000.

Dir. Guzman: With the permission of the Chair and my fellow Directors, is there a basis when to give them P60,000 or P40,000? Do we have the classification or criteria when to give P60,000 as subsidy and P6,000 as grant? Do we have the following guidelines?

DAOP Casela: Thank you, sir, for that inquiry.

The provision of a grant of 40 percent is covered under the implementing guidelines of the program. And there is a corresponding resolution for its approval, sir. So that is the legal basis.

In our first discussion, those who can be included in this standard subsidy are the marginal farmers. So, we are right at areas of farmers, 0.5 hectares and below. For us, the P60,000 and P40,000 are good to very good farmers.

Dir. Padayao: We can see that. That is why they can be included in the production assistance subject to P60,000 and P40,000 subsidy. That is the difference of the recipients.

DAOP Casela: Yes, thank you, Ma'am. As far as the distributaries, those who are very good farmers do not have P60,000. As long as they have the area of 0.5 hectare and below, they will go.

It is not just the ones on the list who went, there are other farmers. Those who were not able to receive grant will now ran to the Mayor. Why is it like that with NTA? It is not the same. So, I mean to say, seemingly, NTA is discriminatory.

What we are helping is not for general patronage. I think so. That is the basis.

Dir. Padayao: They are tobacco farmers, and you are not giving them?

DAOP Casela: Yes. Because their area is more than 0.5 hectares.



Dir. Padayao: If we increase the guideline a little bit, so we can have more, we can reach 0.6 or, 0.7 hectare, so we can have more beneficiaries. Because if we limit it, it will be smaller. Let us look at the validation of the area. How many hectares or how many farmers do you have?

DAOP Casela: Thank you, ma'am, for that. And we will try to validate the data of farmers on this program. And to determine, likewise, what is the majority among the recipients, their area coverage.

And another feedback. I really appreciate also the line of thinking and the effectiveness of our managers, because during the distribution, the validation of the recipient was very tedious. They will show the ID, not just the surplus part. They will compare it to the farmers, because it is a payroll system. And then, they did not give the farmers that did not apply.

Dir. Padayao: Good.

DAOP Casela: That is why it is very, very efficient. Because if there is an internal audit, it will be given to others. It is not their fault. So, that was the reason why they did not give all the Php 100 million. So, if you will give the non-validated one, it will increase the cost. Thank you.

Now, just give it to the farmer so that more people can help. So, let us go back. So, Php 6,000 per farmer, total 16,666 farmer beneficiaries. So, it is like going down. I think it is because they are doing it for a particular reason.

So, what will really happen is, once the farmer receives Php 6,000, this farmer, as we said, you do not have to pay. They will go to the "flying school" to play.

DASS Savellano: With the permission of our administrator, probably we should also review the guidelines as to the granting of Php 6,000 to 16,666 farmers since one of the qualifying terminologies that was used was the use of the word "marginalized farmers", so that is the limiting factor as to how do we determine the marginalized farmers.

So, if we are going to expand the coverage, probably we might as well revisit said terminology for us to increase the targeted or intended beneficiary for said program.

Mrs. Benosa: Madam Chair, in response to the pronouncement of Sir DASS, during the deliberation prior to granting or coming up with implementing guidelines, there was quite a heated debate as to the common understanding of the meaning of marginalized

farmers. May magsasabi na one hectare, one half hectare. So finally, they arrived to the consensus that marginal farmers are those farmers tilling areas with 0.5 hectare or below. Now, yun ang reference. So, kung alimbawa, I do agree on the suggestion of Sir DASS that we should review the implementing guidelines on this. Ngayon kung lalaki pa yung pondo, at gusto natin mas maraming farmers, ayusin natin yung guidelines.

DAOP Casela: Pero huwag nang galawin yung corporate budget natin. Kasi sayang din. Atsaka suggestion lang, dito siguro si Madam Mimi na sinasabi natin sa GCG na 85% dapat ang koleksyon ng production assistance subsidy, we should establish that the collection should be 100% of the time. Ang guidelines natin dapat hindi 85% pwede na, dapat 100%.

Kasi you could just imagine, halimbawa Php 100 million, every time 85% lang yung tinatabi at kinokorekta. Where did the 15% go, sayang, it will be accumulating to the units. Yan ang sinasabi ko.

If the price is so high, they have high productivity, then I told them, so there is no good reason for you to tell me that you cannot collect 100% if the price is high. Di ba? Pag mataas yung pinag-bentahan, automatically dapat mataas din ang koleksyon.

Mrs. Benosa: But in reality, sir, that 85% represents 100% because that is the target.

DAOP Casela: That is, it. We will revise the guidelines.

Mrs. Benosa: We will review the implementing guidelines, sir. Thank you, sir.

Atty. Obusan: So, any motion for the approval of this agenda?

Dir. Elaydo: Yes, sir. I move for the approval of Fiscal Year (FY) 2024 Corporate Operating Budget (COB) in the amount of Php 1,349,669,000.00 to be submitted to Department of Budget and Management (DBM).

Dir. Guzman: I second the motion.

Atty. Obusan: With that being settled. We now move to our next agenda, under...

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. DANILO C. TRONGCO

Admin. & CEO BELINDA S. SANCHEZ

## 1. REPORT UPDATE ON THE IMPLEMENTATION OF RESEARCH PROJECT ON OTHER USES OF TOBACCO

Atty. Obusan: May we recognize the Resource Persons: Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Mrs. Myrna O. Lozano, Manager, Industrial Research Department

DAOP Casela: Thank you very much, Mr. Secretary. Madam Myrna O. Lozano, the manager of IRD, will make a comprehensive report as to the progress of the implementation project for the other uses of tobacco. Madam Myrna, please.

Mrs. Lozano: Thank you, sir. Good afternoon to Ma'am Bel, to the Directors, to the our two Deputies, and to all the Department and Branch Managers.

*(Renzo, please share the scree. I will proceed now.)*

I have the honor to present to you the report update on the implementation of research project on other uses of tobacco. This has been requested by USec DV Savellano because he really likes these topics on other uses and also the utilization of agricultural waste, that is the tobacco stalk.

Next slide. The Product Development Division under IRD conduct research and development directed to address the need to maximize the utilization of the tobacco plant and its by-products.

So, in a tobacco, the seeds that can be used to produce soap and liniment oil. For the leaves, to produce ethanol, dust, and pesticides. And for the stalks, it can be converted into particle boards, pulp and paper, handicrafts. And the latest is the tobacco stalk flour.

Next, Renzo. Okay. This is what I will present to you first because this tobacco dust is controversial. Controversial because when they conducted the Tobacco Dust Plant, that was year 2015-2017, the operation of our Tobacco Dust Plant was still normal. So, they were able to produce three packages of technology on the use of tobacco dust. The tobacco dust, they added water, and then some components of the tobacco were extracted, and they experimented it to control sucking insects in fruit trees and vegetables, to control mosquito wrigglers in open containers, and to control golden apple snail eggs in the field or pond.

All of this had positive results from our Tobacco Dust Plant. So, the use of the Tobacco Dust Plant was expanded. But then, after the fire that raised the plant, it did not undergo

commercialization, and that there was no more tobacco dust available in the plant. But for the feasibility study that was conducted by OIC Project Manager, Len Nudo, she included in the feasibility study on these particular technologies. Next.

This is what was prepared in 2017. It became proof that the Tobacco Dust Plant had an extra use, or expanded use as bio-pesticide. Other than biotoxinant and lab-lab growth enhancer that was used in fishponds.

Next. So, when the water fruit extract was finished, they thought, why not another solvent? And they used ethanol. So, they extracted the components of tobacco using the ethanol solution. And then, they concentrated that solution. This is what they call Tobacco Leaf Extract. And from this Tobacco Leaf Extract, they developed or formulated bio-pesticides and veterinary products such as soap, shampoo, and ointment.

So, in 2018, again, they experimented these bio-pesticides in vegetables. And then, also for the Tobacco Leaf Extract Emulsion, they tried it in green fowl or chicken. Next.

And then, they were able also to formulate veterinary products such as shampoo, ointment, and soap. And from 2018 to 2021, they were able to demonstrate, validate, the use of this shampoo ointment against canine ectoparasite and skin infection mage. So, they were able to develop. They chose to use them on dogs and the result was good.

Next. So, in 2022-2023, while they were still improving product quality and packaging, they accompanied it with marketing. So, they offered the products thru online selling and also reposted in the FB pages of our NTA branch offices.

Samples were submitted to ITDI and the FPRDI for toxicity tests of its main ingredient to ensure safety to its consumer. And also, in 2023, they have conducted the product profiling for the purpose of registration of the product and identification of the source and steady supply of raw material.

So, this year, 2024, we will now establish a business partnership and collaboration with private company to register, commercially produce, market, and distribute the developed TLE veterinary products, tobacco dust plus, and other tobacco-based products.

This is what I mentioned earlier, the participation of the veterinary doctor because he really needs to certify the testing that we did to support our product registration. Next slide.

The third product that is being developed by the Product Development Division is Tobacco Stalk Flour, a raw material for thermoplastic composite manufacturing. Next.

This project is in collaboration with the Forest Products Research and Development Institute and the Industrial Technology Development Institute under the Department of Science and Technology.

Next. Natural fiber thermoplastic composites are produced by mixing fiber or wood flour and plastic to produce a material that can be processed like conventional plastic and has the best features of wood and plastic. The other names that you are not familiar with is the green fiber composites, synthetic lumber, plastic lumber, wood polymer composite, or the bio wood composite. Next.

This is identified among the agricultural waste, fiber, and wood waste that is included in our tobacco stalk. You can see here that native tobacco, Virginia tobacco, and Burley tobacco are included. Those are all tobacco stalks that are grinded and pulverized so that they can be used for compounding. Next.

This will answer the growing concerns on global warming, rising price of petroleum-based products, deforestation, waste disposal, and landfill space so that there will be a call for use of recycled plastics, use of renewable materials such as natural fibers and agricultural waste. Next.

These are the thermoplastic materials that were made into plates, plastic plates. Next.

This waste plastic will be added with short powder fiber that is included in our tobacco stalk flour so that it can produce building materials. Next.

These are the building materials that can be made from the plastic and tobacco stalk flour. Next.

That is why we collected at the product development division the tobacco stalk for this purpose. Next.

Every year, large amounts of tobacco stocks are produced. Most are being disposed of as wastes. If this can be utilized and has possible commercial value, the farming community shall be benefited for additional income in tobacco farming. Next.

But then our simple equipment is just like this. Next.

But they were able to produce tobacco stalk flour. And last February 29, I think, they were able to submit to the ITDI 150 kilos of tobacco stalk flour to ITDI to make pellets. And the ITDI will submit to these lumber board manufacturing companies for molding and prototyping. If this will be successful, that lumber yard, lumber company, will need an amount of TSF, tobacco stalk flour. So, that is the plan.

I think this year, if the results of the lumber manufacturer will be given immediately, we can collect already the tobacco stalk flour. So, our plan is, at the farmer's level, we will collect there and make it like this. And then all the shredded tobacco stalks will be brought here.

If the tobacco stalk flour will not be collected, we will make the final product that we will sell to the companies that will do the prototyping and compounding. So maybe this is one product that will save the stoppage of the tobacco dust plant.

Maybe we will buy another grinding equipment. And the facility is more than enough for this project. I hope the result will be positive. We can do this. That is all for my presentation.

Atty. Obusan: Thank you Ma'am Myrna. The floor is now open for any comments or discussion from the Governing Board.

Mrs. Lozano: Sir, may I add? For us to explore other uses of tobacco under the R.A. 9211, Section 33. But we cannot surpass the use of tobacco for cigarettes. This is just an exploratory study if ever the cigarette will be lost. And the second also is the agricultural waste utilization. We know that the tobacco stalk is being thrown away in the field. So why not add value to the tobacco production if we can use the tobacco stalk? Other agencies are very supportive of NTA because they are the ones who approach us.

As Ma'am Bel said earlier, I remember the FPRDI, they will include the tobacco stalk in what we did before, sir? Brickette? Charcoal brickette, yes. In 2020, it was not our priority. So maybe we could approach again the FPRDI for this purpose, sir.

DAOP Casela: That is what I thought. Thank you, Ma'am.

So this year, they will go to Pinocos Sur. Because I requested the provincial administrator, Sir Rambo Rapanan, that they should, they want more board members. So, if they are able to collect, because they are waiting for the harvest.

Dir. Padayao: Our farmers, in the LGUs, they already have a ready supply of tobacco stalk. Because if we were only able to collect from

Batac, it may be small quantity, sir. So, there should be a collection from the other LGUs.

Mrs. Lozano: Yes, ma'am. Thank you.

And this tobacco extract, this is because the tobacco extract is different. It is not the tobacco that is sold in the market. It is the tobacco extract that is used directly in making ointment. The extraction is different. And last year, USec DV Savellano found the link with the EDL Corporation.

This EDL is the one that markets our veterinary products. Because Dr. Ayong focuses on game towels for chickens. That is why she is interested in ointment.

DAOP Casela: Now, more often than not, the tobacco industry is often associated especially for the health advocates that tobacco is dangerous. Smoking is dangerous to health. And that is a negative propaganda against tobacco. So, there is really a need and a challenge for us to develop further the other uses of tobacco. And in which case, the research group is aggressively undertaking all these activities.

And the new one is the utilization of tobacco stalks for the formation of building materials. And these are if these will materialize, of course, as you have mentioned, the tobacco stalks will be utilized and not just being put to waste. And therefore, if it will be profitable, this will be another source of income for our farmers if we buy stalks from them.

Would you try to gather data on the conversion of tobacco stalks to tobacco flour?

Mrs. Lozano: Yes, sir. Because from the collection of the tobacco stalk, they deduce per hectare, they can collect 1,000 kg dried tobacco stalk per hectare. So, when they convert it to tobacco stalk flour, there is only 10% losses. So, the recovery is 90%.

DAOP Casela: So, in 1 kg of tobacco stalk, how many grams of tobacco flour are produced?

Mrs. Lozano: Yes, 90% of the recovery. For every kg, 900 grams.

DAOP Casela: Their category is dried.

Mrs. Lozano: Yes.

DAOP Casela: Is there another process that you will go through? Or will you just grind the stock?

- Mrs. Lozano: We will just grind the stalk.
- In 2023, ITDI required the tobacco flour to be tested. Because later, if they added it to the building material, the plastic, for example, there is high nicotine, and we also saw that the nicotine content of our tobacco stalk is low. And also, Ms. Len Nudo submitted the tobacco stalk plan. There is no harmful component of our tobacco stalk. Because their category is wood. So, ITDI accepted us.
- DAOP Casela: Because the nicotine is deposited on the leaves. Really. But our first use was the additive of wood.
- Mrs. Lozano: It was successful. There was an award made under the FPRDI. The problem is that the testing is in Mindanao because that is the biggest producer of plywood. But then ITDI told us that if we can find a small-scale manufacturer for the plywood, we can use the tobacco stalk. Because it has anti-termite properties.
- I hope that before April 10, there will be a result.
- Dir. Serna: In your earlier evaluation of the tobacco stalk what do you think is the chemical component that will qualify it to become a component of this product that is going to be used? Like other agricultural waste, like starch.
- Mrs. Lozano: It is wood, sir. It is a category wood. They will really use organic waste. But then, we already have a test because it has a little nicotine. It has anti-termite properties. That is why I really want ITDI to work on our tobacco stalk.
- Now, they are adding organic waste to make it biodegradable. In 50 years, it will still have its component. But if you add organic waste, it will be degraded by time.
- That is what the FPRDI told us. They compared the coconut and coir dust with the tobacco, Virginia and Burley.
- DAOP Casela: Maybe the important component is tensile strength?
- Mrs. Lozano: Yes, sir.
- DAOP Casela: How strong is it? That is what other agencies really want to know. They really want to work on our tobacco stalk because they see that it is just being thrown away. If it is a few hectares, that is how much the tobacco stalk is being produced. It is 1 ton per hectare. If you can collect all of that, it will be an income for our farmers.



Atty. Obusan: Any more discussion? Before we move on to the next agenda, may I ask Sir DAOP if this will be included in tomorrow's agenda?.

DAOP Casela: I think as Madam Myrna mentioned a while ago, the Honorable USec Savellano is very interested in this activity that we are doing. I think it will be very important for us to include this as one of the agendas. Thank you.

Atty. Obusan: Yes, sir. We are also directed to coordinate in relation to this project to with the IPO or the Intellectual Property Office for possible patenting and for commercial usage for marketing purposes. Any additional activity to that?

Mrs. Lozano: Sir, the patent that we applied was denied because there is a lot of information that came out before those tobacco drugs. They banned it in two utility models.

The utility model is just like a patent that will give us protection. If we sell it, we will have security that it is only ours.

DAOP Casela: As mentioned by Manager Myrna, it is no longer a patent but rather a utility model. Thank you.

Mrs. Lozano: We learned that a veterinary doctor is needed to certify the researches that we are doing because it is needed during the product registration.

DAOP Casela: And that was the basic reason why you requested for consultant veterinarian?

Mrs. Lozano: Yes, sir. And we have a proposal to hire a retired veterinary doctor.

DAOP Casela: Maybe when if the price is right.

Mrs. Lozano: Yes. Under our proposal, we will give him Php 30,000 per month as a consultancy fee.

DAOP Casela: Yes, ma'am. But then if we use him for other projects? But I think what is important here is to interview or talk to the veterinary doctor as to his level of knowledge.

Mrs. Lozano: May we recognize Engr. Maloom, Sir Johnny, go ahead please.

Engr. Maloom: Yes, ma'am. With regards to Dr. *(barely audible)*, I think he is a freelancer veterinarian. He very helpful to his former customers if they have problems with animals. When we talked to him and had a discussion, he is very much willing with regard to what we want to happen, for him to supervise and certify the possible

results of our treatment of affected animals which is very needed for our product registration later on.

- DAOP Casela: Another question, engineer. May I ask if he has experience doing appraisal of a brood? Do you know brood? Yes, sir.
- Engr. Maloom: I have heard about brood, sir.
- DAOP Casela: Why? I ask this because his prospective function is to estimate the value of a cow or a buffalo.
- Engr. Maloom: Yes, sir. He said that in our meeting, he was called by the Philippine Cow Center based here in Mariano Marcos State University to estimate or assess the animals that are dying or those who are sick prior to disposal of the animal, sir.
- DAOP Casela: Is the estimate of the value of a cow the same as the estimate of a buffalo? G-I-R-T-H?
- Engr. Maoom: I do not know. I am not familiar with that. I do not know, sir.
- DAOP Casela: All right, thank you Engineer.
- Atty. Obusan: Thank you very much Sir Johnny. With that, we move on to the next agenda under...

**D. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN  
Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE MEETING BETWEEN NTA REPRESENTATIVES AND PHILIPPINE RED CROSS-ABRA CHAPTER, INVOLVING A PORTION OF THE FORMER'S OWNED LOTS IN BANGUED, ABRA (AND THE POSSIBLE EXECUTION OF A USUFRUCT AGREEMENT BETWEEN THE TWO ENTITIES)**

- Atty. Obusan: May we recognize the resource persons, Sir DASS, Ma'am Zenaida Arrojo, Manager, Administrative Department, and Engineer Abraham C. Dela Pena, OIC, General Services and Procurement Division. Sir.
- DASS Savellano: Thank you, once again, good afternoon to all. With the permission of our Administrator, first I would like to introduce the agenda, since we are distributing copies of the plan for the said property. To give you a brief report on the conduct of the meeting between Red Cross Abra Chapter and the team from NTA. So, the team of the National Tobacco Administration led by

yours truly, and with the assistance of Engineer Abraham C. Dela Pena, and others proceeded to Abra to meet with the Red Cross Abra Chapter.

So, upon arrival in Abra, we then proceeded to check on the Red Cross property, and we conducted a visual and physical review of the said property. Then, we were engaged, and we were able to talk to the Chapter Administrator, Ma'am Jennifer E. Bernal, and of course, there was also the presence of the Chairman of the Board of the Red Cross Abra in the person of Mr. Cresencio G. Catalina. So, after which, we jointly conducted the said visualization of the said property.

We all proceeded to *Abtenco*. (*barely audible*)? They were trying to show us the Tax Declaration of the property. So, we immediately corrected said issue by presenting the title to said property.

As to the supposed donation made by the Provincial Government of Abra, it was noted that there was only an intent. So, they were trying to collect data, gathering from our end that we might not be updated. So, when we presented the title for said lot, they backtracked on the supposed donation.

Then, after which, there was a discussion. The discussion was about the letter that emanated from the office of the Governor of Ilocos Sur. So, we also queried why they did not seek endorsement from the Provincial Government of Abra. It was because of the supposed connection, *siyempre*, Ilocos Sur yan si Ma'am Bel, who together linked would be the Governor of Ilocos Sur. *Kaya* they took that route of engaging with us. So, *yun po yung naging dahilang itong bakit Ilocos Sur yung Governor, yung nag-endorse ng letter.*

Of course, we asked if there is a possibility for the Provincial Government of Abra to also endorse said request, and they said that they are already in the process. Since there is already a request pending before the office of the Governor to issue an endorsement for said agreement should we pursue such partnership. Also, as part of the initial inspection, *medyo may konting disparity kasi yung previous survey plan, ang laki nung difference.* We will ask Engr. Dela Pena to explain that part.

And of course, since the building was originally inaugurated in 1965 by then President Diosdado Macapagal, so *kung ina-knockdown yun, baka may historical significance.* So, *yun po yung mga tinitignan po natin mga possible magiging hitches should we pursue on renovating or gagalawin yung said building.* Pero *medyo dilapidated na po talaga and medyo nahuhulog-hulog na yung mga ibang yero.*

So, we were asking if they could proceed with the renovation. Kasi sabi namin, i-hold muna because, i-present muna namin sa board tapos i-discuss kung ano yung magiging moving forward plans namin. So, to also provide additional details, I would ask Engr. Dela Pena to continue on with the presentation.

Engr. Dela Pena: Good afternoon po sa lahat. This was presented during the last committee meeting wherein mapapansin po natin na si Red Cross, yung kanyang lupa ay masyadong malaki pa para dun sa hinihingi nilang 604 sq.m. Since si Red Cross meron na siyang development from the start, na original building area niya is 109.08 sq.m., ngayon po ay nasa 184.43 sq.m. na. So meron na po siyang additional na inilagay. Yung originally na plotted natin as per title, titignan po natin dito sa legend niya, yung brown line represents po ng boundary using the title. Yan po yung ginamit natin. Tapos yung yellow is the actual boundary line, kung ano na po yung nangyari doon. So meron po movement from yung original na dapat natayuan ng ating boundary ng ating lupa ay medyo gumalaw po siya ng konti.

Tapos yung orange line rin po siya na si Red Cross ngayon na meron na siyang improvement sa dati. Yung mga blue lines lang po ay purely dimensional lang po.

It is a proposed 2-story building with a floor area of 180 sq.m., yung first floor po. Kung magiging dalawa siya, nasa 200 sqm. So, using po yung adjusted na building line natin, i-plot natin sila sa gilid, uppermost left to maximize natin yung area at maka-utilize pa tayo sa kanilang side. So pwede na pumasok yung kanilang proposed building na dito sa upper left corner, 270.62 sqm na lang po ang pwede nating ibigay sa kanila. The rest from the 604 sq. m. ay pwede na po nating kunin as part of our future development.

Yan po yung first proposal natin na pwede nating kunin sa kanila. And as to the Red Cross rin po, yung kanilang plano was designed 2012 for the 2-story building and to come up with the budget.

And yan nga, yan din nabanggit ni Sir DASS kanina na it is built in 1965. So kakailanganin po niya clearance from the national history kung meron bang building significance yung building before knocking down. Matatagalan pa po ito.

Like po sa atin dumaaan din po tayo sa national history for the clearance ng demolition ng building natin. And it took a while, maraming conversation, maraming board meeting, maraming communication with them. Tiyak din po na pahirapan din sa kanila before ito ma-knockdown.

Ang proposal po natin na ipapahiram ay 270.62 sq.m.

DASS Savellano: Ito po ay kung i-pursue natin yung usufruct agreement with them, pero tulad po ng sabi ni Engr. Abe, matatagalan pa ito. We are also requesting na magkaroon din ng actual measurement of the property. Visually kasi maliit na ang area natin so we would be requesting a resurvey. And that would be also our proposal with other properties para makita po natin ang actual area ng mga properties natin.

And of course, yan din nga, meron sila kasi nabanggit na may commitment daw tayo sa proposal nila. So, we will caution muna kung ano po yung mga gagawin natin prior to going with this usufruct agreement. They are also willing to present before the Board to try and convince the Board to enter into this usufruct agreement. Any thing else Engr. Abe.

Engr. Abe: We will be submitting a report on this, the Committee under Sir DASS after collection of the needed documents to support yung recommendation ng team namin.

DASS Savellano: Please allow us, for better recommendation after collection of the needed documents of the building para at least to fast-track also if it warrants na kailangan ito na ma-demolish. Para at least hindi rin po ka-risky kasi kung titignan mo rin yung building talagang medyo questionable na rin ang structural integrity. To make sure din po na ang ating Board ay properly guided before making its decision on the proposed usufruct agreement. Thank you, Your Honors.

Dir. Guzman: Madam Chair, all things considered, I moved that this agenda be held in abeyance and for further study subject to the availability of the documents that will help in deciding whether to push through with the usufruct agreement.

Dir. Trongco: I second the motion.

Atty. Obusan: We now move to our last agenda.

**2. BRIEFER REPORT OF AIM COMMITTEE ON THE INVENTORY AND STATUS OF NTA REAL PROPERTIES/LANDHOLDINGS (AS OF MARCH 20,2024 PER BOARD RECOMMENDATION)**

Atty. Obusan: May we recognize the same resource persons, Sir DASS, Ma'am Zenaida Arrojo, Engineer Abraham C. Dela Pena, with the addition of Atty. June Fred V. Parado, Attorney V, OAD.

DASS Savellano: This is with regards to the Briefer Report of the Asset Inventory Management Committee of the National Tobacco Administration dated March 4, 2024. So, there is a new composition of the AIM

Committee but in spite of that new composition, Your Honor, may we recognize Atty. JV Parado, former Chairperson of the AIM Committee to report on this agenda.

Atty. Parado: Thank you, Sir DASS. Good afternoon to everyone.

Anent the subject matter, I respectfully submit herewith the attached BRIEFER REPORT ON THE INVENTORY AND STATUS OF REAL PROPERTIES / LANDHOLDINGS (AS OF MARCH 20, 2024), of the Agency. For the information of the honorable Chairman / Alternate Chairman-designate, Administrator & CEO / Vice-Chairperson, and the Members of the NTA Governing Board.

#### **NTA – CENTRAL OFFICE**

Location:	Diliman, Quezon City
Evidence of Ownership:	TCT No. 47063 (380582) TCT No. 47064 (380581)
Land Area:	1,401 Square Meters 1,400.80 Square Meters
Classification:	N/A
Registered Owner:	National Tobacco Administration
Acquisition Cost:	Php 504,360.00 Php 462,260.00
Book Value:	Php 504,360.00 Php 462,260.00
Status/Remarks:	Present site/ location of the NTA Central Office building (under construction)

#### **NTA - CAGAYAN**

Location:	Ugac Norte, San Gabriel, Tuguegarao, Cagayan
Evidence of Ownership:	TCT No. T-115594
Land Area:	7,098 Square Meters
Classification:	Commercial
Registered Owner:	Philippine Tobacco Administration
Acquisition Cost:	Php 354,900.00
Book Value:	Php 354,900.00
Status/Remarks:	With certified true copy of Title in the name of the PTA; Present office site/ location of NTA-Cagayan Branch Office

Location:	Casicalan, Aguiguican, Gattaran, Cagayan
Evidence of Ownership:	Notarized Deed of Absolute Sale of a Portion of Unregistered Land
Land Area:	79,997 Square Meters
Classification:	Upland
Registered Owner:	Carlo Elizaga & Susan Elizaga (for verification)

Status/Remarks: No title or tax declaration attached to Inventory/Report;  
different Named vendor in the Deed of Sale is Fruto Elizaga,  
from the alleged registered owners

Location: Aguiguican, Gattaran, Cagayan  
Evidence of Ownership: No tax declaration/title submitted; allegedly annotated to  
T-465

Land Area: 31,295 Square Meters  
Classification: Cornland  
Registered Owner: No evidence (no title/tax declaration; for verification)  
Status/Remarks: No title or tax declaration attached to Inventory/Report;  
Partially eaten by Cagayan River, as reported

Location: Aguiguican, Gattaran, Cagayan  
Evidence of Ownership: No tax declaration/title submitted  
Land Area: 1,166 Square Meters  
Classification: Right of Way  
Registered Owner: No evidence / Deed of Donation (no copy; for verification)  
Status/Remarks: No title or tax declaration attached to Inventory/Report;  
Donated by F. Elizaga to PTA – way to BAI office

Note: Three (3) separate properties located at barangays Taytay & San Jose, both in the municipality of Baggao, Cagayan, are being **excluded** because they are registered in the name of **La Insular Co.**, and there is no evidence of any ownership claims by the NTA over these parcels of land

#### **NTA - ISABELA**

Location: Osmena, Ilagan, Isabela  
Evidence of Ownership: TD No. 08-14-0049-00554  
Land Area: 25,017 Square Meters  
Classification: Agricultural/Residential (AR)  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 14,760,030.00  
Book Value: Php 14,760,030.00  
Status/Remarks: With photocopy of certified true copy of Tax Declaration in the name of the NTA; Newly constructed water system and a 2-storey building on the southern part of the main office, per report

Location: Cabannuangan, Jones, Isabela  
Evidence of Ownership: TCT No. T-12489  
Land Area: 12,682 Square Meters  
Classification: Residential  
Registered Owner: Philippine Tobacco Administration  
Acquisition Cost: Php 2,790,040.00  
Book Value: Php 2,790,040.00  
Status/Remarks: With photocopy of TCT in the name of the PTA; Vacant, no structure (for Sale), per report

Location: San Fabian, Echague, Isabela  
Evidence of Ownership: TCT No. T-269994  
Land Area: 4,386 Square Meters  
Classification: Residential  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 1,833,300.00  
Book Value: Php 1,833,300.00  
Status/Remarks: With photocopy of TCT in the name of the NTA; With proposal from LGU-Echague, Isabela to buy the property (however, LGU-Echague, Isabela was instead granted a 25-year Usufructuary Right to Use the Land and Develop the Property, per Board Resolution)

Location: Poblacion, Tumauni, Isabela  
Evidence of Ownership: TCT No. 035-T-333578  
Land Area: 62,146 Square Meters  
Classification: Agricultural Lot (51,763 sq. m.)  
Residential (300 sq. m.)  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 1,214,362.00  
Book Value: Php 102,000.00  
Status/Remarks: With photocopy of TCT in the name of the NTA; Traversed by Road Right of Way going to D. Albano, per report

Location: Maggayu, Tumauni, Isabela  
Evidence of Ownership: TCT No. T-115787  
Land Area: 30,000 Square Meters  
Classification: Agricultural Lot (11,635 sq. m.)  
Registered Owner: Philippine Tobacco Administration  
Acquisition Cost: Php 201,053.00  
Book Value: Php 201,053.00  
Status/Remarks: With photocopy of TCT in the name of the PTA; One title with two (2) areas, with Emancipation Patent (EP) Nos. 206741 & 206749, with a total area of 1.1635 hectares. EPs issued to farmers since 1987, per report

#### **NTA - KADIWA NI ANI AT KITA**

Location: Sulvec, Narvacan, Ilocos Sur  
Evidence of Ownership: TCT No. 024-2018001828 & TD No. 14-0032-01050  
Land Area: 9,659 Square Meters  
Classification: Special  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 5,793,635.30  
Book Value: Php 5,793,635.30



**Status/Remarks:** With photocopy of Title and Tax Declaration in the name of the NTA; Present office site/ location of the NTA Feedmill Complex  
**Location:** Nanguneg East, Narvacan, Ilocos Sur  
**Evidence of Ownership:** Original Certificate of Title (OCT) No. 2023000612; TD No. 14-0020-02254  
**Land Area:** 14,399 Square Meters  
**Classification:** Industrial  
**Registered Owner:** National Tobacco Administration  
**Acquisition Cost:** Php 8,221,164.23  
**Book Value:** Php 8,221,164.23  
**Status/Remarks:** With photocopy of Tax Declaration in the name of the NTA; Present office site/ location of the NTA Kadiwa Ni Ani at Kita

**NTA – VIGAN CITY, ILOCOS SUR**

**Location:** Poblacion, Bantay, Ilocos Sur  
**Evidence of Ownership:** OCT No. 2019000801; TD No. 06-41589  
**Land Area:** 406 Square Meters  
**Classification:** Residential (Land)  
**Registered Owner:** National Tobacco Administration  
**Acquisition Cost:** Php 142,100.00  
**Book Value:** Php 142,100.00  
**Status/Remarks:** With photocopy of Title and Tax Declaration in the name of the NTA; Present location/site of the NTA-Vigan Branch Office

**Note:** The NTA-Vigan BO has transferred to the Tobacco Farmers Training Center in Bannuar, San Juan, Ilocos Sur

**Location:** (Building Only, Class III-A) Poblacion, Bantay, Ilocos Sur  
**Evidence of Ownership:** TD No. 04-36864  
**Land Area:** 140.40 Square Meters  
**Classification:** Residential  
**Registered Owner:** National Tobacco Administration  
**Status/Remarks:** With photocopy of Tax Declaration in the name of the NTA; The NTA-Vigan Branch Office building (vacated due to transfer of NTA-Vigan BO to San Juan, Ilocos Sur)

**NTA - CANDON CITY, ILOCOS SUR**

The NTA-Candon BO has no real property landholding to report because:

- (1) the present Branch Office (BO) building is presently located inside the Government Center property of the City of Candon; and

(2) the NTA Tobacco Farmers Training building in Brgy. Magsaysay, Tagudin, Ilocos Sur, is also situated in a property owned by LGU-Tagudin, Ilocos Sur.

#### **NTA - LA UNION**

Location: Fernando (Amlang), Sto. Tomas, La Union  
Evidence of Ownership: TCT No. 025-2016001530  
Land Area: 31,456 Square Meters  
Classification: Industrial  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 20,762,280.00  
Book Value: Php 20,762,280.00  
Status/Remarks: With photocopy of Title (NTA) and Tax Declaration (Jason K. Tanyao); Actual use/s: As tobacco land and for industrial purposes; Present site of the Tobacco Dust Processing Plant (TDPP)

Location: Payocpoc Norte-Oeste, Bauang, La Union  
Evidence of Ownership: OCT No. 025-2019000572  
Land Area: 1,964 Square Meters  
Classification: N/A (Commercial Lot)  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 153,430.00  
Book Value: Php 153,430.00  
Status/Remarks: With photocopy of Title and Tax Declaration, both in the name of the NTA; Present location of the NTA-La Union Branch Office; inclusive of the following: (1) one-storey office building; (2) deep well; (3) pavilion, with open sides; and (4) a 2-storey building, donated by the Provincial Government of La Union

#### **NTA - PANGASINAN**

Location: Poblacion, Villasis, Pangasinan  
Evidence of Ownership: TCT No. 260143  
Land Area: 600 Square Meters  
Classification: N/A (Commercial)  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 150,000.00  
Book Value: Php 150,000.00  
Status/Remarks: With Title submitted  
Actual use/s: Present location of the NTA-Pangasinan Office building (acquired in December 2001); With Extension building (acquired in August 2019)

Location: Carmay East, Rosales, Pangasinan  
Evidence of Ownership: N/A  
Land Area: 1,943 Square Meters (Lot 2, PCS-01-005036), being a portion

of the total land area of 30,232 square meters, covered by TCT No. T-76816

Classification: N/A  
Registered Owner: Mr. Pancracio D. Rodriguez  
Status/Remarks: Property was donated by Mr. Pancracio D. Rodriguez to NTA (*with Deed of Donation & Acceptance attached to Report*) but not yet transferred to NTA;  
Without any Title submitted as the mother title is allegedly in the custody of Rep. Conrado M. Estrella III, now Secretary of the Department of Agrarian Reform (DAR);  
Actual use/s: Present location of the NTA-Pangasinan Office building (*donated by then Rep. Estrella STRELLA*)

**NTA – ABRA**

Location: Taft cor. Washington St., Zone 6, Bangued, Abra  
Evidence of Ownership: TCT No. T-105; TD No. 41706  
Land Area: 1,761 Square Meters  
Classification: Residential  
Registered Owner: Philippine Tobacco Administration  
Acquisition Cost: Php 440,250.00  
Book Value: Php 440,250.00  
Status/Remarks: With photocopy of Title and Tax Declaration in the name of the PTA; location of the NTA-Bangued, Abra Branch Office, and the 2-storey Tobacco Farmers Training Center (*building*); perimeter fencing, land improvements and building repair pending implementation, as reported

Note: A northern portion, consisting of **604** square meters, is presently occupied and used by the Philippine Red Cross-Abra Chapter as its chapter office, since 1965; A request/ proposal made by PRC-Abra for a possible execution of a Usufructuary Agreement between NTA and PRC-Abra is pending before the NTA Governing Board for resolution

Location: Ap-apaya, Villaviciosa, Abra  
Evidence of Ownership: TD No. 2513; Titling on-process  
Land Area: 9,120 Square Meters  
Classification: N/A  
Registered Owner: National Tobacco Administration  
Acquisition Cost: Php 273,600.00  
Book Value: Php 273,600.00  
Status/Remarks: With photocopy of Tax Declaration in the name of the NTA; Some buildings were erected previously used as research center (*Old*); Prospective site/ location for a tobacco buying station for the municipalities of Pilar, Villaviciosa, San Isidro, and Pidigan, as reported

### **PACO, CITY OF MANILA PROPERTIES**

Location: Paco, City of Manila  
Evidence of Ownership: TCT No. 120517; TD No. D-089  
Land Area: N/A  
Classification: Residential  
Registered Owner: Philippine Virginia Tobacco Administration  
Acquisition Cost: Php 4,428,190.00  
Book Value: Php 4,428,190.00  
Status/Remarks: Subject of a pending litigation

Ten (10) separate Civil Cases for Recovery of Possession / Accion Publiciana were filed against unlawful occupants / informal settlers

Four (4) cases are still pending before the Regional Trial Court (RTC), Branch 39, Manila, for reception of evidence

Three (3) cases are already submitted for decision / resolution

### **LAS PINAS CITY PROPERTIES**

Location: Pugad Lawin, Las Pinas City  
Evidence of Ownership: TCT No. T-22933A (e-title); a derivative of OCT No. 6285, issued on 18 September 1967  
Land Area: 94,802 Square Meters  
Classification: Residential  
Registered Owner: Philippine Virginia Tobacco Administration  
Acquisition Cost: Php 9,480,200.00  
Book Value: Php 9,480,200.00  
Status/Remarks: Property is under litigation

Subject of a land dispute vs. AYALA LAND, INC., for "Quieting of Title", then docketed as follows: (1) CA-GR CV No. 104668; (2) CA-GR SP No. 131112; (3) CA-GR SP No. 139642 – Decisions were then on appeal to the Court of Appeals (CA) – Manila, Special Fourteenth (14<sup>th</sup>) Division

CA then remanded the appealed cases to the RTC, Branch 275 of Las Pinas City, for resolution / reception of evidence. All cases are now submitted for resolution/ final disposition

### **RODRIGUEZ, RIZAL PROPERTIES**

Location: Brgy. San Isidro, Rodriguez/ Montalban, Rizal

Evidence of Ownership: Multiple titles for subdivided portions, consisting of 100-150 square meters per lot

Land Area: 83,879 Square Meters (total land area)

Classification: Residential

Registered Owner: Philippine Virginia Tobacco Administration

Acquisition Cost: Php 26,144,147.39

Book Value: Php 26,144,147.39

Status/Remarks: Property is presently mortgaged to the Philippine Deposit Insurance Corporation (PDIC), subject to pending request for loan restructuring

The proposed housing project for NTA employees, known as the "Golden Leaf Village", it is situated on flat terrain, with a 24-hour security

As of December 31, 2022, the total amount due to PDIC has accumulated to PhP373,250,555.52, distributed as follows:

- (1) Book value – PhP78,729,152.01;
- (2) Interest from October 01, 2001 to December 31, 2022 – PhP90,849,087.26; and
- (3) Penalty Charges from October 01, 2001 to December 31, 2022 – PhP203,672,316.25

The total land area of the property is **83,879** square meters; but, the *total saleable area* of the property (*after deducting provisions for roads and alleys, facility lots, parks and playgrounds, etc.*) sums up to **51,630** square meters

#### **BATAK CITY, ILOCOS NORTE PROPERTIES**

Location: Batak City, Ilocos Norte

Evidence of Ownership: N/A

Land Area: 59,063 Square Meters

Classification: N/A

Registered Owner: N/A

Status/Remarks: The MMSU bought certain parcels of land, located at *Sitio Tablang, Barangay Tabug, Municipality of Batak, Province of Ilocos Norte*, which are still registered in the names of the former owners, consisting of **59,063** sq. m., more or less;

The PTRTC (*now NTA*) had constructed a building complex on the said parcels of land, with the knowledge, conformity and consent / permission of MMSU. Funds used in the construction of the NTA Building Complex came from the corporate funds of NTA (RA 4155);

The PTRTC, now NTA, is the beneficial owner of certain parcels of land, located at *Tabug No. 17, Batac, Ilocos Norte*, with an aggregate area of **80,099** sq. m, more or less;

On January 29, 1990, a Deed of Exchange was executed between the National Tobacco Administration (NTA) and the Mariano Marcos State University (MMSU);

In the Deed of Exchange, the MMSU expressed willingness to cede and transfer to the NTA all its rights, titles and interests in the parcels of land consisting of **59,063** sq. m. Also, the NTA, as successor-in-interest of the PTRTC, expressed its willingness to cede unto and waive in favor of MMSU all its rights, titles and interests in the parcels of land consisting of **80,099** sq. m.;

The Deed of Exchange was notarized on January 29, 1990

- Atty. Obusan: Thank you very much Atty. JV for the comprehensive report.
- Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?
- Dir. Padayao: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.
- Dir. Guzman: I second the motion. Ano oras tayo tomorrow, Attorney?
- Atty. Obusan: 10 am po Director.
- Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. (*Meeting was adjourned at 4:50 PM*)

Prepared and reviewed by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**ISO 9001: 2015 QMS CERTIFIED**

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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**15 APRIL 2024**  
**9:00 AM**

The Honorable Director, Jessie Pat M. Serna called the meeting to order at 9:00 AM. He was delegated by Administrator and CEO, Belinda S. Sanchez in her absence. Adm. Sanchez, together with DAOP Savellano went to Tanauan, Batangas to grace the inauguration of the new manufacturing plant of PMFTC.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today April 15, 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Director, Jessie Pat M. Serna to call to order the meeting, Sir.

Dir. Serna: The Joint Board Committee Meeting of the following Committees: Trading Operations & Regulation, Research and Extension, Board Audit and Finance, Legal Matters and Properties, and Nomination, Remuneration and Personnel Administration is now called to order.

Atty. Obusan: Thank you Mister Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Dir. Serna: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Mister Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the members of the NTA Governing Board, as follows: the Presiding Chair, Hon. Dir. Jessie Pat M. Serna, representing the Tobacco

Traders/Exporters Sector; Representing the Tobacco Farmers Sector are, Hon. Dir. Gerry Virgilio V. Guzman, Hon. Dir. Danilo C. Trongco, and Hon. Dir. Luzviminda U. Padayao; Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector will be joining us online via the virtual platform.

along with *everyone*.

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*;

Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*;

Ma'am Dina E. Pichai, Manager, Internal Audit Department, and Mr. Resty Cambe, Internal Auditor V. Atty. Rohbert A. Ambros, Manager, Regulations Department. *Good Morning*.

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all*.

As such Mister Chair, we have a quorum.

Dir. Serna: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read first the "Thank You message of Admin. Sanchez to all the organizers of the recently concluded Tobacco Festival in Candon City, Ilocos Sur then proceeded with the reading of the scheduled Agenda."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under the:

**A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

**1. UPDATES ON 2024 TOBACCO TRADING OPERATIONS**

Atty. Obusan: May we recognize the Resource Persons: Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Atty. Rohbert A. Ambros, Manager, Regulations Department



DAOP Casela: The agenda, which is about the ongoing tobacco trading operations, will be elucidated and fully reported by the Department Manager of the Regulations Department, in the person of Atty. Rohbert A. Ambros. Attorney, please. Thank you.

Atty. Ambros: *(Reported using power point presentation flashed on the screen.)*

Thank you, Sir. And good morning to all of our Honorable Directors, to our Special Assistant to the Administrator, to my fellow officers of the NTA, Good Morning.

So, I will be presenting to you the updates of the ongoing tobacco operations for 2024. Although, it will not touch upon the updates of the tobacco acceptances right now because we have just finalized the form that we will be using in the reporting system. What I will be presenting to you is just the preparation and what will be the next steps to be undertaken during the trading season.

So, first of all, I would like to inform everybody about the official schedule of trading operations for 2024.

So, for Virginia, it officially started January 15, but requests for opening were received only late March and early April. So, very late na rin silang mag-open.

Sa Burley, for Region 1, it started on February 1 until July 31. So, sa Region 2, it will start April, this month until September.

And for the native or dark air cured, this month and until December.

So, for Visayas and Mindanao, there will be two cropping seasons. The first cropping season is from February 1 to May 31, and the second cropping season is from July 1 to December 31. *Next slide, please.*

So, comparing the purchase commitment for this year with last year. So, we will be expecting a reduction of 2.6 million kilograms based on the commitment from the buying station. But don't worry because this figure does not include the purchases of Visayas and Mindanao areas.

So, medyo malaki nga lang yung reduction for the native type. So, that's 2.2 million. And for the Burley, a little, 5.39% reduction.

So, all in all, we will be expecting a reduction of 6.12% for this year. *Next slide, please.*

So, for this trading season, we have already issued 466 licenses.

This includes WTDs, redrying plants, buying stations, field canvassers, and viajeros. So, this is a 3% increase from last year's 452 total licenses issued.

So, out of the 466, there are 15 wholesale tobacco dealers that we were able to issue licenses. There are three redrying plants. So, walang changes dito sa redrying plants kasi tatatlo lang talaga yung nagre-redry ng tobacco, namely, Universal Leaf, Transmanila, and Continental Leaf. So, sila lang yung regular na nagre-redry.

So, for the buying stations, meron tayong increase na tatlo from last year's 33 for a total of 36. So, nag-increase tayo ng 9%.

And, of course, there is also an increase in numbers for the field canvassers and viajeros by about 2.5%. *So, next slide.*

So, sa yung mga licenses/permits we have issued by location, meron tayong tatlo sa Abra. Actually, this will include buying stations and field canvassers and viajeros already.

So, sa Region 1, total of 231; Region 2, total of 31; Nag-increase sa Cagayan kasi meron na silang viajero ngayon sa Cagayan.

It is their first time to license viajero kasi meron na silang tinatanim in their area. So, besides in Mindanao, there are 201. So, all in all, 466.

*Please go back to the previous slide, please.*

So, pinaka-marami pa rin ang Ilocos Sur with 93 kasi marami silang field canvasser. A total of 83. So, maraming mga nag-iikot-iikot ngayon sa Ilocos Sur.

So, out of the 36 licenses that we issued for buying stations, 27 are already in operation. So, yung tatlo kasi are native tobacco-type buying stations. So, more or less, they will open siguro mga last week ng April or first week ng May. So, we are just waiting for their notice to off-open. *Next slide.*

So, as I have said earlier, we will not be reporting any data on acceptances at this time because we have just formulated a new system of reporting. So, we have amended our previous mode

of reporting which adopted the NTA grading such as AA to reject. So, this time, we will be adopting the grading as per manual of harmonized grading system for Virginia and Burley types.

So, there will be separate reports for improved, neutral, and sun-cured subtypes. And the system will adopt in an automated Excel format which we provided to the branch offices through the Google Drive. *So, next slide.*

Makikita natin yung sample noong ginawa namin na form. So, under this one, this slide sheet is for the very improved flavor. So, under the grade AA, there are already subgrade for the harmonized grade system.

So, individually, meron na syang entry per buying station. So, nag-automatic total sya at the very end. And at the same time, habang in-accomplish ito per sheet, nagtototal na rin sya doon sa total Virginia.

In the same manner to Burley, Native, and the rest of the sheets for doon sa Native type. So, wala na masyadong gagawin ang mga Branch Offices except i-enter lang yung volume per grade. And then, the price.

Nag-automatic computation na sya as to average price per kilo. And naka-compute na rin sya kung ilan ang percentage per subgrade. *So, yung next slide would be the total.*

Diyan na po, pagka nag-enter sila ng data doon sa mga prior sheets, dito na bumabagsak yung total for all the Branch Offices. So, hindi na tayo nahihirapan na mag-consolidate or mag-re-compute doon. Yan, naka-compute na rin sya kung ilan yung grade ng high grades, medium to low grade to reject.

So, makikita na natin dyan kung we are achieving yung target natin sa GCG na 83.83% high grade. High to medium grade pala. And ang kagandahan nitong system na ito, we will not be waiting anymore for the formal reports of the Branch Offices.

Kasi usually ganun yung nagiging problem namin why we were not able to report on time. Because we will still have to wait for the formal reports. And with this system, they are given the access to the Google form.

All they have to do is input the data and then kami nakikita na namin sya at hand. *So, next slide.* So, the period for reporting will be every 15th and end of the month or bimonthly.

So, within the 3 working days, after the cutoff, they have to accomplish the Google drive. And then, the volume that you will see in the report will be cumulative. So, nagpa plus plus lang sila every time na merong periodic reporting.

So, yung entry nila and yung nare-report namin sa board and sa top management will be the year-to-date volume. Ibig sabihin kung ano yung volume from the start of the first period, included na yang hanggang sa last na cutoff period. So, hindi na tayo magre-report for every cutoff period na 15 and every end of the month.

So, cumulative sya. So, sabi ko kanina, wala ng physical transmittal ng mga reports to prevent delays. And we will just consolidate the reports and then immediately, within 3 days from the last day of accomplishing the Google drive, we will be able to generate the consolidated report.

So, we will be expecting the report by April 18. *Next slide, please.* That will consist already the March 15, March 16 to 31, and April 1 to 15 tobacco acceptance reports.

So, we will be submitting our consolidated report on April 22. So, Atty. George, kailan yung next na board meeting natin?

Atty. Obusan: Bukas pa po natin ma-confirm kay USec DV.

Atty. Ambros: So, sa April 22, we will be able to report already to the board kung ano na yung update ng ating tobacco acceptances. And with respect to the trading operations, of course, together with the internal audit, lalabas na po sila mamaya. Sorry, bukas pala.

*Next slide, please.* Ayan, we will be conducting a monitoring of the buying stations in the different provinces. So, sa La Union, they will start that tomorrow.

And then Candon on 17 in the morning, Abra in the afternoon. Then Vigan by morning of 18, and then Ilocos Norte afternoon of 18. So, for Region 1 and 2, covering Pangasinan and Isabela, they will again monitor on May 9 and 10.

So, yan lang muna ang update natin for the trading operations. And we will be submitting the report as promised sa April 22. So, thank you very much.

Atty. Obusan: Thank you for your presentation, Atty. Bob. The floor is now open for any comments or discussions from the governing board.

- Dir. Trongco: Good morning. Concern ko lang, dahil yung presentation mo kanina, doon sa Abra, only two buying stations and one field canvasser/viajero were licensed, tatlo lang talaga?
- Ang main concern ko lang ay yung share ng province sa excise tax. Baka kasi sila ang nagpapagod, para at least yung production data ng Abra, yung accurate ang nakakarating sa iyo.
- Atty. Ambros: Yes, sir. Having a lesser number of buying station would result to more or less a not reliable data. But don't worry, sir. We have already adopted a procedure to correct those matters that we have been experiencing even before. So, meron na tayong tinatawag kasi, sir, na average production per hectare. Provided na yung area planted were validated and with GPS coordinates na nire-report ng branch office and kinu-consolidate ng FTSD.
- So, with that, nade-determine natin yung total area per municipality and per province. So kahit saan pa pumunta yung tabako, pagdating doon sa final na computation, babalik at babalik doon sa province kung saan nanggaling based doon sa area na nareport.
- Dir. Trongco: Ang purpose ko kasi, para at least na-encourage natin ang mga tiga-Abra, na doon na mismo magbenta para hindi mahirapan yung mga farmers natin na mag-transport pa sa ibang province.
- Atty. Ambros: Well sir, we have been encouraging the buyers to put up at least a satellite stores sa Abra, but it's really a business decision. Parang nahirapan sila mag-put up ng buying station sa Abra. I don't know really the reason but most of the time naririnig ko yung mayroong political pressures.
- Dir. Trongco: Through the help of our Gov. Chavit, through the League of Mayors, siguro kaya naman. Kasi it's our way of helping the farmers na hindi na sila mahirapan na mag-transport ng kaniang mga produce from Abra to Ilocos Sur or other provinces.
- Atty. Ambros: Doon na po nako-correct ng bagong system natin kung may nawawalang tobacco or may na-deliver sa ibang province from Abra, na-deliver sa ibang province at accidentally na-record doon sa accepting province. Nako-correct na po yun ng bagong system natin na we will be computing the volume of production per municipality based on their validated area of production.
- Dir. Padayao: At sa Abra, isa lang yung field canvassers na nag-register?
- Atty. Ambros: Yes ma'am, yun lang yung nabigyan namin. Dalawang buying station and then one FC.

- Dir. Padayao: Kasi as far as I know, marami ding field canvassers diyan. Kaya lang siguro baka they try to avoid paying the license fee. So, they should be vigilant in monitoring the field canvassers buying without licenses. Kasi minsan, yung mga canvassers from Abra nakakarating pa sa Ilocos Norte through the backdoor.
- Atty. Ambros: I'm not really sure ma'am kung mayroon kami nabigyan ng license last year na field canvassers. But I think wala. Pag wala kasing buying station, ma'am doon, wala ding field canvassers. Kasi yung field canvasser is directly connected sa buying station.
- Dir. Padayao: So walang problema ng pole vaulting sa Abra? Kasi walang field canvasser eh, di ba? Kasi kung bibili siya ng tabako as a field canvasser, mag-license siya din sa Abra. Di ba ganoon Atty?
- Atty. Ambros: Yes ma'am, mayroon color of validity doon sa claim ninyo. Pag wala ng field canvasser, hindi masyadong magulo ang trading. The more na nagkakaroon kasi ng mobile na buyer, doon nagkakaroon kasing ng switching ng mga records.
- DAOP Casela: Actually Ma'am Luz, we have tried to eliminate sana yung field canvasser before. Pero even the buying stations and the WTDs, they were the ones who really requested na kailangan din nila talaga ng tao nila on the ground.
- Kasi sila malalaki mga companies, they need to have specific persons per specific area. So yun yung tumutulong din sa kanila sa pag-collect ng mga tabako ng contracted farmers. Siguro there are a number, a few siguro na nagpapagulo talaga.
- Dir. Padayao: Yung isa pang concern ko, itong bumaba yung purchase commitment sa native ng about 2 million kilos? Pero yung performance natin last year, ilan?
- Atty. Ambros: As of last year Ma'am, yung compared sa purchase commitment na 15.5, nag-20 million tayo. Pero bumaba ngayon ang purchase commitment ng mga buyers. But we are expecting na mariretain natin yung last year's record pa rin, based dun sa expansion ng mga native tabako sa Mindanao.
- Dir. Padayao: So, we expect more than 20M kilos? Kasi nag-expand tayo. Paano na? Will they still purchase even if ito yung commitment nila, 13 million kilos only?
- Atty. Ambros: Yes ma'am. Actually, purchase commitment are conservative estimates. Kasi ma'am natatakot sila under our rules, if you commit a particular volume at hindi ito na meet, mayroon kang penalty. So, mas maganda mag-conservative estimate lang. So even if they exceeded their purchase commitment, better.

- Dir. Serna: Because it's really hard to code and compute under harmonized trading system. So as of now, hindi pa ito na-run? Mayroong mga branch offices na hindi pa sila familiar doon sa system?
- Atty. Ambros: Konting training pa and we will be able to familiarize them doon sa system. Para kahit dito sa Central Office, namo-monitor natin agad yung trading operations. Kasi ang advantage ngayon, updated palagi yung data natin. And we can monitor the average price per kilo in every location and every province.
- Dir. Guzman: Pero wala pa kayong report as to average price per kilo?  
Atty. Ambros: Wala po Sir. Kasi hindi pa namin nakuha lahat yung report from the branch office.
- Dir. Serna: Pero nag-start na yung March, wala pa kahit isang report lang na average price?
- Atty. Ambros: May nakita kami na report, Sir, na it's P113 ang average.
- Dir. Guzman: For Burley?
- Atty. Ambros: Floor price, sir, is P97 or P98.
- Dir. Serna: That's nice.
- Atty. Ambros: Yes, sir. Sa Virginia, P123 na? Wala pang nakakarating sa CO.
- Dir. Trongco: Sir, price ba yan ng buying station or yung sa field canvasser? Mas mataas kasi sila usually. Pero hindi ginagamit yung harmonized grading. Kasi tatanggalin lang yung reject, tapos isa na presyo.
- Atty. Ambros: Ito pang isang reason why we formulated yung Google form na ito. At least na himay-himay every grades per our harmonized manual. Kasi meron tayong nakita for the previous trading years na nawawala yung grade D and E.
- Dir. Padayao: Walang grade D and E. Baka lang kasi hindi siya pumapasok doon sa particular NTA grade as per yung grading system ng companies. In addition, Atty., may nawawala pa, hindi lang doon sa lower grades, pati AAA.
- Atty. Ambros: Minsan yung pinakamataas na grade C, nawawala po.
- Dir. Serna: Kaya siguro, yan pa ang mga tingnan natin. Regarding po sa schedule of monitoring, parang may naalala ko noon na may suggestion na hindi lang monitoring, parang dapat may naka-station sa mga branches.

- Dir. Padayao: Parang nag-arise noon na may problema sa non-compliance. Kaya nag-request noon na may naka-station doon sa mga branch offices na roving team. Hindi naman yung specifically from Central Office, pero they should be visible there para naman aware sila or may nag-monitor.
- Dir. Guzman: Hindi lang yung mga taga-Branch offices. Baka kasi yung impact eh pag, yes, roving team from Central Office. Talagang implement nila itong harmonized grading.
- Atty. Ambros: Under-staffed po kasi sila, so dalawa lang actually yung nalabas for this monitoring.
- Dir. Padayao: Anyway, ang purpose ng monitoring is to ensure compliance whether the buying stations and buyers have their valid permits, are they following yung NTA grading system in terms of buying, and are their weighing scales calibrated. So parang nag-audit lang din.
- Atty. Ambros: Kasi ma'am talagang ganoon yang supervision and monitoring. Not really a roving thing as per yung nakasanayan natin before. But tama ma'am yung suggestion sana na if we can assign staff na magtatagal din.
- Dir. Guzman: Kung kailangan nating mag-hire ng mga job order, Attorney, siguro we can consider hiring of seasonal personnel for monitoring purposes during trading season?
- Atty. Ambros: Yes director, meron kami seasonal na-hire during trading pero parang clerks lang sila, and coders lang. Wala rin silang expertise regarding grading.
- Dir. Trongco: Pero is it right ba na yung buyer talaga mag-grade? Kung ako lang, dapat NTA kasi under regulation tayo, dapat tayo mismo mag-grade para nasa gitna tayo. Yun yung isang concern ko. Yung trading, grading, in-invite ba yung buyer para mag-kaisa yung standard yung grading system? Ako, kasi concern ako talaga dyan eh.
- Atty. Ambros: As long as they agree on that pricing or that grading, NTA will not intervene. Unless the farmer would ask or if he has complaints with respect to pricing and grading, pwede siyang mag-ask ng assistance from NTA. And that's the only time we can intervene, through mediation and arbitration.
- Dir. Guzman: The buyer is also their grader?
- Atty. Ambros: Yes sir, that's the system sa buying station sir. Ever since.



- Dir. Serna: The only way to level up the situation or to make it fair to both parties is to equip the farmers with knowledge regarding trading system.
- Atty. Ambros: Yes sir. So, we expect that every time there is a transaction, it is only between the buyer and the seller. Nobody will even intervene.
- DAOP Casela: That's the usual practice. The only way that they can be fair with each other is to equip the farmers with knowledge regarding grading system. That's the only way I think. So, kaya sinasama nila sir sa training yung mga farmers. Especially yung mga farmer leaders. Ang practice ng farmers, kung talagang ayaw na nila yung ratio na nakatalaga sa tabako nila, inuuwi nila ito. Pero at the loss of NTA, kasi wala na ng service fee. Wala ng collection ng loan.
- Atty. Ambros: Meron naman tayong remedy kapag hindi sila nag-agree and the farmer decides to get back yung kanyang tabako produced. Mag-execute lang siya ng waiver from the buyer para pwede niya tong ibenda sa ibang buyers. Provided yung utang niya sa contracted buying station is babayaran niya. Pwede naman yun.
- DAOP Casela: That's allowed under our rules. Pero hindi tayo sigurado na yung pagbebentahan na, magbibigay din ng service fee. Wala na.
- Dir. Padayao: Wala na, yan ang sinasabi ko. Ang IRD, hindi kaya pwede natin sila i-request? Kasi marami rin silang trips sa provinces and ma-schedule din sila na mag-observe ng trading para ma-monitor kung implemented ba yung harmonized grading.
- Atty. Ambros: Sigie ma'am, pag-aralan natin kung pwede.
- DAOP Casela: Mr. Chairman. Their statements are realities. And the irony of all these statements is like this, farmers have an agreement with the private sector, I mean the wholesale tobacco dealers or the buying stations. We have a contract with them with respect to the implementation of the harmonized grading system. Despite of that contract, they do not follow the harmonized grading. They have their own grading system, which is not in consonance or it does not jive with the harmonized grading system. How could the farmers assert their rights? That's the irony. So that has to be settled. That's one issue I told you.
- Second issue.* You just presented the documentation of tobacco produced and basically based on PIVs. How will you now reconcile the PIVs with that reporting with the area planted by tobacco? Which will now prevail as basis for the certification of tobacco acceptances by NTA with respect to compliance with RA 7171 and 820.

- Atty. Ambros: Sir, the acceptance reports as per PIVs is necessary to determine the total volume. After determining the total volume, we will use the validated areas as divisors. The quotient will be multiplied on the validated area. That's why whatever yield in Abra, for example, the other tobacco produced that was not recorded, and consequently recorded in other provinces, that will be corrected.  
Because as long as the area you reported is validated, it will be credited to that particular LGU.
- DAOP Casela: With your system reporting authority, would it cure the irregularity and the abuse of the PIV?
- Atty. Ambros: It will not totally cure, sir, but more or less it will correct some loopholes that we have no control. Because the preparation of the PIV is really with the buying station. So, we only wait for the report and then accomplish our system based on that submission. With the present marketing or trading operations now, which is, there is really price increases, and in which case our technicians will not really monitor the documentation of the tobacco produce. That will now limit the functionality of the use of PIVs.
- Dir. Serna: And what will now be the basis or the result of the research determining the average yield per hectare per type and subtype of tobacco?
- Atty. Ambros: As I have said earlier, sir, our system of reconciling the production for municipality would not totally erase the truthfulness of the reports from the PIVs, even if we were able to validate the area per municipality. The problem, sir, is that it will not be a true record. Because there are municipalities that really have exceeded their average production per hectare. So, if we will determine the average area for all tobacco produced in provinces, it will be reduced in other areas.
- DAOP Casela: So, you could say that your system of reporting might only be very effective if you really have a control on the use of PIVs. Because the only basis is the submission or the accomplishment of the PIVs. So, we have to really determine which measure is going to be adopted or to really depict the actuality of the level of production as well as for the certification.
- Atty. Ambros: Actually, sir, I have been espousing before that we can use the data from the private sector, especially in the part of Region 2. They have a very efficient system of recording. They are very particular on the municipality, the name of the farmer, and the volume of production of that farmer. Very efficient, sir, because it is systematized.

- Dir. Serna: Yes. On that aspect, Attorney, I rather have no question on that because predominantly it is only that company that buys the tobacco in the area. So, there is no competition. So, in terms of recording, they are really efficient.
- Dir. Padayao: So, you do not expect the proper documentation. And another reason why managers are complaining, that they cannot really document the actual production produced by the farmer because of so many offers being offered, I mean, higher prices offered by their buyers. So, it is just not natural that the farmers will sell their tobacco at much higher prices.
- DAOP Casela: Ang system ng Norte, which was espoused or, initiated by then, Manager Luz, may total acceptance ng province, meron ding acceptance ng other provinces, in which there is close coordination among the managers. Dapat ganoon sana ang ipopropose ko din na sistema, na at the end of the training, or let's say monthly basis, oh, manager ganito, ano bang natanggap mo sakin, and vice versa.
- Dir. Padayao: Yes. Ganoon, ginawa namin noon kasi the provincial government also requested a copy of the production of other provinces. Kung ang nire-report lang namin ay yung na-record sa Ilocos Norte, kaya we have to move it over. Also, those tobacco that were brought by other provinces, ganoon sana may talagang transparency ng province offices para accurate data sa production.
- DAOP Casela: Madam Luz, for me, with the help of local government sana, kasi kung NTA lang magsisikap mahirapan tayo. Kapag na-encourage natin yung LGU na tumulong sa reporting kasi sila din yung nakiinabang sa, para walang problema. One effective measure by which the LGU is doing now to protect the documentation of the producers, they do not allow the entry of cowboy within their respective municipality. They do not allow it. So this is a good indicator on how LGUs can coordinate or help NTA with respect to proper documentation. We did this for the sake of farmers.

But it will boil down what will be our priority? Which is switch?

We want to satisfy our farmers, having to realize a better level of income, and to protect the volume of your produce so that you have a bigger share from 8240 or 7171. Kaya, with the encouragement, with the help of the local government, sana ganon na hindi lang yung NTA.

Sa atin, okay lang na may papasok na ibang field canvassers sa isang municipality. As long as number one, licensed siya. Tapos

indicate niya talaga ang source. And the technician should have to follow it up sa sinabi niyang pagbe-benta na niya para naman ma-coordinate niya sa pag-record sa PIV served.

Or, in connection to the pronouncement of Madam Luz. Pag may pumasok na cowboy, isang bayan, mag-i-issue ng COP.

Sa susunod na pagbalik niya, ma-monitor yung movement niya na yung COP na in-issue niya ay pagbalik, ibibigay yung corresponding PIV. Para kung hindi siya nag-comply doon, the Mayor has the authority to stop him to operate anymore. Kasi, lately, because of the volatility of prices now, pati yung mga wholesale tobacco dealers, they've been proposing na mawawala ng mga cowboys. Pero, at the end of the day, they finally realized na kailangan nila din ng cowboys to collect in their behalf yung production assistance provided.

Dir. Guzman: With the permission of Mister Chair, cowboys are necessary evils. Kailangan natin sila, to trump up the prices and at the same time may problema rin with their existence dahil mahirap mag-record na ng tobacco produced. At ang observation ko, mahirap talagang i-record ito because ang mga pulitikos ay interesado din sa mataas na record.

Whether it was their production or not, gusto nila mapataas yung production nila for sharing purposes ng 7171 at 8240. So kung mapapataas nila yung production nila na galing from other municipalities, they will keep silent. Pero pag-babawasan sila ng production because napunta sa iba, magreklamo sila.

That's the reality and we can only do so much regarding this matter.

Atty. Ambros: So basta para sa kabutihan ng lahat, we are open for suggestion from the honorable members of the board and from our top management kung ano pwede pa natin improve. So sooner or later siguro we can develop a perfect system na hindi na pwede mag-violate yung LGUs and buying stations themselves. And PIV as adapting as to the certification of the volume because the new record is based on PIV and then the validated area.

Atty. Obusan: Mr, Chair, may we recognize Ma'am Dinah E. Pichay, Manager, Internal Audit Department. Go ahead Ma'am.

Mrs. Pichay: May I suggest po yung gaya na ginagamit ng Landbank, yung point of sale, may gadget sila sa farmers na dinadala, doon na nag-generate yung report, nakikita na doon ano yung address ng farmers. Parang yung sa credit card, doon na siya mag-issue

ng receipt, makikita na yung nag-generate na data ng point of sale ng gadget. Nag-transmit automatic sa Central Office.

Pwede tayong magpa-design kahit i-outsource natin. Siguro pwede na nating i-start doon sa mga TCGS natin.

Parang pilot natin. Kasi matagal na namin, nasa MIS pa ako noon, sir, and it was my proposal last year but it will require co-partner talaga.

Atty. Ambros: Yung mga apps na ganyan na point of sale, kung product na siya, kasi wala ka na magagawa. Ito kasi raw materials yan, so pwede yung sinasabi ni Director Danny na sa PIV, kunwari ang total na nabili niya is 1 million, idi-declare lang niya nyan is 800, 700, and of course baka 500 pa.

Dir. Trongco: Tuturuan ka pa ng BIR. Para makaiwas sa pagbayad ng tax.

Dir. Padayao: Ano kaya kung magkaroon tayo ng sariling demo farm, and mismong NTA test run, tayo ang mag-monitor sa farm, para makuha yung cost of production farm up, hanggang harvest.

Para mas reliable, ginagawa natin. Ipagawa ito sa research. Kung mag-rely tayo sa farmer, hindi sila accurate. Pero dapat makita rin natin yung margin of error niya kung controlled yung gagawin natin. Kasi it will not represent the whole picture.

Yung ideal, na talagang merong munisipyo na mas mataas siya sa average. So, it's a good validation na may naging magandang effect din. Kasi malaking pera yan.

I'm excited to learn, I mean the April 18 or 22, report sa board with the complete datas gathered.

Atty. Ambros: So, pagka nag-report na kami Ma'am sa April 22, every 15 days na siya. May mga kailangan pa ang audit conducted by the Department of Madam Dinah Pichay, it came out that there are some real issues that needs to be resolved or addressed. So, as proposed by IAD, there's a need to implement or come up with amendments or inclusion of additional guidelines for the project.

Atty. Obusan: Any other comments or discussion, hearing none, we now move to our next agenda. Under....

#### **B. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. Ray A. Elaydo

Dir. Danilo C. Trongco

Administrator & CEO Belinda S. Sanchez

**1. REQUEST FOR APPROVAL OF THE BEEF CATTLE PRODUCTION ASSISTANCE PROJECT (BCPAP) SUPPLEMENTAL GUIDELINES**

Atty. Obusan: To report on this matter, Mister Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), Mrs. Dinah E. Pichay, Manager, Internal Audit Department, and Mr. Resty C. Cambe, Division Chief, Operations Audit Division, (Internal Auditor V).

DAOP Casela: Thank you very much, based on the audit conducted by the Department of Madam Dinah Pichay, it came out that there are some real issues that needs to be resolved or addressed in the BCPAP. So, as proposed by IAD, there's a need to implement or come up with amendments or inclusion of additional guidelines for the project. And with this, may I please request Madam Dinah, the manager of IAD, to make the presentation. Thank you.

Mrs. Pichay: Good morning to our Honorable Members of the Governing Board, to Attorney George, to Mayor Ben, and good morning to all of us, and to the managers present in the virtual platform. So, in addition to what the DAOP mentioned, these supplemental guidelines came to be as a result of the follow-up audit conducted on July 31, 2023. The second follow-up on September 22, 2023, third follow-up on December 15, 2023, and the last follow-up audit on March 2024.

So, during the follow-up audit, it was found out that the IAD recommendations on the findings of the BCPAP project relative to the unrecorded transactions, we then recommended for management in coordination with the Finance Department and budget accountants to devise policy in costing the offspring, whether bull or heifer, as basis for reporting farmer beneficiary's payments, devise policy determining the fair value of offspring, whether bull or heifer, as basis in recognizing income and principal value of loan to the next in-line beneficiary, and devise policy in recording the cattle, particularly in the payments and in cases of death of the animal.

So, these recommendations were approved by the board for board resolution number 79, series of 2023. So, during the follow-up audit, it was found out that the recommendations were not implemented as explained by Sir DAOP. It was difficult for the branch to implement because of the lack of guidelines on costing. That's why we are now presenting the supplemental guidelines on valuing, costing, and recording of BCPAP transactions.

With that, may I transfer, or may I turn over the floor to Resty Cambe, the team leader of Operations Audit, the Operations Audit Division. Thank you.

Mr. Cambe:

Thank you, Ma'am Dinah. To our Members of the Board, to our Executive Assistant, and Special Advisor to our Administrator, Branch Managers, Department Managers, good morning. The supplemental guidelines to be presented was mainly based on the repayment scheme and recovery of investment section of the BCPAP guidelines that the production assistance shall be repaid with two heads, 12-month-old cow, especially the first and third offspring, heifers or bulls, within a maximum period of six years.

This means that all losses or gains arising from the repayments of the farmer will be absorbed by NTA as long as the farmer beneficiaries will pay two heads, 12-month-old cow to NTA. So, these are the details of the supplemental guidelines. As to the termination or assigning of fair value of offspring for sale or distribution, whether the offspring is a heifer or a bull, the fair value at the age of 12 months shall be determined by the municipal agriculture office or MAO or a certified veterinarian.

Under no circumstance shall a bull offspring be sold at a price lower than the determined fair value. The fair value of a heifer offspring shall be used as the basis for valuing the loan of the next in-line farmer. For better appreciation or understanding, let us go to illustrative examples.

In case of repayment in the form of bull, if the fair value determined by the MAO or the certified veterinarian is P20,000, the selling price of the bull should be equal to P20,000 or more than P20,000, it should not be lower than P20,000. If the repayment is in the form of heifer or female offspring and the fair value determined by MAO or the certified veterinarian is P25,000, the amount of loan to the next in-line farmer should be valued equal to P25,000. Another example, if the fair value of the secondary payment is P20,000, the amount of loan to the next in-line farmer should be equal to P20,000. That's it for the determination of fair value of offspring payment.

Next is the recording of repayments. For first repayment for bull offspring, the cost or value of repayment shall be equal to the proceeds from the selling the offspring or the loan amount, whichever is lower. If the proceeds from selling the offspring is lower than the loan amount, no income or loss shall be recorded. However, if the proceeds exceed the loan amount, income shall be recorded.

For a heifer offspring, the cost or value of repayment shall be equal to the determined fair value of the offspring or the loan amount, whichever is lower. If the fair value of the offspring is lower than the loan amount, no income or loss shall be recorded. However, if the fair value exceeds the loan amount, income shall be recorded.

For the second repayment for bull offspring, the cost or value of the repayment shall be the remaining loan balance after the first repayment. The loan balance becomes zero after the first repayment. All proceeds from selling the offspring shall be recorded as income. Any variance between the cost or value of repayment and the proceeds from selling the offspring will be recorded as income or loss.

In the case of heifer offspring, the cost or value of repayment shall be the remaining loan balance after deducting the first repayment. The loan balance becomes zero after the first repayment. The fair value of the offspring shall be recorded as income. Any difference between the cost or value of repayment and the determined fair value of the offspring will be recorded as income or loss.

For better appreciation, let's go to Annex B. I'll just read the examples.

In case of bull, Case 1, offspring repayments resulted to gain.

Farmer 1 has a loan of Php 40,000 and a first repayment with fair value of Php 20,000 and sold by the implementing branch for Php 25,000. The accountant will record the bid cash collecting officer for the proceeds of Php 25,000 and deduction to the loan receivable of Farmer 1, credit Php 25,000. This is to record the proceeds from the sale of first offspring repayment of Farmer 1. The accountant will update the ledger of Farmer 1, loan Php 40,000 less the first repayment, Php 25,000, and after the first repayment, the balance is Php 15,000.

Second repayment of Farmer 1 with fair value of Php 25,000 as determined by MAO or by the veterinarian, sold by the NTA implementing branch for Php 25,000. The accountant will record the proceeds, Php 25,000, and the deduction and the balance of Farmer 1, Php 15,000. And to record the gain, the credit gain, Php 10,000.

This is to record the proceeds from the sale of second offspring repayment of Farmer 1. After the second repayment, the accountant will update the ledger of Farmer 1, balance after first repayment, Php 15,000, less second repayment, Php 15,000.



After the second repayment, the balance of Farmer 1 will be now zero.

Case No. 2 First offspring repayment resulted to gain.

Farmer 1 with first repayment with fair value of Php 40,000 and sold by NTA for Php 45,000. The branch accountant will record cash collecting officer, the proceeds of Php 45,000, the loan balance of Farmer 1, credit Php 40,000, and gain Php 5,000.

This is to record the proceeds from the sale of first offspring repayment of Farmer 1. After the first repayment, the accountant will update the ledger of Farmer 1, loan Php 40,000, less first repayment, Php 40,000, and the balance after first repayment will be now zero. The books of the branch will reflect zero balance of Farmer 1 but in the ledger, it's still due for one canton or offspring.

For second repayment, the fair value is Php 25,000 and sold by NTA branch for Php 25,000. All of the proceeds will be now recorded as gained by the NTA branch. The accountant will record cash collecting officer, Php 25,000, and gain Php 25,000. This is to record the proceeds from the sale of second offspring repayment of Farmer 1. So, to update the ledger, it's now zero because in the first repayment, it's now zero.

Case No. 3 Offspring repayments resulted to loss.

First repayment of Farmer 1, fair value is Php 15,000, sold by NTA branch Php 18,000. The accountant will record the proceeds of Php 18,000, debit cash collecting officer, and the corresponding deduction to loan balance of Farmer 1, loans receivable, credit Php 18,000. To update the ledger of Farmer 1, loans Php 40,000, less the first payment of Php 18,000, balance of the first repayment, Php 22,000.

For the second repayment, the fair value of the offspring is Php 15,000, and sold for Php 15,000. The accountant will record the proceeds, cash collecting officer, debit Php 15,000, and the corresponding loss, Php 7,000, and the deduction to the loan of Farmer 1, Php 22,000. After the second repayment, the balance of Farmer 1 will be now zero.

In cases of Heifer, Case No. 1 Offspring repayments resulted to gain.

Farmer 1 has Php 40,000 loan balance. In his first repayment, the offspring, or heifer, has a fair value of Php 25,000.

The amount of loan transferred to Farmer 2 will be equal to Php 25,000. The accountant will record, he will set up the loans receivable of Farmer 2, debit Php 25,000, and the corresponding deduction to the loan balance of Farmer 1, credit Php 25,000. After the first repayment, the balance of Farmer 1 will now be Php 15,000.

For the second repayment of Farmer 1, the offspring, or heifer, has a fair value of Php 20,000. The amount of loan transferred to Farmer 3 is equal to Php 20,000. To record the transaction, the accountant will set up the loan balance, the loan receivable of Farmer 3, debit Php 20,000, and the corresponding deduction to the loan balance of Farmer 1, Php 20,000, and record it Php 5,000 gain. After the second repayment, the balance of Farmer 1 will be zero.

Case No. 2 First offspring repayment resulted to gain.

Farmer 1 has Php 40,000 loan balance. His first repayment has a fair value of Php 41,000. The amount of loan transferred to Farmer 2 is equal to Php 41,000. To record the transaction, the accountant will set up the loan balance, the loan of Farmer 2, equal to Php 41,000, and record the corresponding deduction of Php 40,000 to the loan balance of Farmer 1, and record the gain of Php 1,000. After the first repayment, the loan balance of Farmer 1 will be now zero. But in the books of NTA, Farmer 1 is yet to deliver one more offspring.

So, in his second repayment, the heifer has a fair value of Php 30,000. The amount of loan transferred to Farmer 3 is equal to Php 30,000. To set up the loan receivable of Farmer 3, credit Php 30,000, and record the fair value to credit Php 30,000.

So, after the first and second repayments, all receivables of Farmer 1 will be now zero.

Case No. 3 Offspring repayments resulted to loss.

Farmer 1 has Php 40,000 loan. His first repayment has a fair value of Php 15,000. The amount of loan transferred to Farmer 2 is equal to Php 15,000. To account and to record the transaction, we will set up the loan receivable of Farmer 2, credit Php 15,000, and the corresponding deduction to the loan of Farmer 1, loan receivable, credit Php 15,000. After the first repayment, the loan of Farmer 1 will be now Php 25,000.

For his second repayment, the fair value of Offspring is Php 22,000. The amount of loan transferred to Farmer 3 is equal to Php 22,000. To record the transaction, the accountant will set up the loan receivable of Farmer 3, Php 22,000, debit loss Php

3,000, and record the corresponding deduction to the loan of Farmer 1, Php 25,000. After second repayment, the loan receivable of Farmer 2 will be now zero.

In cases of Heifer and Bull or mixed repayments, Case No. 1 Offspring repayments resulted to gain.

Farmer 1 has Php 40,000 loan. His first repayment is in the form of heifer transferred to Farmer 2 with a fair value of Php 25,000. The accountant will record the transaction. To set up the loan receivable of Farmer 2, he or she will debit Php 25,000, and record the corresponding deduction to the loan of Farmer 1, credit Php 25,000. After the first repayment, the loan balance of Farmer 1 is Php 15,000.

The second repayment of Farmer 1 is in the form of a bull with a fair value of Php 20,000 and sold for Php 22,000. To record the transaction, the accountant will record the proceeds of the transaction, cash collecting officer debit Php 22,000, and the corresponding deduction to the loan of Farmer 1, loans receivable credit Php 15,000, and the gain Php 7,000. After the second repayment, the balance of Farmer 1 will be now zero.

Case No. 2. First offspring repayments resulted to gain.

Farmer 1 has Php 40,000 loan balance with first repayment in the form of bull with a fair value of Php 40,000 and sold by NTA for Php 42,000. To record the transaction, the accountant will record the proceeds, cash collecting officer debit Php 42,000, and the corresponding deduction to the loan of Farmer 1, loans receivable credit Php 40,000, and the gain Php 2,000. After the first repayment, the balance of Farmer 1 in the books of NTA will be now zero.

But in the ledger of Farmer 1, Farmer 1 is yet to deliver one more offspring. Php 40,000 is obligation to NTA. So, in his second repayment, in the form of heifer, and with a fair value of Php 30,000, an amount of loan transferred to Farmer 2 is equal to Php 30,000. To record the transaction, the accountant will set up a loan receivable of Farmer 2, debit Php 30,000, and record for the fair value to be credit Php 30,000. So, after the second repayment, all obligations of Farmer 1 will now be settled.

Case No. 3. Offspring repayments resulted to loss.

Farmer 1 has Php 40,000 loan with the first repayment in the form of bull with fair value of Php 20,000 and sold for Php 22,000. To record the transaction, the accountant will record the proceeds of Php 22,000, debit cash collecting officer, and record the corresponding deduction to the loan of Farmer 1, credit

loans receivable Farmer 1, Php 22,000. After the first repayment of Farmer 1, the balance of his loan is now Php 18,000.

The second repayment of Farmer 1 is in the form of heifer with a fair value of Php 15,000 and transferred to Farmer 2 with equivalent amount of loan of Php 15,000. To record the transaction, the accountant will set up the loan receivable of Farmer 2, Php 15,000, debit, with the corresponding loss of Php 3,000, and credit the corresponding deduction to the loan of Farmer 1, Php 18,000. After the second repayment, the balance of Farmer 1 will be now zero.

That's all, sir for my report. Thank you.

DAOP Casela:

Thank you so much, Mr. Cambe, for the exhaustive presentation. For the information of the Honorable Directors, this concern was exhaustively discussed during the last Operations Meeting in Isabela, together with all the branch managers, and we all understood the transaction as required.

One issue that brought up also was the valuation of this offspring.

Who will be able to certify the real value of the heifers? What is required here is the expertise on the valuation of the offspring of the cow. And may I please, as I learned from our prospective consultant, the bull is the matured male; but not matured, it is called ster, s-t-e-r.

So, this was discussed properly with the branch managers and nurse team. But the issue was, who will certify the true valuation of the offspring? So, I discussed the issue with the manager of IAD and other managers here.

It so happened that IRD is in need of a consultant who must be a vet-med. And the responsibility of the consultant with respect to research is to certify as to the efficacy of the tobacco leaf extract as prepared for pharmaceuticals. So, I wrote down the availability of a vet consultant for this job.

I personally talked with him. And, he is a retired municipal or city veterinarian of Batac. And, I interviewed him and he has the expertise on the valuation of offspring of cattle.

So, hand-in-hand with this, he is now considered a consultant on this beef cattle production of NTA. So, he has two functions. But, the contract here in research is only for six months. But, here in the beef cattle project, it will be continuing until it is finished.

But it is true that the manager has accepted that it is very tedious. I mean, the recording of transactions is very tedious as

you have noticed. But, maybe after this, we can devise a program to make it simpler. And, I think on that aspect, Sir Ben will now be presenting a simpler mode of program with respect to beef cattle production program for NTA.

Mr. Sarmiento: Well, I will just tell you based on my experience. When we gave the cows, how much was the price? What is the average?

DAOP Casela: Acquisition cost, Sir? Forty thousand, (Php 40,000.00), sir.

Mr. Sarmiento: But for the offspring, since it cannot be separated. So, the price of the cow, I don't know the exact word in English or Tagalog, "Patanay".

There are two. For continuous breeding and also for meat. So, those are two different prices.

DAOP Casela: Patanay is breeder, I think. For the farmers, it is more expensive than the cattle.

Mr. Sarmiento: So, the one that determines the price is not the cow. It is the corridors. For me, I look at the corridors because I talked to two people who are going to sell the cow. They have the same price. So now, say, Php 40,000 was given to me. After one year, it grew. Correspondingly, the price increased also. Say, Php 50,000. Then, the offspring has value, say, let's say Php 20,000. So, we divide that. We take Php 10,000. Then, the mother, there is a price increase, let's say the price increased by 10,000. We take Php 50,000. That's how it is. So, the farmers are happy.

The problem that I hear from our recipients, is that it takes a long time for the money to come. It takes a long time. If it's needed, it's already there. But the problem here is, we will incur an additional penalty. Because, we will pay if he sells the cow. But I doubt that he will give it. Of course, he already tried to raise it.

So, it's simple. It's already recorded. If you release it again, it's a new contract. It's a new agreement. I think that would make it simpler, sir. The implementation would be simpler.

And, we can make a proposal for that to make it simpler. Maybe, after this first batch of our beef cattle program. Because, there are a lot of them.

DAOP Casela: Total of 976 heads, it's continuing, sir. That's why they're having a hard time.

Mr. Sarmiento: Will those guidelines retroact from the very beginning?

DAOP Casela: This is what we are proposing, sir. Because from the start, there is no documentation in the accounting branch. Because they don't know how to deliver it. How much will be the loan? There is no such thing. There is no such thing in the original guideline, sir. So, what happened in the branches, there is really no proper accounting. So, we are now correcting that.

We are providing guidelines how to document it. So, it will really retroact to properly set up the books.

Dir. Padayao: Can we put a stop to this? So, the offspring won't be awarded again. Stop our program altogether. Because as I see it, the offspring is no longer a pure breed. The problem here is, let's say, the value. Why not give it to the farmers for free?

Dir. Trongco: Because it's based on the breed, right, Ma'am? The small one is cheap, but the big one is expensive. The one that was given to me, to be honest, it's like a native variety, so, I just gave it to the farmers. It cost Php 40,000.00, but it looks native to me.

DAOP Casela: Sir, this is what Resty suggested or discussed. We are presenting this to correct issues because we don't have proper documentation. And the recommendation or the suggestion of OAD-IAD on recording it to NTA books is based on these supplemental guidelines.

Dir. Padayao: Thank you, Resty, for the comprehensive reporting. And because of the complexity of recording transactions, this will be further studied by management to come up with proper recommendations as to how the project will be further implemented.

DAOP Casela: Thank you. But at this moment, management is requesting for the resolution and for the inclusion of these amendments to the original implementing guidelines of the BCPAP program of NTA. Maybe this is very, very important, especially when it comes to losses and gain.

How are we going to treat the loss and how about the gain? Maybe there should be supplemental guidelines like this so that we won't be questioned on how we treat these situations. Thus, the need for a resolution to that effect, Madam?

I will consider all those suggestions you're coming up with. So, after this, I mean, approval of this resolution, then maybe with further study conducted by management, there will be a subsequent recommendation as to the continuity or determination of the project.

Atty. Obusan: Any motion for the approval of the supplemental guidelines?

Dir. Trongco: Mr. Chair, I would like to move for the approval the supplemental guidelines presented, and its inclusion in the original implementing guidelines.

Dir. Elaydo: I second the motion.

**REQUEST FOR APPROVAL OF THE BEEF CATTLE PRODUCTION ASSISTANCE PROJECT (BCPAP) SUPPLEMENTAL GUIDELINES is hereby APPROVED.**

Atty. Obusan: Mister Chair, since Ma'am Dinah and Sir Resty is already here at the NTA board room, I suggest that for our next agenda, we discuss first Agenda B3 under... (*Granted.*)

**C. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. GERRY VIRGILIO V. GUZMAN  
Dir. LUZVIMINDA U. PADAYAO

**1. REQUEST FOR APPROVAL OF AUDIT FINDINGS AND RECOMMENDATIONS ON THE IMPLEMENTATION OF GULAYAN AT MANUKAN SA BARANGAY FOR CALENDAR YEAR 2023**

Atty. Obusan: To report on this matter, may we again recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), Mrs. Dinah E. Pichay, Manager, Internal Audit Department, and Mr. Resty C. Cambe, Division Chief, Operations Audit Division, (Internal Auditor V).

Mrs. Pichay: The operations audit was conducted to evaluate the outcome, output, process, and input of the project, which is implemented in all the eight branch offices, and also to determine whether the project was conducted under the four Es. By four Es, we mean economy, was the project conducted economically, efficiently, effectively, and the ethics part of it. The audit team also conducted compliance audit to determine degree of compliance with laws, rules, and regulations, and of course, the GMP project guidelines.

The operations audit was conducted last February in Region 2 and the whole month of March for Candon, Batac, Pangasinan, and La Union, and Abra. So, may I turn over the floor to again Resty Cambe.

Mr. Cambe: Thank you, Ma'am. Good morning again to everyone. These are the Summary of Audit Findings and Recommendations from the operations audit of Gulayan and Manukan from the implementing NTA branches.

Following were our audit findings and recommendations:

1. Late preparation of Individual Farm Plan and Budgets.

Farm plan and budgets of six farmer beneficiaries from NTA Pangasinan was undated as of the time of audit. Additionally, the farm plan and budget of 19 farmer beneficiaries from NTA Pangasinan and 25 from NTA Isabela were prepared on the actual day and after the day of distribution of material inputs. This is contrary to the project implementing guidelines, specifically the strategies of implementation. Applications of farmer beneficiaries may not have been fully evaluated and validated by the branch office, potentially raising questions about the procedure for granting assistance. As a result, the recruitment process of the NTA branch offices may be called into question.

The responsible units or branches NTA Pangasinan and NTA Isabela. The main cause of the finding, the management of NTA Isabela and Pangasinan failed to adhere strictly to the provisions of project implementing guidelines, particularly concerning the preparation, review, and approval of farms.

This form should have been completed before the release of the production assistance. Hence, the audit recommendation of OAD-IAD, NTA Isabela, and NTA Pangasinan to initiate the preparation of farm plan and budget before the distribution of production assistance and ensure their completeness. These are the farmers affected by the late preparation of farm plan and budget. *(List is flashed on the screen.)*

The date of distribution for NTA Isabela is November 16. The farm plan and budgets were prepared only on November 16 and November 21 after the distribution of the inputs

Affected farmers of NTA Pangasinan, 25 farmer beneficiaries. The date of grant was December 5, 2023. The date of preparation of farm plan and budgets was only prepared on December 5 and December 12 on or after the distribution of the material inputs.

2. The Non-inclusion of Farmer-Beneficiaries in the Approved Consolidated Farm Plan and Budget

Responsible units, NTA management, NTA Cagayan, Batac, Candon, La Union, and Pangasinan.



The project implementing guidelines lacked a provision mandating the branch project management team to submit an amended list of farmer-beneficiaries for approval by the Administrator/CEO in case of changes from the proposed list. Consequently, 83 farmer-beneficiaries received production assistance despite not being included in the approved consolidated farm plan and budget of each NTA branch offices. This circumstance bypassed the review process by the FTSD and the approval of farmer beneficiaries by the Administrator.

The main cause of the audit finding, the project implementing guidelines did not include the provision requiring the branch project management team to submit rectified list of farmer-beneficiaries for approval by the Administrator/CEO whenever there are changes of farmer from the proposed list.

OAD-IAD recommends, Letter A, management to incorporate into the project implementing guidelines the provision mandating the branch project management team to submit a revised list of farmer beneficiaries for approval by the administrator CEO whenever changes occur from the proposed list, and Letter B, NTA Cagayan, NTA Batac, Candon, La Union, and NTA Pangasinan to submit revised list of farmer beneficiaries for approval by the Administrator/CEO.

The breakdown of affected 83 farmers, Cagayan 25, Candon 7, Batac 10, Pangasinan 30, and La Union 11 farmers.

### 3. Improper Recording

Responsible unit, NTA management. Audit findings, the recording made by branch accountant of NTA La Union on the distributed inputs and materials of GMB project was charged to the other MOOE account instead of Financial Subsidy Account as budgeted in the Corporate Budget for FY 2023. This contradicts item B of section 36 of the Government Accounting Manual. The improper recording led to the overstatement of the other MOOE account and understatement of the Financial Subsidy account, impacting the fair presentation of the financial statements.

The main cause of the finding, the recording process was not included in the project implementing guidelines.

Hence, OAD-IAD recommends, management to include the recording process related to the project in the project implementing guidelines.

#### 4. Excess Refund to Central Office

Responsible units, NTA Vigan. NTA Vigan refunded P104,199.00 pesos to the NTA central office exceeding the unutilized fund for the project by P14,099. This contradicts Item 8 of Section 4 of PD 1445 and Item B of Section 36 of the Government Accounting Manual Volume 1. Consequently, the return of funds for the purposes other than the project may have compromised the payment of expenditures to which the funds were allocated.

OAD-IAD recommends Letter A, NTA Vigan to send a letter to the NTA central office requesting the return of the excess funds and Letter B, branch accountant to thoroughly review the supporting documents of every disbursement before certifying the availability of funds.

#### 5. Repeated Farmer-Beneficiaries

Responsible units, all NTA branch offices.

Twenty-six (26) or 3.90 percent out of the 667 sampled farmer-beneficiaries are recipients of the previous GMB project for the year 2020 and 2021, which are repeated for the project GMB 2023. This is contrary to the criteria for the selection of farmer-beneficiaries, which states that the farmer-beneficiary must not have previously received assistance from the GMB project, except if all TCGS farmers have already been beneficiaries. Consequently, other qualified farmers were deprived of the opportunity to benefit from the project. Additionally, the recruitment process of NTA may be put into question.

The main cause of the finding, area supervisors and project coordinators did not thoroughly review the qualification of farmer beneficiaries, particularly by cross checking them with the NTA branch offices to thoroughly review the list of farmer beneficiaries against the criteria indicated in the project implementing guidelines. These are the elected farmer beneficiaries from each NTA branches.

NTA Vigan has four farmers, Abra one, Cagayan one, Isabel, four repeated farmers, Candon three, Batac three, Pangasinan eight farmers, and La Union has two repeated farmers from the previous GMB project.

#### 6. Farmer-Beneficiary Related to Extension Worker

Responsible units, NTA Abra, NTA management. Six broiler chicks were distributed to the mother of the assigned

extension worker in NTA Abra, which contravenes Section III of the Project Implementing Guidelines, stipulating that beneficiary must not be related up to the second degree either by consanguinity or affinity to NTA personnel. Such distribution of broiler chicks to individuals outside the intended beneficiaries, including the mother of the assigned extension worker, raises concerns about the project's implementation.

The main causes of the finding, the assigned area of Ms. Marian in Tamak, Villa Viciosa, which is a remote upland area in Abra, the remoteness of the area hampers the regular monitoring activities of area supervisors, leading the branch project management team to be unaware of the decision made by the assisting extension worker. Hence, OAD-IAD recommends Letter A, NTA Abra to conduct regular monitoring of projects even in the remote areas. Letter B, NTA management to impose the necessary sanctions, as stated in the Section VI of the Project Implementing Guidelines if warranted. These are the recipients of the 150 broiler chicks distributed by the assisting extension worker in Tamak, Abra, including her mother. *(Flashed on the screen.)*

7. Incomplete Distribution of Inputs.

Responsible units, NTA Abra, NTA Candon, NTA Cagayan, and NTA Isabela have farmer beneficiaries who did not receive the complete components of the project. Additionally, these farmer-beneficiaries were requested to provide cash input vouchers, stating that they received the complete assistance when in fact they did not. This practice is contrary to Project Implementing Guidelines for the GMB Project CY 2023. Consequently, it puts the integrity of the project into question.

The main cause of the finding, the practice of securing an acknowledgement receipt from farmer-beneficiaries for inputs they did not actually receive, attested by extension workers and certified by the chief agriculturist for correctness. Additionally, the lack of enforcement of penalties for suppliers who fail to deliver procured goods on schedule leads to delays in government operations, furthermore the absence of project monitoring by area supervisors.

Hence, the OAD-IAD recommends, Letter A, NTA Abra, NTA Cagayan, Isabela, and Candon to secure acknowledgement receipts or cash input vouchers from farmer-beneficiaries solely for the inputs or assistance they have actually

received. Letter B, NTA Cagayan to collect the liquidated damages from the supplier amounting to P 972.00. Letter C, NTA Abra to properly fill out procurement documents, especially the terms and date of delivery for the possible computation of liquidated damages, and Letter D, NTA Abra to rigorously monitor project implementation to ensure proper execution by the assigned extension worker.

These are the incomplete distribution made by Abra, Cagayan, and Isabela. NTA Abra has five affected farmer beneficiaries, Cagayan has four, Isabela one, and Candon has three affected farmers. *(Flashed on the screen.)*

8. Distribution More Than Required Quantity

Responsible units, NTA Cagayan, NTA Isabela, NTA Pangasinan, and the Branch Project Management Team.

Audit finding, NTA Cagayan and NTA Isabela distributed more broiler chicks and vegetables than required for each module of the Gulayan and Manukan Program fo Calendar Year 2023, while NTA Pangasinan distributed more vegetable seeds. These actions are inconsistent with the provisions outlined in the Project Implementing Guidelines, specifically the requirements indicated in the Approved Farm Plan and Budget. The distribution of materials exceeding the set requirements deprived other qualified farmers who could have also benefited from the project.

The main cause of the audit finding, NTA Cagayan, NTA Isabela, and NTA Pangasinan deviated from the Project Implementing Guidelines with the intention of providing more to the farmer beneficiaries.

Hence, OAD-IAD recommends Letter A, Branch Project Management Team to strictly follow the provisions of the Project Implementing Guidelines and Letter B, In cases of deviations to the Project Implementing Guidelines, Branch Project Management Team to seek first the approval of the NTA Governing Board.

These are the distributions made by NTA Isabela, Cagayan, and Pangasinan. For NTA Isabela, the required module for broiler chicken is only for 25 heads, but they distributed 27 heads of broiler chicken. While the vegetable seeds required only 5 packs, NTA Isabela distributed 9 to 17 packs with an average of 14 packs per module. NTA Cagayan distributed 27 heads of broiler chicken instead of 25, distributed 9 packs of vegetable seeds instead of 5 packs only. For NTA Pangasinan, they distributed 6 packs of vegetable seeds instead of 5 packs only. *(Flashed on the screen.)*

9. Non-preparation and Non-submission of Monitoring Reports

Responsible units, NTA Abra, NTA Candon, and NTA Pangasinan.

NTA Abra did not prepare any monitoring reports and no submissions have been made to FTSD and CPD. Similarly, NTA Pangasinan has not prepared any monitoring reports and no submissions were made for the month of February 2024. Additionally, NTA Candon did not submit monitoring forms to FTSD and CPD. These actions are contrary to the provisions of the Project Implementing Guidelines, which mandate that the monitoring report of the project be closely managed by the assigned TPRO or Area Supervisor for submission to FTSD and CPD. As a result, the progress, evaluation, and assessment of the project for decision-making purposes cannot be determined.

The main reason for the audit finding, the lack of strict adherence to Project Implementing Guidelines by the concerned NTA branch offices led to the failure to prepare and submit monitoring reports.

Hence, the OAD-IAD recommends Letter A, NTA Abra, NTA Candon, and NTA Pangasinan to prepare and submit all the required reports for the project, including the monitoring reports. Letter B, NTA Abra, NTA Candon, and NTA Pangasinan to strictly adhere to the provisions of project implementing guidelines, including the project documentation and monitoring provisions.

10. High Mortality of Broiler Chicks

Responsible units, NTA Management. A total of 2,981 or 34.85% distributed broiler chicks have died with NTA La Union and NTA Vigan have the highest mortality rates with 98.56% and 81.44% respectively. This is not in line with the objectives outlined in the Project Implementing Guidelines, which aim to empower farmer beneficiaries to provide their own food for their families. Moreover, it contradicts the government policy that mandates the full protection and proper expenditure of government funds and properties. This occurrence has resulted in the loss of agency funds without realizing the intended benefits directly impacting the farmer beneficiaries.

The main reason for the audit finding, the lack of technical specification of the required feeds led to the procurement of

low-quality feeds, which ultimately resulted to the high mortalities of broiler chicks. Additionally, the unpredictable weather during the implementation of the project also contributed to the significant casualties reported.

OAD-IAD recommends Letter A, NDA Management to review the possibility of adjusting the implementation timeline of GMB to mitigate the impact of unpredictable weather conditions. And Letter B, NTA Management to specify the required technical specifications of all inputs for the project, including the feeds, to ensure quality and prevent the wastage of funds.

These are the percentage of mortality for each NTA branch offices. NTA Vigan, 81.44%, Abra, 13.40%, Cagayan, 6.85%, Isabela, 10.06%, Candon, 5.47%, Batac, 18.12%, Pangasinan, 16.30%, and NTA La Union has the highest mortality, 98.56%.

#### 11. Significant Number of Unplanted Vegetable Seed Packs

Responsible units, NTA management, and all NTA branch offices.

A total of 45.25% of the distributed vegetable seeds remained unplanted. Additionally, a total of forty-nine (49) selected farmer-beneficiaries reasoned out for the unplanted seeds is the non-availability of viable space for the vegetable seeds to grow. This situation is inconsistent with the project's objective, which aims to encourage farmer-beneficiaries to cultivate their own food in the proximity to their homes, enhancing access to affordable, safe, and nutritious meals while providing additional income to farmer households. Additionally, the selection of farmer-beneficiaries with insufficient space for vegetable cultivation contradicts the Project Implementing Guidelines. The delayed planting of vegetable seeds poses a potential obstacle to achieving the project's objectives. Moreover, the selection of non-qualified farmer beneficiaries raises concern about the credibility of the NTA recruitment process.

The main reason of the audit finding, the timing of the distribution of vegetable seeds is not ideal for the vegetables to grow because it coincides with the tobacco season and the peak of drought or El Nino. Additionally, the selection of farmer beneficiaries with no viable space for the vegetables to grow, especially in their backyard, is due to non-thorough validation of their qualifications against the criteria in the Project Implementing Guidelines.

Hence, OAD-IAD recommends Letter A, NTA management to review the possibility of adjusting implementation timeline of GMB, particularly the distribution of vegetable seeds to coincide with the onset of the rainy season, and Letter B, NTA Branch Offices to select farmer-beneficiaries strictly in compliance to the criteria indicated in the Project Implementing Guidelines.

These are the percentage of unplanted seeds of each NTA branches: Vigan 57.60%, Abra 38%, Cagayan 15.12%, Isabela 47.10%, Candon 54.74%, Batac 67.50%, Pangasinan 61.67%, and NPA La Union has the lowest unplanted seeds 6.40%.

## 12. Discrepancies in the Procurement Process

Responsible units, NTA management, and all NTA Branch Offices.

Discrepancies were observed in the procurement of inputs for the Gulayan and Manukan sa Barangay Project, which deviates from the procedures outlined in the 2016 Revised Implementing Rules and Regulations of R.A. 9184. The discrepancies noted may put the procurement process of the agency in question.

The main result of the audit finding depicts the lack of each NTA Branch Offices' conducted procurement activities for the project without formal training on R.A. 9184. Similarly, the branch accountants lack training in procurement despite their critical role in maintaining checks and balances on procurement activities within the agency. Furthermore, there are no clear provisions in the Project Implementing Guidelines detailing how to procure all the necessary inputs for the project.

Hence, OAD-IAD recommends, Letter A, that the Bids and Awards Committee of each NTA branch offices to strictly adhere to the guidelines and provisions of R.A. 9184. Letter B, NTA management to include the branch accountants in the training of R.A. 9184. Their inclusion would assist in maintaining checks and balances on procurement activities within the agency. Letter C, NTA management to incorporate a clear provision in the Project Implementing Guidelines detailing the procurement process for all the necessary materials required for the project.

That is all, sir. Thank you.

DAOP Casela: Thank you, sir, for those suggestions or recommendations you just mentioned. I have to say that it is not on the capacity of the

managers but rather because it is all in the guidelines. It is just let them be knowledgeable on the proper implementation, meaning the compliance with all the guidelines as prescribed.

Mrs. Pichay: There are many cases like that. Perhaps, it is said that it is a capacitation for non-compliance. But it is not. It is all about proper understanding of the guidelines. And they should know how to draw the line. I mean to draw the line is how to translate or inform the subordinates, the technicians, on the proper implementation.

DAOP Casela: And in that regards, Madam Dines, may I please request a copy of all your findings on all these things, not only on GMB but rather to all projects because it is my intention that I will make a corresponding memo to corresponding managers with respect to their compliance, your recommendations, and maybe explaining if the degree of non-compliance is too great, I will let them explain the reasons why. So kindly provide me with all the results. Thank you.

Mrs. Pichay: Yes, sir. Noted on your request. And if I also may add, perhaps what we lack is the orientation on the Project Implementation Guidelines to all the Branch Offices, including the accountants. And also, perhaps, the timeliness in the issuance of the guidelines. Minsan kasi nag-implement na, nahuhuli yung guidelines, siguro ganoon.

Dir. Padayao: I move for the approval of the Audit Findings and Recommendations on the Implementation of Gulayan at Manukan sa Barangay for Calendar Year 2023.

Dir. Elaydo: I second the motion.

**REQUEST FOR APPROVAL OF AUDIT FINDINGS AND RECOMMENDATIONS ON THE IMPLEMENTATION OF GULAYAN AT MANUKAN SA BARANGAY FOR CALENDAR YEAR 2023 is hereby APPROVED.**

Atty. Obusan: Mr. Chair. What is the pleasure of the body? Are we going to continue and have a working lunch or are we going to have a lunch break?

Dir. Trongco: I move that we have a lunch break for 45 minutes.

Dir. Guzman: I second the motion.

Dir. Serna: There is a motion, seconded, lunch break for 45 minutes, so ordered.



(Resumption at 1:00 PM)

Atty. Obusan: Good afternoon everyone, we now resume and move on to our next agenda.

**2. REPORT UPDATE ON THE FINANCIAL ANALYSIS MADE ON THE TOBACCO DUST PROCESSING AGRIBUSINESS PLANT (TDPAP) PROJECT WITH RECOMMENDATIONS**

Atty. Obusan: To report on this matter, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), Mr. Reynaldo R. Aquino, OIC, Finance Department, and Engr. Christopher R. Supang, OIC Plant Manager, TDPAP.

DAOP Casela: I know Accountant Adonis B. Yangat is not present today, so please take over on his assignment in presenting the Financial Statement on that operational side of the Tobacco Dust Plant. Go ahead, Cris.

Engr. Supang: Good afternoon, everyone. Based on the Detailed Statement of Financial Operations for the period ending December 31, 2023, the net income loss after tax was Php 3,369,708.49, and the depreciation cost of Php1,693,623.70. Our operational expenses were Php 1,919,539.70.

This is our Statement of Operation last year. On December 31, 2023, we have a negative Php 483,655.51 because we haven't been able to sell our processed tobacco dust which almost 5,000 bags.

DAOP Casela: Thank you so much, Engineer. Pero ang pinakita mo yung sa operation side, pero yung mga expenditure mo under administrative hindi mo naipakita. Kaya lumalabas na maganda ang operation, pero if you consider other administrative expenses, di ba kaya magiging negative yan?

Engr. Supang: Magiging negative, sir. Ngayon kasi mababa pa yung sales natin.

DAOP Casela: Pag nakakuha tayo ng sapat na raw materials, baka mas marami yung sales natin, Sir. So, what I would like to suggest is, kasi we should come up with a report or a financial projection to disprove the report of COA as to the inefficiency of the project and the continuous loss of funds for NTA with respect to the program. Kasi sa nakikita ko pag pinasok mo yung administrative expense magiging negative yan.

Last March 15 as per your inventory report, we have remaining 2,628 processed bags. Now, on the same date you reported also that the remaining inventory of raw materials, yung subject for processing is about 3,500 kilos. Then, if you're going to

process these 3,500 kilograms, you will accumulate about, I mean you're going to produce 1,400 bags.

So, you mentioned also in your report that the expected date to finish the processing for the raw material is April 30. And you expect to sell the remaining stocks by May 31, that is the inventory, I mean the finished product plus the result of the processing of the raw materials. And you mentioned that you can sell all these number of bags by May 31.

Engr. Supang: Yes sir.

DAOP Casela: But you have a report again that you have expected or a projection of sales from March 30 up to May 30 with a total of 4,280 bags, meaning to say that you need more additional raw materials as a result of this projection? Are you expecting delivery of additional volume of raw materials?

Engr. Supang: Wala na sir, wala ng raw materials natin ngayon. Kung magsimula na sila na mag-re-dry, doon mayroon na ibibigay na raw materials. Expected sa May.

DAOP Casela: Chris, what we want to project is to convince COA that still there is hope for the project to continue based on your projection as the number of bags to be sold. Because that's only the way we can prove that the project is somehow gaining. Kaya ang management would like to dissuade the opinion of COA and its recommendation for the immediate closure or stoppage of operation of the tobacco dust plant. So, yang situation natin ngayon. It depends now on the assessment of Management as to how to decide whether to continue the project or not. I mean with the report you have just presented, it's not, it's not adequate to convince COA that it will be making, I mean it will be profitable. What's your opinion on this, Managing Manager?

DAOP Casela: For further clarification, may I give the floor to Mr. Aquino for Mr. Supang to make the necessary answers to the query of Mr. Aquino. Thank you.

Mr. Aquino: Thank you, Sir DAOP. Engr. Supang, may we know how many bags is Php 244,583.00 since it was the declared sales revenue last year? And what is our selling price then?

Engr. Supang: Php 170.00 per bag, Sir.

Mr. Aquino: That makes 1,438.7 bags. Our gross sales including direct or raw materials is Php 363,020. May I ask if this can be absorbed by our suppliers of raw materials for one year?

- Engr. Supang: Yes, it can be absorbed. They can provide the needed raw materials. The ULPI can provide more than 500,000 kilos, or up to 600,000, depending on the type of tobacco they receive.
- Mr. Aquino: We should always be aware of the availability of the raw materials from our suppliers. Imagine that we need 531,525 kilograms just to produce 21,261 bags at Php 170 per bag, we will be realizing Php 3,614,000 sales, just to break even only. That's why I'm worried about the availability of raw materials.
- Dir. Trongco: Sir, if our purpose is to gain income, I don't think it is possible, because the capital outlay is very big. But if our purpose is to help the government program to save the environment, then continue its operation. Because most of the time, we use chemicals. The water is being destroyed. That's all. Because if we talk about income, I'm sure we won't make money.
- Mr. Aquino: And also Engr. Supang, I can see in your report, the cost of production per bag is Php 173.00, and you are selling it at Php 170.00 per bag.
- DAOP Casela: With all those probabilities, are you requesting for a further deferment of the stoppage order Engineer? For you to have more time to come up with justifications as to the possibility of the furtherance of its operation, and for us to convince the Members of the Board, and of course the COA, not to stop the operation of TDPP.
- Engr. Supang: Yes, sir. I will first ask the ULPI and the ConLeaf on how many kilos of raw materials they can give so that we can reach 20,000 bags of production in a year.
- DAOP Casela: Okay, that's only one requirement, Engineer. The second one is, can you make a projection as to how many fishpond operators will be using this product as a way of selling or as a way of providing the requirements for tobacco dust, to at least break even?
- Engr. Supang: Yes, sir.
- DAOP Casela: What are the prospects?
- Engr. Supang: Our prospects, sir, are the fishpond owners here in La Union, Pangasinan, and now, in Paombong, Bulacan. A lot of people are buying, sir. We also have one in Bataan, a buyer and a dealer there.
- DAOP Casela: Now, third is, is there a way for you to reduce operational costs? Can you mention those measures you can provide so that you

can reduce your operational costs? So, those are the three requirements.

One is to ascertain the volume of raw materials that can be purchased. Second, your projection as to the number of prospective fishpond buyers of the product. And third, is the possibility of reducing costs by instituting or coming up with measures to reduce operational costs. So, I think those are the things you should report at the next Committee Meeting if you're requesting for the further deferment of this agenda.

Engr. Supang: Yes sir.

With respect to this agenda, your Honors, Governing Board, may I please request for the further deferment of this agenda for further verification as to the probability of coming up with justifications to continue the operation of the tobacco dust processing plant ready for reporting next Committee Meeting.

Atty. Obusan: Thank you. Any comments or reactions on the request of Sir DAOP from the Governing Board.

Dir. Padayao: Sir, in our last Board Meeting, Honorable USec DV requested for the financial position of the tobacco dust processing plant. So, maybe, can we show it this to him?

DAOP Casela: So, if that is the case, Madam Luz, I'd rather make an amendment to my request a while ago. We might as well present this tomorrow during the Board Meeting. We will present this before the Honorable USec DV, the financial analysis of the capital investment and the operational costs of the TDPP.

We will be reacting based on his follow-up questions regarding the project. Thank you.

Dir. Padayao: Yes, sir.

Atty. Obusan: Thank you, with that being settled, any more comments? So, if there is none, we will now move on to our next agenda.

### **3. REQUEST FOR APPROVAL OF THE AGENCY'S PLAN AND BUDGET FOR CALENDAR YEAR (CY) 2025**

Atty. Obusan: To report on this matter, Mister Chair, may we recognize Mr. Reynaldo R. Aquino, OIC, Finance Department, and Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department.

Mrs. Benosa: To our Presiding Director, Director Serna, and to all members of the NTA Governing Board, to our Executive assistant, Mayor Ben, Atty. Obusan, to all the Department and Branch Managers, Good afternoon.

So, we are here again to present this Agency's Plan and Budget that is supposed to be submitted to the Department of Budget and Management on or before the 22nd of April. So the NTA's 2025 Proposed Plan and Budget is geared towards increasing the farmers' productivity and income for us to be able to achieve our vision that we had during our strategic planning, the vision that by 2028, we shall have a resilient NTA resulting in progressive and empowered tobacco farmers and other industry stakeholders.

So, this plan and budget was actually presented last Board Meeting before we, Ma'am Administrator, presented it to the DA budget hearing in Naga City last March 18-22.

So parang ulitin lang po natin, especially dun sa mga continuing projects that are, the tier 1 that are being funded by the DBM. So as to our corporate priorities, in pursuance of its mandates and trust, in line with the DA's trust and strategies for 2023-2028, the NDA accords top priority to the following programs, projects, and activities for CY 2025.

Under the strategy and boosting local production of key commodities, we have the following proposed programs and projects.

First, the Tobacco Farmers Production Grant, a continuing project under Tier 1, budgeted with Php 100 million, and this shall provide production assistance to about 16,667 farmers, tilling 0.5 hectares and below. With the objective of increasing the assistance to more tobacco farmers due to increasing cost of production, the agency is proposing an additional budget of Php 286 Million under Tier 2, which will benefit about 23,354 farmers, including those tilling above 0.5 hectares.

So, another project that is funded from our Corporate Funds to augment the production grant is our continuing Tobacco Contract Growing System. This shall provide production, technical and marketing assistance to tobacco farmers regardless of hectarage. So, our agency has allocated an additional of Php 100 Million to benefit about 2,000 farmers that will be given a 40% subsidy from their production loan. So, this is the regular TCGS wherein we provide, this is a loan and will be provided a 40% subsidy.

And another project, continuing project is the Curing Barn Assistance Program that involves the provision of facility assistance for the construction and repair of about 3,000 curing barns and air curing sheds for the tobacco farmers of regions 1, 2 and CAR.

So, another project, a new project is the Improved Tobacco Seedlings Production Project, which is proposed under Tier 2 with the aim of encouraging early planting among tobacco farmers, as it was found to improve the yield and quality of tobacco leaves. So, we are proposing Php 20 Million to produce about 40 million seedlings or 40 modules @ 100,000 per module to be distributed to TCGS tobacco farmers.

Then on the second strategy, which is ensuring accessibility to affordable, safe and nutritious food, I discussed this last time about the Block Farming Project, which is a clustering program under the STEP, which aims to encourage farmers to engage in crop diversification and agribusiness, thereby increasing their productivity and income. Each model block farm, a total of 12 block farms will be provided with project components such as capability building, assistance in the production of rice, corn and other high-value crops, livestock and livelihood activities. This shall also answer the development of other viable alternatives to support the tobacco farmers, given the worldwide campaign to bring down tobacco consumption.

So, on the third strategy of the DA on developing strong, modernized and climate resilient value chains, proposed under this are the continuing projects and the technology assistance, extension and production support services.

This program includes the provision of certified tobacco seeds, pest clinic and quick response system, monitoring of soil and water quality, among others. So, it is also implementing the farmer's organizational development, where trainings are provided to tobacco-based co-ops and associations and likewise the block farms. And including under this FOD, we are also providing livelihood trainings to our tobacco farmers and their dependents.

Then another main program is the agricultural research. Our aim is improving the production technology, particularly on the preservation and development of current tobacco varieties and field verification of fertilizers to recommend the suitable fertilizers that will lessen the cost of production and improvement of curing structures.

And also, another continuing program is the industrial research, which are focused on the other uses of tobacco, particularly on the tobacco hand-made paper and tobacco extracts and other projects under this main program. Then also we have the quality assurance for tobacco leaf and manufactured products still under the IRD, which will concentrate in the provision of laboratory services to test the quality of soil, water and fertilizer

and leaf tobacco, including the continuing study and the monitoring of physical and chemical quality of cigarette.

So also under this main program is the synchronized tree planting, where we plant about 1,000,000 tree seedlings a year in regions 1, 2 and CAR to be able to answer the need for NTA to restore the ecological integrity of the tobacco.

So, another strategy of the DA is the institutionalizing policy reforms. So, under this included are the regulatory services, market research and development, communication support program, institutional development programs, scholarship program for tobacco farmers dependents.

And proposed under Tier 2 or new project is the establishment of the Tobacco Research and Grading Institute as provided under Section 3 of R.A. 4155. This is to professionalize our extension workers, tobacco farmers and traders of trading centers. So, the initial amount of Php 150 Million, shall cover land acquisition, detailed engineering design and improvement of branch training centers and capability building.

And the last under this strategy is the Support to Operations. These are all regular projects identified below in our respective copies. So as to the Program Expenditure Classification, this is the DBM's classification of our programs and projects. So, under Operations, we have Conduct of Research and Development, Technology Assistance, Extension and Production Support Services and Regulatory Services.

Under Support to Operations, we have Planning and Management Services, Information Technology Management and Computer Services, Communication Support, Education and Information Campaign and Market Research and Trade Promotion.

And the third classification is the General Administration and Support Services. We have under that are the Human Resource Development, General Services Improvement and Internal Audit Services.

So, for the report, for the total budgetary requirement, the details of which will be discussed by Sir Rey. So, we are requesting for a total of Php 1,603,245,000.00 broken down into Personal Services, Php 324,303,000.00 Maintenance and Other Operating Expenses, Php 975,502,000.00 and Capital Outlay, Php 303,440,000.00. So, Sir Ray will take over on the details of the budget.

- DAOP Casela: Thank you. Mr. Chairman, before proceeding to the report of Mr. Aquino, may I please request the Finance, so that we can improve the conduct of agricultural research to improve varieties, to include also researches to develop varieties.
- Mrs. Benosa: Yes, Sir. We can include that. Since the one that I have presented is the main program, but there will be more details on that. So wala pa pong final kung ano yung kanilang researches for 2025. So we can include that. At saka na-mention na natin sa meeting natin with FTSD ito. So yung attention na lang siguro sa FTSD, Sir, that they will be preparing the proposal for that.
- Dir. Padayao: May ano lang ako dito sa Quality Assurance, is it only cigarette or physical and chemical quality of cigarette or the leaf?
- Mrs. Benosa: Yes, included po yan, Ma'am. The leaf, they are conducting laboratory test on both the leaf and cigarette. Ito na yung ano po natin, continuing study.
- Dir. Padayao: Thank you.
- Mrs. Benosa: So, Sir Rey, I think you can proceed now.
- Mr. Aquino: Thank you, Ma'am. Good afternoon. So here is the sources and uses of our fund. So, beginning balance as of January 1, 2025, this is the balance of the Corporate Operating Budget na pina-approve po namin sa inyo last Board Meeting. Ito po yung Php 408M, ito po yung balance.

So yan din po ang beginning balance natin ng 2025. So projected collection of receivables is Php 184.679M. Current year income from operations is Php 158.314M.

And for the Special Account in the General Fund for Tier 1, so this is per DBM National Budget Memorandum No. 47 dated 29 March 2023. So this is approved na po itong Php 550,504,000.00.

So proposal po natin, itong Tier 2 natin which totals Php 709,923,000.00 composed of the following. Tobacco Farmers Production Assistance which is 100% grant to the farmers, Php 286.046M. So, this is additional po. Ito lang po yung improved seedling production Php 20M. Tobacco Research and Grading Institute Php 150M. Assistance for other crops such as Rice Php 8.004M, Gulayan Php 3.731M, Manukan Php 4.243M, Corn Production Php 8.788M. Sa Livestock naman po meron po tayong Goat Php 11,245,000.00 and Cattle Php 19,078,000.00.

Tobacco Farm Machinery and Equipment, composed of Four-Wheel Drive Tractor and Accessories Php 27,400,000.00,



Drilling Machine Php 16,000,000.00. For Agribusiness, we have Village Level Tobacco Handmade Paper Production and Conversion, Php 145,428,000.00. This include the equipment. The total capital for livelihood is Php 100,000.00., for a total of Php 4M. We have also capability building amounting to Php 5,960,000.00

This will bring the total to Php 709,923,000.00. So, if we add this to Php 550,504,000.00 so we will have Php 1,260,427,000.00 which will come from the DBM. Pero ito lang po ang siguradong approved na.

Ang galing naman po sa earning ng agency is Php 342.818M. So ito po uses nya. Ang mga MOE natin, regular is Php 239.019M.

For the financial assistance subsidy or grants to the farmer for Tier 2, we have Tobacco Farmers Production Assistance of Php 100,000,000. Ito po yung 100 % grant. Sa Tier 1 po, ito yung 60-40 na Tobacco Farmers Production Assistance.

Biostimulant distribution for rain damage tobacco is Php 5,000,000. Tobacco Farmers Dependent Scholarship Program, Php 3,000,000. Hauling subsidy is Php 5,000,000.

Sa tier 2 po ito na po. Tobacco Farmers Production Assistance, 100%, Php 286.046M. Improved Tobacco Seedling, Php 20,000,000.00

Sa STEP, yan po. Lahat din po sila grant na sa farmers ito po. Grant na po yan sa farmers. Ang dito naman po sa Tobacco Farmers Machinery and Equipment, 4WD, ito lang po yung meron. Meron tayo Php 16.44M n recoverable. Ang dito na po, dole out po lahat yan.

Startup Capital for Livelihood, dole out din po. Capability Enhancement, yan Php 5,960,000.00, ito po para sa mga cooperative leaders, farmer leaders.

So Capital Outlay po natin is Php 11,000,000.00 which come from our corporate fund. Tobacco Research and Grading Institute, Php 150,000,000.00, so capital outlay po yan. Ito po para sa pagbili ng land.

Meron tayong recoverable po natin. Tobacco Farmers Production Assistance, P60,000,000. Mobility Support Program, nagilagay po tayo Php 3,000,000.00 Ito po para sa mga station workers natin at Php 70,000.00 per unit. Ang synchronized tree planting natin is Php 3,000,000.00 kasi meron po itong buy-back.

Ito naman po yung pinaka-summary niya. Pag-issue? Ito naman, ito pong pag-issue.

So yan ang budget ceiling na binigay ng DBM last year for this year. Ngayon po, yung Tier 2 po natin, ito po yung proposal natin ngayon na ito ay sa 2025. So parang nanghihingi lang tayo ng additional budget yung Tier 2. It's either expansion or new program and budget.

So ito po lahat na ito, yan po lahat na yan. This will be the subject of discussion with the DBM. Ito po yung total, Php 709,923,000.00, once submitted sa DBM mag-schedule na po sila ng technical budget hearing para for the NTA to justify ito. So hopefully sana po ma-approve. Kung di po ma-approve Php 550.504M pa rin po tayo.

So that's all sir for our P1,603,245,000.00, a total of the three, the DBM Approved Budget Ceiling, the NTA Budget Proposal, and the Corporate Fund. So total po ito po yung pagka-gastosan natin, P1,603,245,000.00.

DAOP Casela: Ano kaya itong mag-extend natin? Yung instead of 40%, magiging 60% na para at least lagi natin sinasabi na uplift the life out of the farmers. Out of the P709,923,000.00, we have a grant already na P693,483,000.00. Tapos ang mare-recover na lang po natin yung P16,440,000.00.

Mr. Aquino: Pero hindi pa naman po ito approved. Ito lang, bago lang yan. So, yun pong regarding sa grant, we had a meeting with Sir DAOP nung other week na we were deciding if grant ba yung bibigay natin sa Php 286,000,000.00 or 40-60 po ulit.

So, once ma-approve sana yung additional, we are thinking of realigning it, mag-propose tayo sa DBM after. Sasabihin muna natin na grant, but we will discuss with the DBM kung ma-approve ito. The crucial part here is for the approval of Hon. Sen. Villar.

So, in the presentation of the budget to the Senate, it will be presented, I mean the Php 286,000,000.00 will be presented as subsidy, but there's still a chance for us to recover some of the money by realigning the P286,000,000 with proper justification to DBM requesting for 60-40% subsidy instead. But it depends again if it is 60-40%, and if the board decides it's 50-50% or 70-30%, it depends on the policy.

DAOP Casela: Now, is the policy enough to make it legal?

Mr. Aquino: Basta po tayo, justify lang natin sa DBM na kailangan natin yung pera na bibigay nila. It is up to us. So, now the crucial point here again is for us to get a nod from DBM of the Php 286,000,000.00.

And once we have the approval of DBM, it will now be up to the board of NTA on how it will be utilized.

DAOP Casela: So, first thing first, management will make a proposal of the level of subsidy, 50-50 or total subsidy, I don't know. But it depends on the proposal of management and further deliberation of approval to the board.

Before the DBM approval, is there is a need for board resolution. On the manner of disposition? Itong amount na ito, P709,923,000.00?

Mr. Aquino: Dapat po Sir, we have all the project proposal, the guidelines, and we have at least we have recruited some partners, some cooperatives. Meron na dapat yan for the DBM to approve this program. Kapag kulang po ang mga requirements, hindi na po i-recommend ng DBM sa Senate yan. Mangyari po ay ibibigay lang uiit sa atin ay automatic na pareho noong sa Tier 1, which is Php 550,504,000.00

Dir. Padayao: So, again the crucial point here is to convince the DBMs to approve our proposals. And it depends now on our submission as to the supporting documents.

Mr. Aquino: Yes, ma'am.

For the proposed Production Grant of about P23,354. So, this is the distribution. Proposed pa lang po ito.

We will submit the names of the proposed farmer-beneficiaries. So, with the permission of Sir DAOP, we will be using the database ng current farmer's name as a supporting document.

DAOP Casela: Anyway, there'll be through with the result of processing of the survey conducted by drone, I think by May.

Mr. Aquino: That might be too late sir.

DAOP Casela: Okay, why don't we use the data based on the survey conducted by Engr. Maloom?

Mr. Aquino: Yes sir, we already have coordinated with him, meron na kaming data po as to the last survey last year. So, yun na yung gagamitin. And we will also need yung mga proposed beneficiaries for the improved seedling production.

As to the supporting documents for the block farming, we will include yung list ng attendees sa mga branches for the block farms orientation. So, we already have the signatures of the farmers who will be joining proposed beneficiaries and siguro yung draft ng MOA.

Dir. Guzman: Siguro sa mga drilling machine, ilagay din natin kung ilan ang farmer's land areas to be benefitted.

Mr. Aquino: Yes, sir.

Dir. Padayao: We need the help din ng mga engineers natin for the drilling machine. Yung kanyang drawing ng ano bang klase, specifications, and lahat. Yung drilling machines, this is not for the individual block farmers, it's for the Branch Offices. Kailangan din sa branch, the pattern of utilization.

Mr. Aquino: Now, kung may program ng utilization na nandun na yung number of farmers to be serviced, area to be covered, nandun na lahat. So, those are pertinent requirements to justify the drilling machines.

Dir. Trongco: Kailangan din yung topography, yung mga klase ng lupa. Technically, kailangan talaga yung soil structure. Kasi kung clay, and sandy, hindi po pwede.

Dir. Padayao: Kailangan yung pag-coordinate sa NIA ba, or Bureau of Soil and Water Management. NIA, BSWM. Pero ang talagang gumagamit na ng drilling, yung NIA.

Mr. Aquino: Atsaka yung determination, Ma'am, nung kung saan area may tubig, kasama kasi yun eh.

Yung po namang sa Grading Institute, Ma'am Myrna, ano po ba yung preparations for the land? And yung mga details sa building. Kasi, I remember yung sa ating mga na-approve na training centers, we were able to present talaga yung detailed engineering design ni Engineer Abe. That's why na-approve po yun during the time.

Mayroon na silang drawing nung training centers. Kasi before you present to the DBM, dapat complete detailed engineering design.

Kaya po siya talaga na-approve. Ngayon ito po, Grading Institute natin, so far, meron lang po kami draft. Ngayon kakailanganin po natin siguro mas detailed kung saan talaga siya itatayo. Para at least makapag-conduct tayo ng talaga ng engineering proposal niya.

Mrs. Lozano: Yung Php 150 Million is for the purchase of the land.

- Mr. Aquino: Yes, including purchase of land po. Kung saan po talaga dapat yun itatayo.
- Mrs. Lozano: Hello po, yung naka-estimate na P150 million, yung P120 million is for the purchase of land. At ang target natin, nakalagay sa ating proposal, it should be in Ilocos Norte. Kasi ang warehouse natin kung mapa-approve yung institute will be FTSD, IRD Laboratories, and the NTA Ilocos Norte Branch Office.
- Dir. Padayao: Anong requirement na area? How many hectares?
- DAOP Casela: Madam Myrna, anong projection mo as to the area to be occupied by the Grading Institute? Ilang hectares?
- Mrs. Lozano: Three hectares po yun. And then 1.5 hectares will be used for the building.
- Sir, kailan po yung budget hearing? A
- Mr. Aquino: Ang technical budget hearing is only up to April 30.
- Mrs. Lozano: April 30? Wala na? Hindi na natin kayang i-proceed yan. Unang-unang wala pa tayong lot. Pag may lupa na tayo, saka pa lang po tayo makapag-come-up ng design ng structure.
- DAOP Casela: Paano natin mag-justify sa DBM yung pag-purchase natin ng lot, ng lupa?
- Mr. Aquino: Kailangan kasí natin dapat meron na tayong prospective na seller ng lupa, yung magbebenda sa atin. Tapos yung specification niya. And also just to have this approved, at least meron tayo kahit ng mga rough design ng building.
- At saka yung specification, ano ang mag-house doon, yung mga gano'ng kailangan sana natin para masabi natin sa DBM. So Php 150M, Php 120M ang lupa, and then yung Php 10M is for the detailed engineering plan. So wala pa talaga tayong sasubmit on the building structure?
- Mrs. Lozano: Yes, and then another P10M is for the improvement of the farmer's training center.
- Siguro po yung status ng lupa sa MMSU and the NTA, maybe the legal officers natin yung gagawa ng justification na we are not owner of the MMSU land. Yan po yung mga justification natin.
- If ever naman po, na tayo ay bibili ng lupa at kulang yung Php 150M for three hectares, we can buy a smaller one, maybe it's 2 or 2.5 hectares.

- Dir. Guzman: Kung ang plano mo magpapatayo ng building, DBM might require us to submit evidence of ownership. Or kung wala po tayo, kahit SPA from the owner. Ganoon po yung patakaran.
- Mrs. Lozano: So, kung makikita niyo yung proposal namin, iba po yung main training institute. And then yung farmer's training institute, yun na lang mag-cater ng research program, yung malapit sa location.
- DAOP Casela: What is immediate is, as per your budget proposal is land acquisition?
- Mrs. Lozano: Yes.
- DAOP Casela: But what is primary right now is to justify your Php 120M and that is the acquisition of the land for the grading institute. That's why I asked Mr. Aquino, in order justify the Php 120M, what documents would DBM be requiring you to submit?
- Mr. Aquino: Yes sir. Sa lupa lang mahirapan na tayo.
- Mrs. Lozano: Ayun nga sir. So, we have to request the DBM for the Php 120M, bago tayo mag-hanap ng lupa and then next, the detailed engineering plan. Isang taon yung gagawin ng 2025. Now if the building plan will be ready by 2025, yun yung time na hihingin natin yung sa cost ng building. Ang mahalaga kasi itong pag-gagamitan namin.
- DAOP Casela: Hanggang dun lang. Now the question is, ang documents mo nasaan? Yun ang gagamitin natin para makahingi tayo.
- Without yung implementation readiness ng mga plano kung anong silbi ng lupa na bibilin natin, hindi siya ma-approve sa DBM.
- Engr. Dela Peña: Mahirap po mag-defend sa DBM ng ganyan. Nasubukan na po namin kung paano i-scrutinize ng DBM. They are also very good. They have also engineers, lawyers, EPA. Mahirap i-defend yan.
- Mrs. Benosa: Ma'am Myrna, best deal siguro na sumama ka doon sa technical budget hearing? Ikaw mag-discuss ng proposal kasi kailangan ma-appreciate ng DBM kung ano ba yan?
- DAOP Casela: Kung anong kaya natin i-present as a requirement, ibigay natin. Engr. Dela Peña, kindly extend help kung ano maitutulong mo sa mga documentary requirements.

Dir. Padayao: Ano po yung kasama sa Green Program? Yung Green Program sa proposal nyo? Pero wala siyang KPP? Para mapaganda natin ang program natin dito sa NTA.

We have the KPP, but as we have noticed, based on the assessment conducted, there were so many flaws.

DAOP Casela: So, I think that we wait for 2026 already. What I'm thinking as a proposal for KPP is, one, we should coordinate first with DENR. We will ask them what are the public lands available for tree planting in all these tobacco-converging and tobacco-producing areas. And if they can provide us, we will also coordinate with the NGOs on these areas. So, there will be a MOA among DENR, NGOs and NTA.

Then in our coordination with DENR, we will know from them what are the allowable fast-growing trees to be planted na hindi nakaka-sagabal at madali kuhanan ng cutting permit. Which is the crucial problem also.

I will work hand-in-hand with the Corporate Planning Department for the preparation of the program for 2026. And also, we can go on with the synchronized tree planting because we have budget for 2024 already. But we will be requesting for an amendment or additional guidelines for that. That is the creation of a maintenance group among those NGOs, and NTA to come up with a composite maintenance group para titingin pagkatanim ng forest trees.

And siguro we have to include the suggestion of Hon. USec DV, the planting of *Bayug*.

Atty. Obusan: So, my motion for approval na po ba tayo? Are we ready to approve the agency's plan and budget for calendar year 2025?

Dir. Guzman: With all the discussions and considering its importance, I move for the approval of the Agency's Plan and Budget for Fiscal Year 202. I request for... I move for the approval of the Agency's Plan and Budget for Calendar Year 2025.

Dir. Padayao: I second the motion.

**REQUEST FOR APPROVAL OF THE AGENCY'S PLAN AND BUDGET FOR CALENDAR YEAR (CY) 2025 is hereby APPROVED.**

Atty. Obusan: Before we moved on to our next agenda, may we recognize the presence of the Honorable Administrator & CEO, Belinda S. Sanchez, who arrived earlier from Tanauan, Batangas. Good afternoon Ma'am.

Admin. Sanchez: Good afternoon, everyone.

Atty. Obusan: Our next agenda, under

**D. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE POSSIBLE EXECUTION OF A LEASE CONTRACT AGREEMENT BETWEEN NTA AND NAPINTAS LOGISTICS & DISTRIBUTION, INC. WITH REGARD TO THE FEEDMILL COMPLEX IN SULVEC, NARVACAN, ILOCOS SUR**

Atty. Obusan: May we recognize the resource persons, Ma'am Zenaida Arrojo, Manager, Administrative Department, and Engineer Abraham C. Dela Pena, OIC, General Services and Procurement Division. Ma'am.

Mrs. Arrojo: Okay, good afternoon po sa ating lahat, good afternoon Ma'am Bel, to the members of the Governing Board, to Sir Ben, to Sir DAOP, and to everyone joining us, good afternoon po.

Okay, this is in relation to the report update on the possible execution of the lease contract agreement between the NTA and Napintas Logistics for the Feedmill Complex. I guess we have the proposal of the Napintas Logistics amounting to Php 70,000.00 per month as the rental.

But of course, we have to explore first within the locality what is the current prevailing rental for such warehouses. Anyway, according to Engineer Abe, he has instructed architect na mag-canvass siya if this Php 70,000.00 is advantageous na rin po sa atin or what. And then after which siguro, we can give a counter proposal na rin sa kanila kung okay na po yung Php 70,000 per month satin or we will be asking for more so that we could discuss it with them.

And most probably by next meeting siguro meron na tayong concrete figure or proposal, draft proposal na rin siguro. And since Engineer Abe is one of the members who went to Abra, siguro I will be passing the microphone to him for more details. Go ahead Engineer.

Engr. Dela Peña: Good afternoon po. With regards po dito sa proposal ni Napintas Logistics for renting the feed mill complex, we instructed po yung mga naka-assign po doon sa Kadiwa ni Ani at Kita to conduct survey or canvasses with regards to warehousing rental. Kung ano yung tumatakabong rental fee po doon per square meter. But unfortunately, today they have reported na



wala silang makitang almost identical structure or warehouse na nagpaparent po.

Kung meron pong mga nagrerent doon ay sarili po nila yung mga warehousing. So hindi po tayo makakuha ng comparison if this proposal na Php 70,000.00 rental fee ay siya nga po talaga yung tumatakbong rental fee para sa warehousing.

So ang ginawa nalang po namin is nagkaroon kami ng conduct ng comparison sa dating umuupa doon.

So yung dating umuupa doon, ang rental fee po niya per month is Php 31,500.00. That is Php 378,000.00 per annum.

Ganoon din po yung the same space or area yung irerent ni Napintas doon sa dating nagrerent na Aptemco. Excluding po ng feed mill area natin kung saan nakalagay yung mga machineries natin at saka yung raw materials. Tapos the whole compound is to be rented. So, kay Napintas Logistics po, ang proposal niya is Php 70,000.00 per month, that is Php 840,000.00 per annum.

Sila po mag-shoulder ng utilities tulad ng electricity, yung dalawang security guard natin na nandun i-adopt na rin nila. Tapos ika-conduct nila yung mga minor repairs na kailangan para ma-operate niya accordingly doon sa purpose niya as warehousing.

Tapos yung proposal niya is 5 years renewable po ito. So, after 5 years pwede natin i-renew kung papayagan pa natin sila. Mag-provide din siya ng one month security deposit equivalent doon sa rental niya. Yan ang kanyang proposal.

With regards sa square meter kay Aptemco dati, we have Php 19.89 per square meter ang equivalent ng pag-rent nila. Ang total floor area ng leaseable area is 1,584 sqm.

Pero yung the whole compound po natin is equivalent to 1,944 sqm. So, sa Napintas po, bale Php 44.20 per sqm po yung kanyang proposal.

Yun lang po ang data na meron tayo dahil wala po tayong makuhang rental rates ng mga existing warehouses doon.

Dir Padayao:

Pero yung construction, yung cost ng building?

Engr. Abe:

Yung cost po ng building natin, yung sa building depreciation po yung building po natin is Php 223,204.15. and sa equipment po Php 77,046.21 for a total of Php 365,483.51.

- Dir. Padayao: Depreciation?
- Engr. Dela Peña: Depreciation po ng per annum po. Siguro to give more details on this, we will ask yung ating accountants kung paano sila nag-arribe sa figures na ito. But this time, yung present expenses po natin, we are spending P538. per month para sa electric at P64,695.25 sa sweldo ng dalawang guards natin.
- So, kung a-accommodate po natin si Napintas, it will include po yung Php 70,000.00 plus yung Php 64,695.25 kasi siya na ang magbabayad sa securities on board.
- Mrs. Arrojo: So magkakaroon tayo ng fixed expenses, fixed charges ng Php 365,000 per month.
- Dir. Padayao: At least may maiawas.
- Mrs. Arrojo: Kasi yan, he'll be shouldering the whole amount, P365,483.32.
- Dir. Trongco: Magkanong binabayaran sa tax fee?
- Engr. Dela Peña: Ito lang po kasi yung expenses na pinag-present ng ating accountants. If it will be used as a government office, it will be exempted since government agency tayo. But if it is a governmental income generating, magbabayad po tayo ng tax.
- Nag-scout din po ako dito sa Manila for warehousing, nag-rrange po ng Php 100,000.00 to Php 200,000.00 yung mga similar na bodega na katulad sa atin po. Plain na bodega po yun.
- Ang kagandahan po sa atin is we have yung bakuran niya na pwede gawing garahe ng mga vehicles, delivery trucks. Yan po.
- This is the final offer of Php 70,000 per month. Siguro we can negotiate kung padagdagan natin. Yung offer po niya will include the minor repairs po ng building natin para ma-operate po niya.
- Kasi yung project po niya is Nestle which kailangan i-secure niya sa mga insects, rodents, sanitary.
- Dir. Guzman: Okay ba yung roofing?
- Engr. Dela Peña: During the last typhoon, nagkaroon ng konting-konting damage lang yung sa roofing. Kaya sabi namin kay Napintas Logistics if pwede na rin po niya i-sama ito sa mga repairs.
- Pero naglagay po siya rito sa ano natin na for major repairs po, ano niya sa atin. Hindi naman siya ganoon major. Siguro para

sakin, kaya po pwede siguro i-accommodate. Mura lang po yun. Nasa Php 10,000.00 to Php 15,000.00 for repairs.

- Admin. Sanchez: Kesa yung bakante. At least may interested pa mag-rent.  
Engr. Dela Peña: Actually, noong first meeting po namin ni Sir DASS, we told them that we will relay the offer to the Central Office. And then whatever po yung magiging suggestions, ipaalam po natin sa kanila. At nagsabi naman po sila na mayroon pang leeway doon sa kanilang offer.
- Admin. Sanchez: So pwede naman po siguro mayroon konting adjustment.
- Engr. Dela Peña: Yes, po pwede naman po. Alam ko naka-online din po si Ma'am Noraline. We can ask them to set meeting for finality.
- Mr. Sarmiento: Meron ako prospective lessor, ang counter-offer niya ay Php 100,000.00 monthly, sasagutin din ang sa security guards na sweldo.
- DAOP Casela: Sir, for NTA to have a legal basis on its decision, may we please request an offer from the prospective lessor?
- Mr. Sarmiento: Ok. I will ask them to submit their official offer.
- Atty. Obusan: Ma'am Noraline, kindly inform Napintas Logistics, Inc. that there is another prospective lessor of the property, and pending the receipt of their official offer, the NTA management cannot decide the matter at hand immediately. Thank you.
- Mrs. Idica: Yes sir.
- Atty. Obusan: We now move on to our last agenda. Under

**E. COMMITTEE ON NOMINATION, REMUNERATION AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. DANILO C. TRONGCO

- Atty. Obusan: May we again recognize the resource person, Ma'am Zenaida Arrojo, Manager, Administrative Department. Ma'am.
- Mrs. Arrojo: So ito na po yung update sa processing ng Terminal Leave Claims for the Period January 1-April 12, 2024.

I Checks released/fund transferred

No	Name of retiree	Branch/CO	Date of retirement	Date of submission to CO	Date released/fund transferred
1	Selurnino Agatep	Batac	8/1/23		2/19/24
2	Faipinas Ganir	Batac	12/31/22		3/4/24
3	Minerva Mizal	Vigan	3/13/22	3/14/23	3/20/24
4	Loida Borje	Central Office	7/31/21	3/18/24	3/18/24
5	Edna simeon	Cagayan	1/1/23	2/13/24	4/5/24
6	Mary Ann Gumabay	Cagayan	8/18/21	8/31/23	4/12/24

II Documents submitted to finance for processing/reconciliation

No.	Name of retiree	Branch/CO	Date of retirement	Date of submission to CO
1	Estelita Nabua	La Union	12/31/23	3/4/24
2	Aurelia Santos	La Union	12/31/23	3/4/24
3	Matilde Arreola	Candon	3/14/22	11/7/23
4	Elizabeth Biala	Pangasinan	1/2/23	2/26/23
5	Cynthia Mayajiao	Candon	10/10/21	12/18/23
6	Hector Tabije	Ilocos Norte	12/31/23	2/26/23
7	Sinfrosa Valmonte	Central Office	12/31/23	
8	Elma Daculoao	Central Office	12/31/23	
9	Orhelia Gonzales	Central office	12/31/23	

III. Documents are with ASD- on going (processing)

No.	Name of retiree	Branch/CO	Date of retirement	Date of submission to CO
1	Gavina Domingo	Isabela	4/1/2023	9/25/23
2	Alex Borje	Central Office	8/4/23	
3	Perla C. Manzon	Central Office	6/30/22	Lacking DTR's
4	Joefrey T. Baulista	Isabela	10/26/23	3/19/24
5	Ramon Fernandez	Central Office	3/4/2021	10/17/23
6	Roberto R. Bonoan	Central Office	3/17/21	Extra judicial settlement

IV. Retired but no submission of documents yet

No.	Name of retiree	Branch/CO	Date of retirement	Date of submission to CO
1	Jose Tacias	Vigan	4/21/2023	
2	Marina Pine	Pangasinan	11/18/2023	
3	Lorna Espanto	Pangasinan	12/31/2023	
4	Godofredo Alvarez	Vigan	4/1/2022	

Prepared by:

MICHAEL P. NACPIL  
HR/MO II

NOTED:

ZENaida T. ARROJO  
Dept Manager III

- Atty. Obusan: Any comments or reactions po from the Governing Board?
- Dir. Padayao: Before tayo mag-discuss, I want to thank the Administrative Department, headed by Ma'am Zeny here, because when we brought this thing, when we brought this document, we really see that they really worked hard and helped over time. Thank you so much for expediting, facilitating the processing of the terminal pays of the retired NTA employees.
- Isang bagay, kindly tell your staffs to refrain from speculating and giving estimates on how much a retired employee will get for his/her terminal leave pay, especially if it is not the official amount after the necessary deductions. Kasi umaasa yung mga retired employees.
- Mrs. Arrojo: Yes ma'am. *(Ito po yung nangyari kay....barely audible.)* Napagsabihan ko na po ang mga staffs ko regarding this and hindi na po ito mauulit pa.
- Dir. Padayao: Thank you very much Ma'am Zeny. That would be all Madam Chair.
- Atty. Obusan: Thank you very much. Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?
- Dir. Trongco: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.
- Dir. Guzman: I second the motion. Ano oras tayo tomorrow, Attorney?
- Atty. Obusan: 1:00 PM po Director.
- Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. *(Meeting was adjourned at 4:15 PM)*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**29 APRIL 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today April 29, 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Trading Operations & Regulation, Board Audit and Finance, Legal Matters and Properties, and Research and Extension, is now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco,

representing the Tobacco Farmers Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and, Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; *Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under the:

**A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REPORT UPDATE ON 2024 TOBACCO TRADING OPERATIONS**

Atty. Obusan: May we recognize the Resource Persons: Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Atty. Rohbert A. Ambros, Manager, Regulations Department

DAOP Casela: The agenda, which is about the ongoing tobacco trading operations, will be elucidated and fully reported by the Department Manager of the Regulations Department, in the person of Atty. Rohbert A. Ambros. Attorney, please. Thank you.

Atty. Ambros: *(Reported using power point presentation flashed on the screen.)*

Thank you, Sir DAOP. Good morning, Ma'am Bel, to all of our Honorable Directors, to our Special Assistant to the Administrator, to my fellow officers of the NTA, Good Morning.

My report will cover the Acceptances and Trading Operations Report as of April 15, 2024. And for the information of the Honorable Members of the Board, this report was already presented during the General Management Committee meeting held last Friday. We were joined by the Managers from the Branch Offices. They were physically present here in the Central Office last Friday.

And for my first slide, as reported earlier to the Board, we have 466 total licenses issued at that time, but we have additional one licensee as of April 15. So that would make a total of 467 licenses issued for this tobacco trading season.

So, there's no change in the number of wholesale tobacco dealers and redrying plants. So, there is one less for the buying station that was added to the field canvassers. Actually, as of last Friday, our buying station is only 34. It was added as a field canvasser because that particular buyer would not be able to comply with the requirements as a buying station. Once a field canvasser reaches the maximum volume of acceptance for his last year's purchases, we consider them as buying station already. But in the case of one buying station located at Ilocos Norte, he still needs to apply to the BIR for the permit to issue the PIV, which he will not be able to comply in time. That's why we replaced him as a field canvasser. So, our buying station now is 34, field canvasser is 415.

DAOP Casela: Attorney, may I please?

Atty. Ambros: Yes, sir.

DAOP Casela: For further information of the Members of the Governing Board, that particular field canvasser who is from Ilocos Norte, Mr. Cambe (?) *barely audible*.

He is from Pinili, Ilocos Norte. There was a request from Mr. Cambe to be referred as field canvasser for this trading year, 2023-2024, for the reasons that he cannot comply with all the documentary requirements of being a buying station. But in his request, we made a collateral with Atty. Ambros that he is reverted as a field canvasser for this year's trading operation, but for next year, he will now be considered as a buying station, giving him ample time to secure all the documentary requirements for him to become a buying station. Thank you, Attorney.



Atty. Ambros:

Thank you, Sir, for that additional info. And so, we proceed with the next slide, please.

Okay, so as reported also during the last meeting, we have a reduction in the purchase commitment for this 2024 in the volume of 2.6 million. But this volume of purchase commitments does not include the purchases from Visayas-Mindanao area with a total volume of 4.352 million kilos for 2023. So still, we will be expecting a higher purchase volume for 2024, given the favorable condition before the onset of the El Niño.

Although I have been hearing reports that there were damages of El Niño phenomenon to our tobacco crops, but this is not considerable as we estimated at this moment. Kasi wala pang report official.

So next is, ito na po yung comparative volume and value as of April 15, last year and this year.

Next slide, please. Okay, so as of April 15, meron na po tayong acceptances na 7.088 million kilograms. So that is 177 percent higher than April last year with only 2.558 million kilograms.

So medyo maganda yung turnout ng ating purchases for this tobacco season because it's almost double in terms of volume. And of course, if the volume increase, the value also follows. Pero mas malaki pa rin sya in terms of percentage. Kasi 322 % yung increase in terms of price value, buying prices.

Okay, so this report partially did not include yung report ng ULPI. Kasi, they requested to migrate from manual submission to electronic submission of PIVs. Na-approve na kasi ng BIR yung kanilang digitized system. So, we need to wait muna sa kanilang mga reporting until May 2024. So, by next reporting, Sirs and Ma'am, maisasama na yung report ng ULPI through yung electronic submission ng PIV.

So ang mangyayari dito sa electronic system ng Universal Leaf is that only the farmer seller will receive the printed copy of the PIV. So yung report to the NTA will be in the form of electronic submission through the authorized email addresses na i-assign natin from the different Branch offices. And I am preparing the corresponding memorandum of the Administrator regarding this matter.

Although it was already reported last Friday to the Branch Managers. So, we will be assigning an official email for each Branch offices regarding the electronic submission by the ULPI. So next slide.

Okay. So, in terms of average buying prices, so as you can see, compared to last year, Php95.00 na ngayon ang average price for Virginia which is Php14.58 higher compared last year. Sa Burley naman, we have an increased buying price by Php8.68. And for the Native, medyo mas malaki sya. Ang increase ngayon is Php19.69. So, all in all, Php43.24 ang increased buying price for this season. And if you will compare that with the floor price increase, mas matas pa rin sya. So, the buyers really had bought the tabako this year at a higher price than the floor prices.

And by the way, this average buying price already includes the incentives that the tobacco buyers are providing to their contracted farmer-cooperators. Next slide.

So, compare naman natin yung mga volume and average buying price by provinces. As you can see, the largest volume accepted is at Candon, followed by Ilocos Norte, La Union, Vigan, and Abra. But the highest price recorded is at Abra with Php102.15 average buying price per kilo. In totality, for all the Branch offices, the average price of the Virginia for all subtypes is Php95.09.

Next please, for the Burley type naman, Pangasinan recorded the highest acceptance, followed by Candon, La Union, and Ilocos Norte. But Ilocos Norte recorded the highest average buying price at Php83.17. And for the average buying price for all Branch offices, it's Php76.29.

Dir. Trongco: Excuse me, attorney.

Atty. Ambros: Yes, sir.

Dir. Trongco: Walang Abra sa Burley?

Atty. Ambros: Wala, sir. Virginia and Native lang sila.

Dir. Trongco: Thank you.

Atty. Ambros: So for the Native type, next slide please. Okay, so we have, as usual, Isabela has the highest volume of acceptance with more than Php1 million, followed by Misamis Oriental, Candon, Cotabato and Maguindanao area, then Ilocos Norte, La Union, and Cagayan. The highest average buying price was recorded at Misamis Oriental at Php433.04 per kilogram. So Php39.00 was the average buying price because Engineer Roger said that this is a low grade type. Because this is just the initial harvest. Okay, so, yes, ma'am.

Dir. Padayao: I would like to clarify that this Native type is also type specific.

Atty. Ambros: Yes, ma'am. There are Batek, Cigar Filler, and other types.

Dir. Padayao: So I would expect that if it is Batek only, the price will be higher.

Atty. Ambros: Yes, ma'am.

Dir. Padayao: At Php433.00?

Atty. Ambros: Yes, ma'am.

Dir. Padayao: Or, this is an interplay of the volume and the total value.

Atty. Ambros: Yes, ma'am. As per our report, Ma'am, I think there's no error. Because what they really reported is the volume and the value at the buying price. And I think DAOP and Sir Ben was able to observe the Taro (?) system in Mindanao. It's really a different system of buying, like an auction sale. Pataasan, parang bidding.

DAOP Casela: To substantiate the high average price per kilo for Native tobacco, we went to Mindanao sometime late last year to visit with Sir Ben. And now, observation with respect to the trading of the native tobacco. Yung sa Taro system, yung parang pagsaan, nakita namin yung sistema na yung 100 leaves per stick na native tobacco with about 2 feet long costs about Php2,500 to Php3,000 pesos. It goes hand in hand with lower classification, mas mababa, pero yung pinakamataas, Php3,000 pesos. Thank you.

Dir. Guzman: Madam Chair, additional. Hindi kaya based on demand, yung price? Based on supply and demand. Kasi baka naman, baka oversupply na tayo, baka hindi natin ma-maintain yung price.

DAOP Casela: Definitely, this is an interplay of demand and supply. And according to the viajeros from Misamis, they go as far as Visayas, Cebu, Bohol, Negros to sell their tobacco. So, there is demand for this.

And according to the viajeros from Misamis, the quality, specifically taste, of the native tobacco is much superior than those being produced from other areas. That's why I gathered some samples to be analyzed dito sa laboratory natin to determine yung nicotine ay talagang mas mataas yung nicotine kaysa other native tobacco produced from other areas. That's why the native tobacco produced in Misamis has higher demand from other areas in Visayas.

Dir. Serna: Thank you. Kasi, I tried to come here, but every now, yung yield per hectare is Php2,000. You're almost a millionaire. So, it's very profitable. Yung mga farmers natin na magiging millionaire sa tobacco doon.

Dir. Padayao: Parang personal consumption lang naman yung Native, diba? At At saka sinabi din sir na mas mataas yung nicotine in some

areas. Do we have already the soil analysis to substantiate the finding na mas mataas yung nicotine? Kasi baka because of the application of fertilizer, not the soil itself. So siguro, maybe pwede natin i-relate yung result of the soil analysis to the fertilizer being applied.

DAOP Casela: Ma'am, thank you for that information. I have the result of the lab analysis already for the native tobacco produced in Misamis. And comparative to other areas, mas mataas talaga.

I agree with you that it will be more conclusive if we will intervene the present condition. Because this will contribute also to the increase of the nicotine content. And also, of course, agricultural management and the kind and volume of fertilizer being applied.

Thank you, ma'am, for the information. Thank you, sir. We would like to take note of the observation of Director Luz and Director Serna.

Atty. Ambros: In the next reporting siguro, Ma'am, we will segregate yung tobacco type at saka yung isa din, ma'am, yung growth leaf. Kasi medyo mataas din yung price.

Dir. Padayao: I think so, sir. Kahit may average, pero i-segregate lang. Kasi mas mataas din yung price. Kasi parang hindi natin makikita yung talagang picture ng average price.

Dir. Trongco: Additionally, Sir, worried lang ako, bakit sa Abra, pure Virginia? Diba yun ang mataas ang excise tax? Kung okay ang Virginia, bakit may issue sa production naming ng Burley, para mas malaki yung excise tax na napupunta samin?

Atty. Ambros: Sir, nasagot ko na yan during the GENCOM meeting. Our tobacco production is not a usual agricultural crop production. Kasi we are dependent on the demand of the market. So quality tobacco production, kung ano yung requirement lang ng market, yun lang din yung pinapatahim natin. Kasi sabi ko nga, tobacco is not like an agricultural crop na kahit mag-overproduction ka, may bibiling iba. Dito kasi is very particular yung buyers natin and iilan lang sila. So, it cannot be bought by other buyers not involved in the production of tobacco products.

DAOP Casela: For further information with respect to the issue raised by Madam Luz, together with Sir Ben, we constantly talk with Mayors. And there are Mayors already campaigning that for areas that is in Region 1, that areas planted to tobacco, particularly to Burley or Native, should be converted into Virginia production.

And this is of course, the purpose of this is to have more share, higher share on the excise cuts from R.A. 7171.

Dir. Serna: Tama yun Sir. Kaya nga yung ibang probinsya, if there's expansion na, yung hindi pwede ng Virginia, yun ang magtanim ng Burley at saka Native. Pero kung talagang ano na siya, Virginia producing area na, in-encourage na magtanim din ng iba.

Pero mayroon pa rin yung mga, they still prefer to plant Burley, because mas madali sila itanim and alagaan.

DAOP Casela: Yung sinasabi natin na aggressive campaign of the local government units in planting both, that is native and Virginia. And of course, we should not disregard also the aggressiveness of NTA as to the campaign for more production. But in undergoing, in accomplishing all these campaigns for more production, there is an impending potential problem that if you're going to keep on increasing the volume of produce for both types and subtypes of tobacco.

Because of the imposition of the cap seal for R.A. 7171, with increase of production, you will gradually decrease the price per kilo for both. So that is the potential problem in the campaign for more production for tobacco. And Sir Ben is very aware of this.

And there is a need to inform our local government units with respect to this application. And NTA is initiating some initial activities with respect to address this issue by helping the local government units to come up with a position paper to either maintain the provision of R.A. 11346, that is 15% for R.A. 7171, and R.A. 8240. Or increasing the cap for both, that is for, R.A. 8240, this will be increased to Php10 Billion.

And for the Virginia of R.A. 7171, to Php25 Billion. So, there are two position papers being prepared by NTA. Because NTA knows more about the issue pertaining to this. Thank you.

Atty. Ambros: Okay, so for my next and last slide.

Dito natin magkikita kung gaano kataas yung quality ng tobacco per tobacco type. So as per percent grade distribution, mataas ngayon ang high grades natin. 71% for Virginia, 89% for Burley, and 60% for Native.

Okay, so as you can see dyan sa presentation natin, wala na tayong nakikita ng non-discrete. Okay, so nareview kasi natin yung harmonized grading system, wala pa lang non-discrete grade. It should be categorized as reject.

So yung base price niya dapat is in accordance to our floor price. And in the same manner, yung native, wala pa lang reject na classification. Pupunta siya sa low grade.

So medyo mataas lang yung mga rejects natin for Virginia and Native, which is supposed to be hindi yun tumataas ng 10%. Ang reject dapat is not more than 10%. Pero in totality sa all types, yung reject is 10.43%, so that's fairly within the range.

And for the high grade, 70.10%, and medium is 15.30%. Ang target natin with the Governance Commission is we have to achieve an 83% high to medium grade. So pag ia-add mo yung high and medium, that's 85%. Pasok pa as of this period, titingnan pa natin yung mga susunod na reporting.

So, 85% parin yung level natin as of April 15. So dapat bantayan natin na dapat 83% lang yung level natin, hindi tayo baba-baba, para pasado tayo sa performance scorecard natin with the GCG. So, by the next reporting, Sirs and Ma'ams, medyo detalyado na yung gagawin namin.

Kasi i-present namin yung per grade, A, B, C, ganyan. Para makikita natin kung aling grade ang mataas, alin ang subgrade na mababa. Or yung grade na nawawala.

Gaya niyan, sa Burley, as you can see, parang nawala yung medium grade. Halos, zero percent yan. So more or less wala na talaga yan, konti na. So medium grade in Burley represents D and E grades. Na-confirm yung allegations na bakit nawawala yung D and E grades pagdating sa buyer. So pag-aaralan siguro ng research group natin yan, bakit nawawala sa grading system yung dalawa. Nasaan sila? Kasi ang alam ko, they represent a certain stock position naman. Kaya sana napunta yung mga leaves na belong to that stock position.

Dir. Padayao: At saka, ano, sir, lahat ba ng grades were bought within the floor price?

Atty. Ambros: Yes, Ma'am.

Dir. Padayao: Thank you.

Atty. Ambros: Hopefully yung nawawala sa medium grade sa Burley, napunta sa high grade kasi very high yung percentage ng high grade 89. So, we hope na ganoon yung nangyari. Kasi yung pagpumatak siya sa low grade kasi dapat mataas din yung 6.61%, hindi lang yan 6.61%.

So that will be my last slide for today. And we will again make our next report for the period covering as of April 30.

DAOP Casela: Madam Chair, may I please request Atty. Ambros with your indulgence. Attorney, can you provide our Members of the Governing Board with the implication of the use of digitalized PIV

as far as NTA is concerned? Yung pag-gamit ng digitalized PIV. Thank you.

Atty. Ambros:

For the information of the Honorable Members of the Board, this is particularly with respect to the digitalized reporting system as proposed by the Universal Leaf. So, we had a meeting last April 17 here at the NTA Central Office. And we were apprised about the benefits of having a digitized reporting system.

Number one is, of course, reduction in the paper use. So environmentally friendly na siya. Kasi as per their assessment, parang 180,000 paper ang ipiprint nila per season. So that includes yung copy ni farmer, copy ng NTA. And I think they are also reporting to the BIR. So tatlo palagi yun, triplicate copies palagi yung printing na prepare nila. So that's one advantage na nare-reduce yung paper usage.

Under the system, si farmer-seller na lang ang makakatanggap ng printed copy ng PIV. Ang BIR and the NTA will receive an electronic summary of report.

So doon natin makikita yung name ng farmer, saan nanggaling yung tabako, or the farm location. Doon din natin makikita yung farm area with respect to those tobacco farmers. So anong type ng tabako, and buying prices. So essentially there will be ease of retrieving information that we need. So hindi na tayo nagkakalkal every single PIV.

Dito mo titingnan kung ano natanggap doon sa particular munisipyo, ilan ba yung nagtanim, makikita natin yon. Ano yung types ng tabako na tinanim in that particular area, and kung ilan yung produce within that municipality or province. So, by the click of your hand, makikita mo na siya in totality.

Hindi ka nang mag-individual na kakalkal ng mga records. So that's another implication, easy in retrieving data that we need. And since this is already incorporated in the accounting system of the ULPI, that's the reason why they met with us and asked our approval on their new system of reporting.

Which the Administrator and the Deputy Administrator and together with the group, nakita namin yung advantage of having a digitized reporting. Number one is, hindi na tayo mag-aantay ng report from the Branch office, which nadedelay kasi they have to transpose that doon sa reporting forms natin. Kasi kung ano yung binabato nila sa mga Branch offices natin, nakikita din namin dito sa top management.

So, we don't have to rely on the reports from the Branch offices. Direct na, naka-copy-furnish na tayo from the ULPI. So ang i-

report na lang ng mga Branch offices would be yung mga hindi pa-adapted sa digitized system. So yun na lang ang manually i-require nila yung mga buying stations na mag-submit pa rin ng printed PIV.

**DAOP Casela:** In addition to that Atty. I may, based on your explanation, mas madaling ang trabaho ng mga branches. Now considering the volume of transaction or reportage of ULPI, this is about 85%. Ang babantayan na lang natin ay yung 15%. Yung manual pa ang system.

That is for Conleaf and Trans-Manila. So, mas madali na yan. With this system, we can be more or less sure of the validity and correctness of data of NTA by adopting this system.

So that's one advantage of digitalization. So hindi na tayo mairapan mag-justify sa mga LGU later on na ito lahat kasi ginigiti nila parating malaki yung production nila. But with the data being produced by the system, we can be more or less sure and the data is realistic with the system. Thank you.

**Dir. Guzman:** Kasi may mga ULPI trading centers, other than those contracted, they bought tobacco from field canvassers. How about the COPs? How can they transfer or digitize those using yung COPs?

**Atty. Ambros:** Ang sabi nila is they have no system to validate talaga kung saan nanggaling yung tabako. Kung ano yung report ni field canvasser dun sa COP niya, yun yung ita-transpose nila sa PIV. Kung anong representation, yun ang susundin nila.

So as to reliability or validity kung talagang dun nga sa dineclare na local government nanggaling yung tabako, that's really a challenge for them. And siguro ang validation natin siguro Sir with respect to that is yung ating yung survey area. Kasi kung nag-over na yung isang local government unit with respect to the deliveries or production, dun natin siya iva-validate dun sa validated area na sinusurvey natin every year.

Kasi compared to the ULPI, TMI is buying tabakos from contracted farmers, mas malaki yung volume na being bought by cowboys. Yung buying station na pinagbebentahan ng mga field canvassers is mataas na yung volume nila. So ano pa rin yung manual? From COP, ita-transpose nila sa digitized PIV. Yun nga, kung ano yung representation na build ka, yan yung lalabas sa electronic copy nila.

**Dir. Padayao:** Yung assorted price lang yung nakalagay. So, with the total value, yun lang nakalagay. Walang pay, walang fee. So paano na?



Atty. Ambros: Yes, ma'am. I do recognize the predicament of the system. Now, especially with the present weighing of asset right now, that the practice now is yung tawag natin apok, assorted buying.

Dir. Padayao: Meaning to say there is no classification being undertaken for the tabako anymore. And without that, you cannot determine the actual rates. But what you can determine is the high price. High price of different varieties. I have different grades composing the volume of tabako being bought by the trader.

DAOP Casela: And the question of Madam Luz, as to the documentation of COPs from the field canvassers, how ULPI will enter this transaction using the PIV? That's the issue at the moment.

Anyway ma'am, the Administrator will still have to respond sa approval ng NTA sa request ni ULPI. Maybe idadagdag na lang natin ma'am, i-require na lang, kung nanggaling sa COP yung purchases na binili ni field canvasser, siguro we will require ULPI to represent, required yung mga field canvasser nila na i-itemize din yung per type ng tabako.

Dir. Padayao: Yes, I think so.

Dir. Trongco: Attorney, siguro ito yung last one sir. Tungkol sa PIV, legit ba yung dinideclare ng ULPI? Kasi sa totoo lang meron akong business, kasi yun ang basis ng BIR. Kaya minsan yung BIR sa totoo lang, sinasabi pa na ito lang yung dinideclare para hindi lumaki tax na babayaran. May worry ako na i-monitor naman natin minsan kung tama yung data.

Sabagay, andyan na yung drone survey natin na basis yung per hectare. Doon siguro makikita yung actual. Kasi talaga ako, tingnan mo yung sinasabi pag na-reach yung per hectare, i-distribute sa ibang areas.

Ibig sabihin, minimize nila yung PIV declaring para mababa yung tax.

Atty. Ambros: I know the issue being raised by Director Danny on that, and this is a problem for Managers. And that ULPI allegedly established a lock system, meaning to say that once a farmer delivers a volume of 1,700 kilos per hectare, succeeding deliveries or in excess of that, it will no longer be credited to the farmer. I asked the issue to the representative of ULPI and the answer was, it's not really a lock system but rather to prevent pole vaulting as far as the farmer is concerned.

The farmer cannot comply with the approved or established production quota. The farmer who is exceeding, who lacks the volume, da-dagdag doon, papaki-usapan na ilalagay na lang sa

pangalan niya. But the specific answer of ULPI with respect to that is, the projected volume of production per farmer per area is based on the projected estimated production per area.

So, there is an assessment or evaluation of the Field Managers of the prospective volume of production based on the area registered by that farmer. So hindi naman palagi na up to 1,700 kilos only, but based on the estimate of the Field Managers of ULPI.

Dir. Padayao: But my question is, the field canvassers are human and of course, the evaluation is subject to, I mean subjectivity.

DAOP Casela: But this is a way of eliminating errors also. But anyway, this is the first year of implementing this and whatever experience we're going to observe or gather from this system, we will make a corresponding meeting again with ULPI and make necessary adjustment for next year's operation. Thank you.

Dir. Serna: Ang suggestion ko rin ay, sana ma-eliminate na yung pag-lock, kasi let the farmers grow. Sometimes kasi na dadamutan yung farmers kasi hindi naman nagre-reflect the real production that exists.

Problema pa nila ang pag-distribute. At saka, ano, yung sa service fee, hindi na nila ito na-include.

DAOP Casela: While it's true that BIR collects taxes from the transactions of various traders, but would the registration of the system of ULPI to BIR guarantees a reliability of transaction, specifically with respect to the paying of taxes? Because paying of taxes is based on the volume of transaction. That is the issue present is. And as I mentioned, there's so many discussions, there's so many news that's been raised because of this issue.

And as I mentioned, we will observe the implementation of the system and correspondingly we'll make adjustment if ever for next year's operation. I think that's the end of your presentation. Unless otherwise there are other issues being raised by our members of the Governing board? So, yan kasi declared ni Farm Supervisor, kaya yan yung in-adopt ng kanilang system.

Atty. Ambros: So, hindi naman automatic na hindi na makikredit yung excess ng tobacco farmers with respect to the volume above 1,700 kilograms. Ang magyayari lang dun daw is, i-justify ng Farm Supervisor bakit nag-exceed si tobacco farmer. So, justify lang na baka hindi lang na-report yung area niya ng tama or meron siyang other tobacco farms na hindi niya na-declare. So, once na-justify naman daw yung excess volume, i-credit pa rin sa farmer. Hindi

nila nabanggit na i-distribute siya to other farmers. Basta ma-justify lang kung bakit nagkaroon ng overproduction.

DAOP Casela: I think there's no more issues from our Directors. Thank you so much, Atty. Ambros for the very comprehensive report.

Dir. Padayao: Thank you very much. May pahabol lang ako, if you try to examine the PIV being used by ULPI, there's a column for the buying price and there's a column for incentive. Now, NTA is not concerned with incentive but rather more on the buying price. Because that's a way of determining if there is a violation as to the buying price. But in terms of incentive, I think that's the prerogative of the ULPI or the company to provide level of incentive. But rather of course we are happy for our farmers to have that incentive being provided to our farmers.

Considering that ULPI, hindi lang naman bumibili sa mga contracted farmers, how about those without incentive na binibili sa field canvassers? Nahalo-halo na dito kasi isa lang naman yung Virginia.

So siguro, ano na lang yung non-contracted farmer operators under TCGS? Kasi yung may incentive lang naman ay yung mga TCGS farmer-cooperators. Kasi nakikita namin doon na parang yung increment, kinakain yung incentive.

Ayun para makita natin talaga kung binibili. Tama yung sinabi ni Sir DAOP na within the floor price, we segregate the incentive. Parang alisin natin yung isang variable kasi yung ibang buying station, like TMI and Conleaf, wala naman yung incentive para makita natin.

Atty. Ambros: That is noted, Ma'am. We will try to incorporate these insights in our next reporting. Thank you.

Atty. Obusan: Any other comments or discussion, hearing none, we now move to our next agenda. Under....

**B. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. GERRY VIRGILIO V. GUZMAN  
Dir. LUZVIMINDA U. PADAYAO

**1. REQUEST FOR APPROVAL FOR THE ISSUANCE OF NTA'S FINANCIAL STATEMENT FOR CALENDAR YEAR (CY) 2023**

Atty. Obusan: To report on this matter, Madam Chair, may we recognize Mr. Reynaldo R. Aquino, OIC, Finance Department, and Ms. Lorelie B. Figarola, Accountant IV.

Mr. Aquino:

Thank you so much. Good morning to everyone. Good morning to the Vice Chairperson, Ma'am Belinda, the Executive Assistant, and Special Advisor to the Administrator, Sir Ben, the Deputy Administrator for Support Services, Sir Benedict, Deputy Administrator for Operations, Sir Nestor Casela. And the Honorable Members of the Governing Board, Attorney- Director Gerry Virgilio V. Guzman, Director Ray A. Elaydo, Director Luzviminda U. Padayao, Director Jessie Pat M. Serna, and Director Danilo C. Trongco, and Board Secretary, Attorney Obusan. Good morning to all.

So, para ano po ito, i-authorize niyo po ang agency na i-approve and to submit the Financial Statement through the Commission on Audit. Together po yang pag-submit, with this statement of management responsibilities for financial statements as attested by the Chief Accounting Division. The same also will be included in the notes to financial statement.

After the mission statement, included here is the financial statement of NTA that was approved and authorized for issue by the NTA Governing Board. This is the report of Calendar Year 2023. Last year po ito, this is the result of operations and financial position of the agency.

DAOP Casela:

If I may, can we allow Ma'am, Dr. Lorelie to make the presentation before we entertain questions so that they are properly guided. Condensed presentation na lang siguro Ma'am. Go ahead please.

Ms. Figarola:

Good morning. I am Lorelai and I would like to give you a brief orientation on the financial statements. But before that, first and foremost, I would like to thank the Governing Board for the confirmation of my appointment last August 2023. And I am deeply honored and humbled to be up close and personal with the supreme body of our agency, the National Tobacco Administration.

I would like also to give you a legal basis why we are asking for the approval of the Board being the supreme body of our agency. In line with the COA Resolution 2013, that's 021 dated November 20, 2013, the function to prepare the annual financial report for GOCCs was transferred from the Corporate Government Sector (CGS) to the Government Accountancy Sector (GAS), starting with Fiscal Year 2014. In this regard, all GOCCs shall submit to GAS their year-end financial statements and other related financial reports/schedules, to serve as basis for the preparation and timely submission of the Annual Financial Report (AFR) to the Office of the President and the Congress of the Philippines.

Another legal basis is the enactment in June 2011 of the Republic Act No. 1049 entitled "An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned and Controlled Corporations", where tayo po ay isang GOCC, and to strengthen the role of the state in its governance and management to make them more responsive to the needs of public interest and for other purposes, otherwise known as the GOCC Governance Act of 2011, it paved the creation of the Governance Commission for GOCCs, or GCG, as the central advisory monitoring and oversight body with authority to formulate, implement, and coordinate policies over the GOCC sector.

That's why we are submitting our financial statements with the Integrated Corporate System of the GOCC. Meron po silang sariling system. Yan po, that's why we are seeking for the approval of the Board for the official submission also to our COA and GCG.

I would just like to run through with our comparative financial statements. Comparative financial statements are composed of four. We have the financial position, financial performance, our statement of cash flows, and of course our notes to financial statements.

We have there our financial position. It's a comparative of the year 2022 and 2023. So, our total assets are from 1.8 to 3.5 million, and our liabilities and our net equity, ito naman po siya. So, our financial performance, our income, our deficit is from 37 million to 36 million.

Okay, eto po yung cash position naman natin. Our cash is from 411M for December 31, 2022 and 531M for December 31, 2023.

And the notes to financial statements forms part of the total package of the financial statements for the year 2023.

So dito po manggagaling yung approval ng board dito sa Notes to Financial Statements. So, this is our Notes to Financial Statements. Wala po tayong makikita masyadong figures dito. Kasi dito po nag-explain lang ng ating full disclosures. Ano po yung nangyari for the whole year.

And nandito po yung ating guidelines, policies po na ating ginamit for the fair presentation of the financial statements.

So dito po makikita yung ating approving date. The financial statements of NTA were approved and authorized for issue by the NTA Governing Board on. Kaya po kami nag-look ng approval ng board kasi po kailangan po natin i-attach din sa ating Notes to Financial Statements.

- Dir. Elaydo: Do we have a deadline for this report to be submitted to COA?
- Ms. Figarola: Until June po. And last year po for the information of everyone, our Governing Board last year approved May 8, 2023, yung 2022 financial report natin. Still on time compared to last year. That cost me many sleepless nights.
- Dir. Padayao: Kailangan pa papirmahan sa Secretary?
- Ms. Figarola: Yes po. Yes ma'am.
- Dir. Padayao: It takes time. So, the board resolution which you are requesting is just a requirement of COA?
- Ms. Figarola: Yes po. Yes ma'am.
- Dir. Elaydo: Bahala na yung Board, kung ma-approve ito ngayon para stop na din yung sleepless nights mo. We will just approve it right now, Madam Chair. So, I moved for the approval of the request for the issuance of NTA's Financial Statement for Calendar Year (cy) 2023
- Dir. Guzman: I second the motion.

**REQUEST FOR APPROVAL FOR THE ISSUANCE OF NTA'S FINANCIAL STATEMENT FOR CALENDAR YEAR (CY) 2023 is hereby APPROVED.**

- Atty. Obusan: Madam Chair, may we recognize Ma'am Nini Benosa, she's raising her hand. Go ahead, Ma'am.
- Mrs. Benosa: Ang re-concern ko po dun sa Vision and Mission Statements since we already have the updated version sa ating Certificate Plan for 2022-2028. So paki, ano na lang po, may I request the Finance to update this. Paki-kuha na lang po sa amin, yung copy ng ating Certificate Plan para ma-update po yung Vision and Mission.
- Ms. Figarola: Noted, Ma'am. Thank you very much.
- Atty. Obusan: Any more questions, po? Hearing none, we move to our next Agenda. Under...

**C. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE CONSTRUCTION OF THE NEW NTA BUILDING**

- Atty. Obusan: To report on this matter, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator Support Services (DASS), Engr. Abraham C. Dela Peña, OIC, General Services and Procurement Division (GSPD), and the team of Engr. Edgardo S. Ramos, Project Engineer from DPWH.
- Engr. Dela Peña: Good morning po sa lahat. Nandito po today si Engineer Ed Ramos from DPWH and his team to deliver yung kanilang actual accomplishments as of April 29. And also, meron po silang Power Point presentation but they are suggesting since maganda-ganda po yung araw, if they can invite you to go to the site for actual inspection at the same time. Doon na rin nila, i-deliver yung kanilang report po para simultaneously you can appreciate the site at the same time, yung kanilang accomplishments po, if okay po sa inyong lahat. What can you say, Engineer?
- Engr. Ramos: Yes, sir. Kung pwede po sana nga, medyo malamig-lamig pa ng konti? If you want to appreciate the site po, we can go there.
- Dir. Guzman: Of course, I will get the consensus of the body before saying yes or no. Anong consensus natin as a board? Magpunta tayo ngayon?
- Dir. Trongco: Baka i-set na lang natin ng another time, meron kami kasi yung susunod na meeting.
- Engr. Ramos: Yes, sir. Thank you very much, sir.

So, mag-report na lang po kami ng actual situation ng ating project. Meron po tayo Power Point presentation ng actual accomplishments po.

Ito po yung perspective ng project natin. Please, next slide.

Sir, this is our project profile for April 26, 2024. This is our Phase 1. We incorporated negative slippage of 3.34, pero ang target po natin by May 7, ma-accomplish natin due to variation order yan which was reported to you last March.

Yan po yung quantification. Yan sir, yung supposed na accomplishment natin by April 26 is 99.7. Pero yung actual natin 96.39 due to variation order na ginagawa natin. Once na-sign na po yun, positive po kami by May 7. Kasi po, based po sa PCMA namin, once na yung item of works naka-incorporate po sa PCMA na hindi po yung actual, magne-negative po yan. Once na-approve po yung variation namin, and simultaneously na-gawa na rin namin yung actual accomplishment, yan negative 3.34 po na yan is magiging positive na po. At yung target date po natin na May 7, matatapos po natin ang Phase 1. Next slide.

Sir yan po yung PCMA report na yung nakaraan po sir na inaalang po ni Director Elaydo. Yan po yung once na-submit namin sa Central Office, yung variation order ay na-approved, positive po tayo. Next slide.

Sir yan ang po yung allocation natin for this particular project. Yung Phase 1 po ay Php 200M, ito po yung report ko na 96.66%. Yung Phase 2 po mamaya ipapakita ko po sa inyo. Yung Phase 3 po, recently lang po na-inform kami na mayroon na po itong contract. Ang contract po niya is May 27 entered. Ito naman po Phase 5 na yan projected po yan na mayroon po Php 100M release, ginagawa na rin po natin yung additional program para po dito sa building.

Most likely po yung Php 100M na-concentrate yan puro sa I-beams. Ang building po natin is mostly puro I-beams po at 15-storey po. Next slide please.

Yan po yung mga progress photographs natin. Yan po sana ipapakita ko sa inyo para ma-inform po kayo kung ano po yung scheduling ng Phase 1, at Phase 2.

Yung structure niyan, ang Phase 1 po covered niya ay hanggang sa Ground Level lang po. Yung Phase 2 natin po, yung I-beams na yan, from Ground Level to 4th floor. Yung Phase 3 natin po from 4th floor up to 6th floor. Yung additional Php 100M most likely po I-beams pa rin po yan. Next slide.

Yan sir, yung mga equipments po natin. Dalawa na po yung tower crane natin. Medyo inalis na po namin yung support na yung mobile crane namin. Kasi po limited yung space ka, ayan na po yung dalawa ng tower crane. Next slide.

Yan naman po yung Phase 2 na sinasabi ko sa inyong accomplishment natin ay more than 36% to date which is, ito po, ang total natin. Next slide.

Yan sir ang target po natin is 35.62%. Ang actual po natin is 38.75%. 3.13% po yun, positive slippage.

Yan din po yung report natin sa PCMA para ma-inform po kayo na yung actual na accomplishment po natin na sinasabi po namin sa inyo is naka-coordinate po yun sa ating Central Office. Next slide. Yan po yung mga scope of work natin na covered yung phase 2. Structural work from ground floor.

Dir. Elaydo:

Napansin ko lang, despite almost 100% accomplishment sa ating Phase 1, nasa 83% pa lang ang ating disbursed?



Engr. Ramos: Hindi lang po updated yung nasa Power Point presentation Sir, kaya po may binibigay na copy yung team ko sayo, yun po ang updated disbursed, nasa 98% n din po.

*Some of the discussions were not thoroughly captured by the recorder. When asked for the target completion or how many phases are needed before its completion, Engr. Ramos replied that it will depend on the release of the budget. Members of the Governing Board told Engr. Ramos that hopefully, it will be completed before the end of term of Pres. Marcos.*

*Site inspection is scheduled in the next Committee Meeting on May 13, 2024 at 9:00 AM. Further, Dir. Elaydo instructed Engr. Ramos to bring an updated copy of the Program of Works and Statement of Work Accomplished.*

Atty. Obusan: On behalf of Ma'am Belinda, our Administrator & CEO, and her two Deputies and the Members of the Governing Board, thank you very much Engr. Ramos and your team for the accomplishment report.

We now move on to our next Agenda, under

**D. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. DANILO C. TRONGCO

**1. REQUEST FOR APPROVAL OF THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) SUPPLEMENTAL GUIDELINES FOR INCLUSION TO THE ORIGINAL IMPLEMENTING GUIDELINES**

Atty. Obusan: Madam Chair, to report on this agenda, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations. Go ahead po Sir DAOP.

DAOP Casela: Thank you very much, Attorney. Again, my pleasant morning and greetings to everyone.

This is a request for the approval of Supplemental Guidelines for inclusion to the original Implementing Guidelines under the TCGS. First is, under

Section H. Release of Production Assistance and  
Sub-Section B. Farm Inputs

Reports on Force Majeure causes like drought (El Niño Phenomenon), severe incidence of pests and diseases, freak rain, and other natural calamities shall include documentary proof or evidence like the picture of the damaged crop and certification as to the extent or degree of damage from the Municipal

Agriculture Officer (MAO) of the Municipality where the occurrences existed.

Because it must be clear what are these force majeure incidences and the submission of the list of alleged farmers who suffer from this is not enough, but rather there should be evidence that the crop really, suffered this degree of damage? So, this is the purpose of inclusion.

And likewise, it's not that I am anticipating some negligence on the part of the extension workers, because of the compliance and the delivery of the contracted volume. Correspondingly, I made a memo to our Branch Managers requiring all of our technicians to have a bi-monthly reporting of tobacco deliveries by the farmer-cooperators under the TCGS and the corresponding repayment. Another request for inclusion under

#### Section E. Production Assistance or Grant

6. Farmer cooperators who shall be able to pay 60% of the of the total production assistance and complying with the provision of No. 4 of Section B on Farm Inputs of the TCGS Implementing Guidelines shall be automatically granted the 40% subsidy.

The issue here raised by the Branch Managers was that, in the original Implementing Guidelines, there was no stipulation as to when is the payment of the production assistance.

Meaning to say that it is not necessary that the farmer will pay 100% before they can avail of the subsidy. Now, once the farmer pays the 60% production loan, automatically, he is now a candidate to receive the 40%, but he has to fulfill or must be compliant with the volume assimilated under the amount, and then the amended resolution. That is the level of production per hectare per types of tobacco. So, this is the purpose of this this inclusion so that there is a clear guidance of our technicians and Branch Managers as to the payment of the 40% subsidy.

Dir. Trongco: Are we going to include the prescribed interest rate per year?

DAOP Casela: No stipulated interest Sir. The last one is

Under Annex C (As amended based on Board Resolution No. 216, S. 2024)

Inclusion of the Native Cigar Wrapper Tobacco under the different Types/Sub-Types of the TCGS and to have a production target of 1,200 kilograms per hectare.

This is being included now because this was only reported during the last GenCOM by Dr. Palabay, the Branch Manager of NTA La Union.

Dir. Padayao: I move for the approval of these Tobacco Contract Growing System (TCGS) Supplemental Guidelines for Inclusion to the original Implementing Guidelines.

Dir. Trongco: I second the motion.

**REQUEST FOR APPROVAL OF THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) SUPPLEMENTAL GUIDELINES FOR INCLUSION TO THE ORIGINAL IMPLEMENTING GUIDELINES is hereby APPROVED.**

Atty. Obusan: Thank you very much. Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?

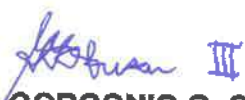
Dir. Trongco: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.

Dir. Guzman: I second the motion. Ano oras tayo tomorrow, Attorney?

Atty. Obusan: 10:00 AM po Director.

Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. (*Meeting was adjourned at 12:35 PM*)

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**ISO 9001: 2015 QMS CERTIFIED**

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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
13 MAY 2024  
9:00 AM (MONDAY)**

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN  
Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. SITE INSPECTION OF THE NEW NTA BUILDING**

Resource Person/s: Mr. Benedicto M. Savellano, Deputy for Support Services (DASS);  
Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD);  
Engr. Edgardo S. Ramos, Project Engineer III

*Before the Joint Committee Meeting Proper, the group of NTA top management, together with the members of the Governing Board and the respective Department Managers, including Engr. Abraham C. Dela Peña, Atty. Jun Fred V. Parado, and Mr. Benjamin V. Sarmiento, went and inspected the progress of the construction of the new NTA building.*

*The District Engineer together with Project Engineer Edgardo S. Ramos, of the DPWH team, informed the NTA team that Phase I of the construction project is already complete as of May 7, 2024. Phase II and Phase III are currently underway, and they will cover up to the 6F level using I-beams.*

*The NTA representatives reiterated their wish that the completion of the new NTA building would coincide with His Excellency President Ferdinand Marcos Jr.'s term. The DPWH team replied that it would depend on the project's budget allocation and release.*

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 10:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today May 13, 2024 (Monday) at 10:00 AM the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:  
Legal Matters and Properties;  
Nomination, Remuneration, and Personnel Administration;  
Research and Extension; and  
Trading Operations & Regulation, are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and, Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector, who will be joining us online via virtual platform; *Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*; Mrs. Zenaida T. Arrojo, Manager, Administrative Department and Engr. Abraham C. De la Peña, OIC, GSPD, *good morning, Ma'am Zeny and Engineer Abe.*

Mr. Nestor C. Casela, Deputy Administrator for Operations, and Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; will be joining us shortly as they are on a separate meeting right now.

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

Admin. Sanchez: As such Madam Chair, we have a quorum.  
Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s).  
We start with our second agenda:

**2. REPORT UPDATE ON THE HIRING OF AN APPRAISER FOR THE SPECIFIED NTA PROPERTIES PER BOARD RESOLUTION NO. 212, S. 2024**

Resource Person/s:

Atty. Obusan: May we recognize the Resource Persons: Mr. Benedicto M. Savellano, Deputy for Support Services (DASS); Mrs. Zenaida T. Arrojo, Manager, Administrative Department and Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GSPD);

DASS Savellano: Thank you, Attorney. To our Administrator, Hon. Belinda S. Sanchez, Members of the Governing Board here present and those joining us on a virtual platform, Department Managers, Branch Office Managers, to update us and to appraise us on the status of the hiring of an appraiser for the specified NTA property per Board Resolution No. 212, Series of 2024. May I ask that we recognize Engineer Abraham C. De La Pena to provide details on the ongoing activities.

Engr. Dela Peña: Thank you, sir. Good morning to all of us. With regards to our Asset and Investment Report as of May 9, 2024, this is the accomplishment of the group headed by Sir Benedict and Madam Zeny. *(Powerpoint presentation is flashed on the screen.)*

We are looking for an Appraiser for the following NTA properties:

1. San Isidro-Rodriguez-Montalban, Rizal with a total area of 83,879 square meters and 54,136 square meters that are saleable. Classified as a residential area, residential lot. The title is being subdivided into 406 titles by developer PMC Construction Corporation and Consuelo Builders Corporation. The condition of the property is an enclosed with partial housing development and road net worth. It was started for development in 1994.

This is also known as the Golden Leaf Village and proposed as the NTA housing. Also, condition of the lot was used as a collateral with the PDIC for an initial loan amounting to Php 78,929,152.01. For now, it has incurred interest amounting to Php 96,647,012.56 and penalty of Php 213,251,029.7. The total amount is P388,627,194.31. This is record as of February 2024.

2. Fernando Amlang-Sto.Tomas, La Union with a total area of 31,456 square meters with TCT No. 025-2016001530. It is also classified as an industrial lot. The condition is an enclosed property with Tobacco Dust Processing Plant with machinery, warehouse, offices, staff- house, motor pool, and road net worth.
3. Barangay Sulvec, Narvacan, Ilocos Sur, totaling area of 9,659 square meters with TCT No. 024-2018001828. It is classified as Special Use Land and Improvement. Later on, it will become Industrial since that is the main purpose. The condition is an enclosed property with feed milling complex, building, feed milling machinery, warehouse, proposed rice mill area, and road net worth. It is known as the NTA Feed Milling Complex to support the Kadiwa Ni Ani at Kita food processing plant for hog and chicken dressing plant.
4. Barangay Nanguneg East of Narvacan, Ilocos Sur, with total area of 14,399 square meters with TCT No. 2023000612. It is already classified as Industrial land. The condition is an enclosed property with complete dressing plant for hog and chicken and with a complete food processing plant facilities and supporting structures like the wastewater treatment, water treatment, staff house, canteen, boiler house, etc. It is known as the NTA Kadiwa ni Ani at Kita food processing plant and hog and chicken dressing plant.
5. Pugad-Lawin, Las Piñas City, with total area of 94,802 square meters with TCT No. T22933A, classified as residential, partially developed. Meron po mga housing dito na una na naipatayo. This is being developed by Ayala Land Incorporation (ALI) known as the Ayala Southvale Village. Remarks po for this one, it is subject of land dispute versus Ayala Land Incorporation for Quieting of Title. Tax Declaration for said land title, T22933A can no longer be found po sa system ng Municipal Assessors of the Las Pinas Municipality. On contrary, the same land title still exists naman po with the Register of Deeds.

Yan po yung limang NTA properties na land under consideration na kailangan nating maghanap ng appraiser para sa appraising ng mga lupa na ito. Ito po yung steps na ginagawa ng team namin

to find appraiser po. First is we gather information po, ito po yung gathering of data for appraiser fee kasi wala po tayong alam kung magkano ang base mark for hiring po.

So, this is to establish po yung Abstract of Budget for the Contract or ABC for hiring licensed appraiser. And also, while on the move po kami na maghanap po ng appraiser, we are also gathering data po kung ano po yung magiging scope of work ng appraiser, ng magiging terms of reference natin. Para yung aim po ng committee is to establish po yung terms of reference para makapag-publish po tayo.

So yun po yung pinaka-aim ng committee. While we are processing po, nalaman po natin na kapag nagpa-appraise tayo, kailangan natin yung requirements na manggagaling sa atin mismo as the landowners. So ito po yung land title, tax declaration, lot plan, vicinity map and survey plan signed and sealed by a licensed genetic engineer. Except po dito sa survey plan which should be approved by the DENR. Kailangan din po natin ng site development plan, list ng developments within the land under consideration po.

If we have machineries like the Feed Milling Complex and the Kadiwa ni Ani at Kita, i-co-consider din po yon. So kailangan din po natin ibigay ang details ng mga ito sa makukuha nating appraiser later on para may basis for the appraisal. And then of course yung authority na magagaling po sa atin na just in case nagkaroon na tayo ng appraiser, yung authority na ibibigay natin na makakapunta sila dito sa mga site na ito.

Then, ito po yung accomplishment of the group as of now in coming up with the canvasses. As of now po, as of last month actually, pero yun pa rin ang update sa ngayon.

Ang halaga po ng ating property sa Brgy. Sulvec, Narvacan, Ilocos Sur ay Php 22,505,470.00 based sa Zonal Value po na Php 2,330.00 per square meter. Yung property naman po natin sa Brgy. Nanguneg East, Narvacan, Ilocos Sur ay may halaga na Php 36,357,475.00 based sa Zonal Value na Php 2,525.00 per square meter Yung Pugad-Lawin, Las Piñas City naman po may halaga na Php 6,162,130,000.00 based sa Zonal Value na Php 65,000.00 per square meter.

Pero yung sa Pugad Lawin po, hindi po tayo makapag-move forward to get Tax Declaration kasi wala daw po ito sa system nila as earlier stated. Although, meron po tayong mga photocopy dito from Finance Department, and sa mga lawyers natin na humahawak ng kaso. Later on, po, babalik ulit po kami sa Las Piñas municipality to show proof na merong existence nitong title na ito. Although with the Registry of Deeds, meron pong



certification na yung title na po ito na pag-aari ng NTA ay still exist.

Under the name of the Philippine Virginia or PVTA po.

Eto naman po yung mga nagbigay ng quotations sa atin:

This is from the Dream Reality Engagement Appraisal and Management Corporation Limited. Alejandrino S. Villafuerte, single proprietor na license appraiser din. At si Iann Delos Santos, single proprietor na license appraiser din po.

Merong silang kanya-kanyang quotation with respect sa scope of work na gagawin nila. So yung scope of work din po ay dun nila binabase kung magkano yung quotation nila.

So, first po si Dream Reality Engagement Appraisal, meron siyang scope of work na Analysis of the Title, Real Estate and Property Rights, Site Analysis, Improvement Analysis, Market Analysis, Highest and Best Use Analysis, Impact Analysis on ESG, Environmental and Socio-Economic and Governance, then Application of Valuation Methodologies and Approaches, Determination of Final Opinion of Market Value and Submission of the Written Valuation Report po.

Ito po yung kanya-kanyang quotation ng appraisal. For the Montalban, a total lump sum of Php 2,436,000.00 with 45 working days na pag-gawa po niya ng report na ito.

Ganoon din po sa Santo Tomas, Php 350,000.00 naman po with a total of 20 working days.

At sa Feedmill Complex at Kadiwa ni Ani at Kita, Php 300,000.00 each property with 20 working days for each plan.

Tapos po yung ating Pugad-Lawin which is Php 175,000.00 with 15 days working po para dyan sa mga scope of work na binigay niya. The condition po is kapag na-engage natin siya at na-qualify natin siya, he is asking 50% down payment para sa engagement po.

Next po is the Alejandrino S. Villafuerte wherein ginawi niya po per land and building. The scope of work is letter summarizing the result of our investigation and appraisal. A summary showing the fair market value of the property. A narrative report showing the details of the property, our appraisal methodology, basis of value, analysis and value conclusion. And finally, the accompanying pictures of the property.

Yun din po yung kanyang scope of work. Potential fee niya for land is Php 38,000.00 para sa first land under consideration.

Followed by Php 37,000.00 for Santo Tomas, and then Php 30,000.00 for Brgy. Sulvec, and Php 35,000.00 for Nanguneg, and finally, Php 25,000.00 for Pugad Lawin. Yun po yung para sa land properties.

And then sa building po, just in case na may building, meron din syang fee na Php 50,000.00 po para sa Santo Tomas; Php 45,000.00 para sa Sulvec; Php 50,000.00 para sa Nanguneg po. The same is through and was asking for 50% down payment with a total of 15 working days if we are going their services.

The last po is the Iann Delos Santos na private appraiser. Eto po yung scope of work na pinag-quote niya para sa kanyang services. To identify the characteristic of the properties relevant to the purpose and intended use of the appraisal. To collect, verify, and analyze all information applicable to the appraisal problem. Confirm to the extent possible the validity of all data used. Develop opinion using the three-appraisal method, cost approach, sales approach, and the income approach. And the actual market value and zonal value of the said property. Isa lang po yung pinag-quote niya since based po siya sa Las Piñas. Kaya yung Las Piñas property lang po yung pinag-quote niya for Php 95,000.00. Total working days po niya is 10-15 to do this scope of work. And he's also asking for a 50% down payment.

Before we consider the appraisers, we also went to different offices for the appraisal. So that we can see and verify if the quotations that we have received is within the limit. Because this will be our liability under the AIM committee.

We went to the Central Board of Assessment and Appeals. This was recommended by Sir Jun of the Assessor's Office in Las Piñas City. Ito po ay nasa loob ng compound ng Central Bank and unfortunately, ang nakausap namin dito ay yung guard lang po. Ibinigay po sa amin yung local number ng office, pero wala naman po sumasagot sa tawag namin. Based on their website, they have only 23 manpower handling the appraisal for the whole Philippines.

On the other hand, under consideration of the Narvacan properties, it is suggested that we communicate with the Landbank Narvacan Branch Office. During our communication with the said branch office, we were also referred to the Landbank Region 1 branch office in Urdaneta, Pangasinan. When we went there, we talked to their Head Appraiser there, Atty. Tony, and his staffs. They told us that they are no longer accepting outside appraisal services due to the retirement of three appraisers, thus resulting to shortage of manpower.

Then again, we are advised that it is better to communicate with the LBP Central Office so that they will be the only ones to disseminate if they will be accepting our appraisal request. A letter request for the Appraisal Quotation was submitted last May 8, 2024 and we are still waiting for their response to date.

We also went to the PNB Central Office, GSIS Central Office, and DBP Central Office. These three agencies are outsourcing their appraisal. They are also hiring a third party to appraise their land. Except for DBP, it is just concentrated on DPWH projects and the right of way of the land that they are handling is specific. So, we are informed that they might not be able to accommodate us when it comes to the appraisal request.

Also, the LBP Urdaneta Pangasinan recommended us to a third-party appraiser located in Baguio City where their main office is located. They are also conducting appraisal for all these agencies. He is the in-house appraiser of the DBP main office located in Baguio City. That is what we are considering right now. We will go there just to submit the appraisal request. So that we can get the appraisal fee and others that we need to provide so that we can come up with Terms of Reference for publishing.

So far, that is the accomplishment of the AIM Committee so far.

We also consider some of the other requirements. This includes the budgetary requirements needed to secure preparatory documents in case we hire an appraiser. We need to conduct a lot survey for the properties under consideration. The Geodetic Engineer that we talked to is located in Narvacan, Ilocos Sur and his fee for conducting lot survey is Php 10,000.00 per title. We also learned that in securing tax declaration, we will be incurring Php 300.00 to Php 350.00 per document.

This is the total if we will consider hiring an appraiser, we only considered the acquisition of documents and the land survey per title that we need to submit also to the appraiser and of course, the fee for the appraisal services.

What I considered is that of the Dream Realty Engagement Appraisal & Management Co. Ltd. because this is what I see as the best quotation. The way he presented his qualification, the qualifications of their appraisers, their scope of work. This is the best, although this is also the most expensive actually.

We arrived at an initial cost of Php 7,804,500.00. This is the initial budgetary requirements that we need. The processing fee of the Survey Plan that will go to the DENR for its approval is not here yet. So later on, maybe when we proceed to the DENR, we will know and we will also input it here.

This is the report of the Appraisal Committee. From time to time, we will update the Management and the Board just in case there are others or final development. The team would like to know if we will also post all of these properties or we will just select and prioritize? At the same time, we would like also to know the purpose of the NTA as a whole. What will be our purpose for appraising? Because based on the quotations, there are scope of work where they will base their appraisal fee. If we can centralize in just one objective, their scope of work will also be limited, and maybe their fee will also be lessened.

With regard po sa requirements or documents that we need to prepare before engaging an appraiser, as discussed earlier, marami pa po tayong kulang. These are the requirements that we need to meet. Actually, noong pumunta po kami sa Landbank Central Office, initially, we provided them with land title. Land title is what we have as of the moment and it's just the first requirement.

They will consider giving us the quotation if we already have these other requirements.

Isa pa po na kailagan din namin ay Board Resolution giving the prospective appraiser the authority to inspect the properties. The only problem here, is the Pugad-Lawin, which will require Court Order for the inspection. Even us, we are not allowed to go there, since this is already fenced by the ALI.

Dir. Trongco: Engineer, going back to the Montalban property, may idea ba tayong kung magkano ang zonal value per square meter? Kasi ang bayarin natin sa PDIC ay almost Php 388.6 million pesos and the total area is only 83,879 square meters. Do you have any idea about the total value of this property?

Engr. Dela Peña: With regards to our Montalban and Santo Tomas La Union properties, hindi pa po namin nakuha ang zonal value per square meter and correspondingly, yung total na halaga po nito based sa zonal value.

Because our movement is limited and we are also moving as per the availability of our vehicle. We are prioritizing the inspection and everything, nauna po muna yung mga properties natin in the provinces. Mag-update po kami kapag nakuha na po namin ang mga detalye patungkol dito.

Dir. Trongco: Engineer, with the permission of Madam Chair, let's go back to the Montalban property. Hindi ba natin kayang bayaran ito sa PDIC? Because if you look at the yearly increase of our penalty, the penalty reached Php 213.2 million pesos, right? Don't we have a source to pay the PDIC? Based on my computation, the

total amount is almost Php 4,633.00 per square meter for the total arrears.

DAOP Casela: Your Honors, there was a previous proposal from the previous board then that we will repay. So, there was an initiative to pay Php 5 million pesos. But the problem is the sustainability. Because if we are just going to pay the interest, the penalty is still there. So, it's like, there is no effect and that will only deplete our funds available.

There were also proposals to foreclose the property so that at least the bleeding will stop, but the PDIC also doesn't want that.

DASS Savellano: Madam Chair, Your Honors, if the Board would allow us, may we recognize Atty. Jun Fred V. Parado to provide updates since he was also part of the team that was engaging with the PDIC.

Atty. Parado: Okay, thank you very much, good morning, Madam Chair and members of the Honorable Board. The latest update that we received is the SOA, or Statement of Account from the PDIC. As reported by Engineer Abe earlier, it reached Php 388.6 million plus as of February 2024. Actually, this figure was also reported to the COA because they were also asking for an update. So that is the latest update as of the moment.

DASS Savellano: But the latest report from my committee is that the Finance Department was directed to explore all possible ways and means on how we can improve our offer with PDIC because the upfront payment that we are offering is Php 5M and there are still no reply from PDIC if they will accept it. So actually, this matter could be best addressed by our Finance Department. Madam Chair, may we recognize Mr. Reynaldo R. Aquino, OIC for the Finance Department.

Mr. Aquino: Good morning to everyone. We are offering a payment to PDIC. We are looking at Php 5M monthly, so we need at least Php 60M annually. Also, we should pay the principal first.

Dir. Padayao: But what about our payment offer? Where did our amortization come from? When did we obtain it? Was it on sale?

Mr. Aquino: Yes, Ma'am. It was on sale.

Dir. Padayao: But we cannot support our sales now. We cannot sell it because the title is with the PDIC.

Atty. Obusan: Madam Chair, for the information of everyone, late February of this year, then-Director Martinez instructed us to determine from the BIR the zonal value of the Montalban Property. He instructed Mr. Muncal, and according him, the amount that he got from the

BIR is Php 5,000.00 per square meter. Approximately the cost of the Montalban property at present is more or less Php 419.4 million based on the current zonal value.

Dir. Elaydo: What if we asked PDIC to foreclose it?

Dir. Guzman: Foreclosure is the option of the mortgagee. Siya ang may authority and the option na mag-foreclose if he likes it or not. So, on the part of the mortgagor, wala. We have to wait for action ng mortgagee kung anong gusto niya. We cannot initiate on our part as the mortgagor. Yan ang legal consequence nito. Sila po ang may option na mag-pa-foreclose.

DASS Savellano: And if need be, we will go there directly sa PDIC. We will be asking your permission po na i-allow po kami na pumunta na lang doon para makipag-sit down na lang kung po, para at least hindi po tayo nag-aantay if ever kung ano maging sunod nating action.

So, probably that is also one of the purposes if ever na i-dispose of yung mga properties kagaya sa Ayala is also for us to, syempre kung may kikitain doon, baka pwedeng pang-bayad na lang sa PDIC. Mga ganoon lang siguro yung mga strategy natin na gagawin po.

Pero syempre po we will be sacrificing din kasi mga programs and projects natin just for this endeavor. So, definitely we will prioritize po yung mga programs and projects natin dito sa NTA. And I'm sure that we will try to get in touch with PDIC as soon as possible para we could apprise po kung ano talaga yung stand nila with regards dito sa property natin sa Montalban.

Dir. Padayao: Mas maganda siguro, mag-prioritize na lang muna tayo ng appraisal na properties. Kasi initial cost ay almost Php 7.8 million pero out of that Php 6.6 million ay sa San Isidro, Montalban na property, na wala tayo katiyakan na magiging atin pa din in the future.

DASS Savellano: Yes, Your Honors. That's why we are presenting this report also for us to be guided kung ano yung ipa-prioritize. Kasi we're also discussing with the committee and we would like to ask the Finance Department if there is an available fund to finance the appraisal, particularly the amount of Php 7.8 million.

Mr. Aquino: So, if ever po gagawin natin yung appraisal, pang next year na po itong activity. Yung mga minimal amounts including gathering of the documentary requirements, pwede po ito mahanapan ng budget.

DASS Savellano: So, yung mga ibang minimal amount, baka po pwede na lang unahin. So, we are submitting this for the approval of the board

and also for our guidance kung anong i-undertake ng mga activities po.

For consideration din po yung mga properties na may COA findings and recommendations, baka pwede natin itong isama sa priorities for appraisal.

Probably we could also include pa rin yung Pugad-Lawin since minimal naman yung amount na magagamit. There was an offer so we would try to explore that possibility also.

So yun lang po, if you will allow, the four properties muna siguro except for the San Isidro, Montalban property which is the bulk of the budgetary requirement. So probably the four properties, pwede naman po.

And considering that, again may we ask Atty. Jun Fred Parado to provide also an update on the current status of the case of Pugad-Lawin.

Atty. Parado: As to the Pugad-Lawin property, all the cases are submitted now for resolution or decision of the RTC. So hinihintay nalang po natin yung Decision. But then knowing yung legal remedies, of course nasa RTC pa po tayo. And kahit po we can say we are in a winning position naman; we cannot dispose the possibility naman yung possibility of appeal on the part of the losing party. Meron po tayong Court of Appeals and Supreme Court pa. So, it would, it had taken 30 years na po so far, so we expect decades na naman po. So that is one consideration po that we have to take into account. Thank you po.

DASS Savellano: For the information of the body po as we go on with our activities, doon po lumalabas yung mga ibang documents na meron tayo. Hindi lang siya natu-turnover sa amin ng ahead of time. Kaya ito lang po yung hawak naming, title lang. But then last week po meron pong lumabas na mga survey plan, mga mapping plan, mga vicinity map. So, from title time we will update po.

Dir. Guzman: If we have to ask for the budget for properties 2 to 5. 2 to 5, meron ba tayong available na budget?

Mr. Aquino: For this year po Director, wala po tayong budget dito. Hindi po kasi ito na-include sa COB. Lately lang po kasi nag-come up ng appraisal activities in response to AOM that we have received. Hindi po natin ito na-foresee. Next year po, pwede na natin itong isama.

Dir. Elaydo: While preparing for the other documentary requirements, maghanap tayo ng budget for this. Anyway, it will cost us only Php 1,166,400.00 po.

DASS Savellano: Siguro po for the requirements we can move forward dito dahil maliit lang naman po ang kailangan na budgetary requirements niya. And we also require din po sana if possible, ma-turn over sa amin lahat-lahat ng mga documents pertaining dito sa mga properties na ito. That's under consideration para at least yung movement of the group will be faster po. Hindi po yung pa-isa-isa kung ano lang po yung kailangan. So sana lahat po yung mga folders with regards dito sa mga lupa po na ito ay mabigay na sa amin ang custody.

Thank you, Your Honors. To expedite matters, we will come back again and provide additional updates in the future.

Atty. Obusan: Any other comments or discussions from the governing board regarding this agenda? If there is none, maybe we can move on to the next agenda. Under...

**B. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ  
Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. DANILO C. TRONGCO

**1. REQUEST FOR APPROVAL TO INCREASE THE CASH AWARD INCENTIVE TO SERVICE EXCELLENCE AWARDEE IN THE INDIVIDUAL AND GROUP CATEGORIES RESPECTIVELY (IN TIME FOR THE NTA ANNIVERSARY CELEBRATION ON JULY 24, 2024)**

Atty. Obusan: To report on this matter Madam Chair, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator for Support Services DASS) and Mrs. Zenaida T. Arrojo, Manager, Administrative Department

DASS Savellano: May also recognize the presence of our Deputy Administrator for Operations and Special Assistant to the Administrator, Sir Ben. For consideration of the Board, it is our request for the approval to increase the cash award incentive to service excellence awardees in the individual and group categories, respectively. This is part of our activities to be conducted for the anniversary of the National Tobacco Administration, which is slated on July 24, 2024. So, we are proposing the additional increase of cash awards. To present the proposal, I would like to ask the Board to recognize Madam Zeny to present the proposal.

Mrs. Arrojo: Thank you, Sir, and good morning to all of us, especially to Ma'am Bel, and to the Honorable Members of the Governing Board, to our Executive Assistant, Mayor Ben, our Deputy Administrator for



Operations, and to everyone joining us on this Joint Committee meeting, good morning.

So, this is in relation to our Program on Awards and Incentives for Service Excellence of our agency, which was approved by the Civil Service in the year 2018. So, considering that this was 6 years ago, the Committee chaired by our Honorable DASS, deemed it necessary to request or propose for an increase.

Please allow me to present our proposal. This is comprised of the outstanding performance for the individual awards and group awards.

So, for the individual awards, we have the four categories. We have management or the supervisory category. The first column for the cash award, that is the actual approval of the Civil Service. The next column is our proposal. For the Department Managers, that is Php 15,000.00, and the Committee is proposing for an increase of Php 5,000.00. Up to the number 2, we propose Php 5,000.00 increase.

So, Department Manager, Php 15,000. to Php 20,000; Division Chief Category, Php 15,000 to Php 20,000. In Salary Grade 18-21, from Php 15,000. to Php 20,000.

For number 2, the Professional or Technical Category, for the Outstanding Researcher, Php 15,000. to Php 20,000; Extension Worker, Php 15,000. to Php 20,000; And Technical Support, Php 15,000. to Php 20,000.

And for the letter d, this is the Model Extension Worker for the eight branch offices. So, we will be having five (5) awardees here. Before, it was Php 5,000. each, and now we are proposing for a 50% increase, so they will have Php 7,500 each. So, for the eight branch offices, we need Php 60,000.

So, for number 3, our Model Computer Operator, Secretary and Driver, before, it was Php 5,000.00, and we are proposing a 50% increase, so they will receive Php 7,500.

And for the Most Outstanding Employee, from Php 25,000. to Php 35,000.00. So, there is an increase of Php 10,000.

So, for the Group Awards, the Most Outstanding Branch Office and the Most Outstanding Department, for each category, we have the first place, second place, and the third place.

We are be proposing Php 45,000. instead of Php 30,000. The first place, we will be receiving Php 22,500; the second place, Php 15,000; the third place, Php 7,500;

The same is true for the Most Outstanding Department. We will also have three winners.

As to the plaque, we did not change the amount, as is po tayo. So, if in case this proposal will be approved, there is a Proposed Total Increase from Php 230,000. to Php 327,500.

So, the increase is Php 97,500. In addition to that, Your Honors, the source of fund will be derived from the 5% of the HR fund. So, we are asking for a minimal amount and we are not going to exhaust the 5% HR fund.

Dir. Serna: With that, I move for the approval of the increase in the cash award incentives to service excellence awardee for both the individual and group categories. Thank you.

Dir. Elaydo: I second the motion.

**REQUEST FOR APPROVAL TO INCREASE THE CASH AWARD INCENTIVE TO SERVICE EXCELLENCE AWARDEE IN THE INDIVIDUAL AND GROUP CATEGORIES RESPECTIVELY (IN TIME FOR THE NTA ANNIVERSARY CELEBRATION ON JULY 24, 2024) is hereby APPROVED.**

Dir. Padayao: I have just one observation, mas maliit ang increase the SG 10-21 including the position of Division Chief and Department Manager III?

Mrs. Arrojo: Yung po yung concept na in-adopt ng Committee, mas mataas po ang increase sa mas mababang positions, SG 9 and below, 50% increase po. For SG 10 and above, 33% increase lang po, since mas malaki naman po ang salary nila.

Atty. Obusan: Thank you very much, Ma'am Zeny. So, for everyone, including the participants online, we will have lunch break. We will resume at 1 p.m. Thank you.

Atty. Obusan: Good afternoon, everyone, we now resume the Joint Board Committee Meeting. Next on the Agenda, under...

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO  
Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE COMPARATIVE PHYSICAL AND CHEMICAL CHARACTERISTICS OR PROPERTIES OF THE TYPES OF TOBACCO FOR CALENDAR (CY) 2021 TO 2023**

Atty. Obusan: To report on this matter, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Mrs. Myrna O. Lozano, Manager, Industrial Research Department.

DAOP Casela: For the first agenda, may I please request Manager Myrna Lozano to make the report as to the leaf quality evaluation that is for the different types of tobacco, for the three-year period, that is 2021, 2022, and 2023. Please go ahead Ma'am. Thank you.

Mrs. Lozano: Good afternoon, everyone. Today, I have the honor to present to you the chemical properties of our Philippine tobacco for the last two years.

In 2021, it was pandemic, our lab was closed, and our work was not regular, and we were not able to validate the method that was used here. So, I will only present it for two years. Actually, the title is the physical and chemical properties.

I will report the chemical properties first, and I would like to request Attorney Obusan that the physical properties will be reported next committee meeting. Thank you.

First, I will report the percent of nicotine because this is the important chemical composition of our Philippine tobacco.

From the table, copy of which was provided to everyone, we can see here that the Flue-cured Virginia Tobacco is in the category of Philippine Tobacco for three years. So, the nicotine is only 1.07% on the average. In Ilocos Sur II, it recorded 1.27, the highest by far.

DAOP Casela: Excuse me, Madam Myrna, will you kindly explain the importance of nicotine as one of the important chemical components of tobacco?

Mrs. Lozano: Yes, sir. This is what they are afraid of in tobacco. Once we say tobacco, we always say nicotine because this is the main cause of addiction if we use tobacco as cigarette. But if you can use it moderately, I don't think it's harmful. It's just like a stimulant.

And then, in tobacco production, this is our target for technology, production technology. That's why we have Neutral, Improved. Neutral tobacco inherits its variety. This is the yield of nicotine for the neutral filler type of Virginia.

We now go to the Virginia Improved Tobacco. This is what we get. For the last two years, our average is 2.5%. And the highest product that yields 2.8% is the Ilocos Sur I. *Next slide.*

Next. If we look at it, because the presentation here is the leaf position so that we can understand why this is what's happening or this is the yield of our tobacco. For Virginia-Neutral tobacco, the lower leaf or the lowest leaf are the lugs. This has the highest

nicotine content. It can yield 1.29%. And then, as you go up to the plant, its nicotine is already low. Here, it's only 0.73%.

DAOP Casela: Excuse me, Madam Myrna. So, it appears that there is a misnomer of some people that as you go higher on the leaf position, the higher the nicotine, which is the reverse as we can see from the table.

Mrs. Lozano: Thank you. Sir, because that table is for Virginia-Neutral tobacco, it means that we don't remove its flower.

It's the opposite, if we look at the next table, this is Virginia-Improved flavor. So, we can see that in the improved flavor, as we go up, the leaf has higher nicotine content as compared to the lower leaf. So, we can see here, from the lugs, it's 2.36. The leaf is 2.75. Let's go to...

DAOP Casela: Excuse me again, Madam Myrna, sorry for the interruption.

Mrs. Lozano: It's okay.

DAOP Casela: For the information of the others. Now, the direction of our cigarette manufacturers as well as our traders is, they are advocating for the increased nicotine content.

And there are three ways to increase the nicotine content of the plant. One is the topping that Madam Myrna is talking about. The nicotine content depends on the number of leaves maintained in the stock. But in our technology, we go as high as 22. But the lower is the topping, the higher is the lead. That's what they call cultural management of topping. Another way to increase nicotine is the volume and kind of fertilizer being used. And the third, there are varieties of tobacco that the high nicotine content is inherent already in the variety. So, these are three ways to increase the nicotine content. Thank you.

Mrs. Lozano: Because here in the lugs, in the Improved Flavor, it's higher, it's lower compared to that of the Neutral Tobacco. Now, here in the leaves, the higher the position, the higher the nicotine content. Now, the reason why there is increase of nicotine content as you go higher in the leaves is that the nutrients that are extracted from the abono and everything are concentrated in the leaves.

Because the top is already cut. We need to say that the nutrients from the soil or from fertilizer goes to the leaves. That would make it bigger and broader.

So, there is a contention that if you top tobacco, you increase production because of heavier weight as well because of its larger in size and the broader leaves.

Dir. Padayao: Thank you. Can I add something? Because the lower leaves, the effect of topping is not yet seen or has an effect on nicotine. However, the ones on the top have a longer time that the nicotine is synthesized.

Mrs. Lozano: Yes, ma'am. Because the tendency of the nutrients is really higher. So, the top leaves are favored. So, those are the ones that buyers prefer because they use it as blend tobacco.

It will be the source of nicotine. Because when they produce cigarettes, there is a decomposition that they do. So, the ones that we produce in the Philippines are used by our local manufacturers instead of importing these kinds.

So, it is really needed in our industry, both the neutral and the improved flavor. However, sometimes, it is cheaper to import the filler type. And sometimes, there is oversupply in China, and Brazil.

So, our buyers concentrate on our improved flavor. So, our purchase acceptance, purchase commitment, we can see that our neutral flavor is around 3 million kilos more on the improved flavor tobacco.

Dir. Trongco: Can you please go to the Burley tobacco?

Mrs. Lozano: The Burley tobacco is used in cigarettes, the production of cigarettes. This is what they roast in the process of making cigarettes to absorb additives, and flavorants. Although, the nicotine of Burley is really high, it is even higher than the nicotine content of Virginia tobacco.

So, we can see here, the nicotine of neutral Burley tobacco is already high. So, overall average for 2 years is 2.98% or close to 3%. And the highest one is from Isabela, 3.55%.

We remember before, the world really wanted our Isabela Burley. But then, the cigarette manufacturing shifted to tobacco products. And our global buyers want it to be even higher.

Because Burley tobacco is not only used in cigarettes, it is also used in pipe tobacco.

So, when we look at the Improved Burley tobacco, it is high. Just like in Virginia, they also top it, they remove the top leaf. So, 4.2% of nicotine is from Ilocos Sur II, that is Candon. And you can see, only 3% is from other provinces.

- Let's go back to the leaf position for the Burley. For the Neutral Burley tobacco, the higher the leaf position, the higher also the nicotine content.
- DAOP Casela: So, there is something wrong with the technology and the variety. May I give the answer?
- Mrs. Lozano: Yes.
- DAOP Casela: Now, you might be wondering how Madam Myrna got this data. It is one of the projects of IRD, that every year, they secure tobacco samples from all the buying stations. And with this, they make the analysis.
- But for me, in my view, it is not a total representation of the volume of tobacco produced by each province or region. So, it depends on the kind of sample being gathered by our researchers from all these buying stations. Because these samples are being subjected to laboratory analysis.
- Am I right, Madam Myrna?
- Mrs. Lozano: Yes. Because when we collect the samples, we want to get it from the trading centers. Because we don't know if they will give us a choice. Maybe they will give us a different grade. So, this is what I learned from Dr. Necesito, when you go to sampling, you should be the one to get the samples from the trading center.
- So, let's go back to the Improved Burley Flavor. Next, Renzo. The yield is higher because of the migration. The nicotine goes to the yield. So, we can also get a high nicotine content for the Burley Improved Flavor. Stock cut.
- DAOP Casela: Yes, Madam. Stock cut. Especially for the "*isalena*".
- What term do you use other than nicotine? We call it auxin, a-u-x-i-n. Have you come across with that word, Madam Myrna?
- Dir. Elaydo: I have a question, Madam Myrna. Is this what you analyzed per province? The sample that you analyzed by leaf position?
- Mrs. Lozano: Yes, Sir. Because when we sample, the sample is done by leaf position.
- But then, along the way of extracting the data, I come up with this LP2 and LP4. So, I asked Ma'am Vangie of the FTSD, if the LP2 and LP4 are Native or Burley?
- Dir. Padayao: Native.

Mrs. Lozano: Sir DAOP?

DAOP Casela: LP2 and LP4? Because I saw that it has higher nicotine content. So for me, it's Native.

Mrs. Lozano: And then the grading is different compared to Burley. Yeah, this LP1 and LP2, these are the types of tobacco being planted by the ULPI as an answer to market demands. For LP1 and LP2, they only maintain about 14 leaves after topping.

And also, we expect a higher nicotine content because lesser leaves are maintained and at the same time, it's the volume and kind of fertilizer that you see. We use more fertilizers for nicotine and for improved flavor of tobacco in LP1 and LP2.

Sir, so it is a Burley?

DAOP Casela: No, ma'am.

Mrs. Lozano: Because there was an experimental trial on FTSD before and they involved LP2 and LP4 categorized as hybrid Burley. And we can see in the production manual that Burley is entered. But then our acceptance is under Native.

So, that's our query from FTSD. How come the hybrid Burley became a Native? Hybrid Burley?

DAOP Casela: Yes, ma'am. So, in the registration of NSIC, what's the value? Or it's not registered yet?

Mrs. Lozano: It's already registered, Burley, in 2018. It's not yet registered in the manual of our program. But then, the ULPI is also the one who buys it. And then its grading, it adopts the Native.

So, if you adopt the Native and the price of Burley is higher, the farmer will be on the losing end. That's what we got from FTSD. So, if you compare the volume of fertilizer applied, it's higher than Burley, the LP2.

Dir Padayao: That makes sense, right? The cost of production is higher than Burley.

Mrs. Lozano: It's for pipe tobacco. What they use for Native, they also use for Burley because it's also has a big broad leaves. So, it can be manufactured as a pipe tobacco in the form of plates, tubes, shrug, I think that's what they call it.

So, our point here, isn't it misleading that it's adopted again? Do we have to ask the ULDI? Although, when it comes to R.A. 8240,

- they're both the same because Burley and native have the same category.
- Dir. Padayao: But for the factor of statistics, because we have a misdeclaration that it should be Burley, not Native. So, the LP2 and LP4 are Native because when I was in FTSD, they were considered under Native tobacco.
- So, now, Burley is coming out because they're using hybrid Burley?
- Mrs. Lozano: No, ma'am. Hybrid Burley is really the LP2, LP4. The fertilizer that was used is already high because they want to increase the quality.
- But when it comes to buying, the ULPI, considered it Native because it used the floor price and the grading used is for Native. So, I don't know what is the plan of NTA regarding this.
- DAOP Casela: What is the contention of ULPI with respect to this? Is it really Native?
- Mrs. Lozano: Technically, it is considered as a hybrid Burley. But in their bargaining and in their classification, they use the Batek Coordinating, Grading, and Pricing. They used the positions and then they put an NTA equivalent. That's the grading of the Native.
- DAOP Casela: So, if that's the case, that's a good thing because if we check, the price is higher. Okay. We'll take note of that and make a proper representation. This is for and on behalf of the farmers with this kind of operation of ULPI. And this has to be checked. Technically, we should abide with all the technical requirements or specifications.
- Mrs. Lozano: Yes, sir. Because this is a high-yielding LP2 and LP4. If they experimented in Ilocos Norte and Ilocos Sur, and their yield is already high, if it's high-yielding, it's better to plant it by our farmers if there's an expansion of ULPI. Because maybe next year, we'll expand our tobacco production because they already banned the production of BT corn.
- DAOP Casela: Now, Madam Myrna, I suggest this upcoming techno-updating, we will take note of this.
- Mrs. Lozano: Yes Sir.
- DAOP Casela: You said by August, and maybe we'll include the NAB. And hopefully, Adele, the agronomist of the ULPI, will be there also. So, seemingly, there is misleading here already because we are



not consistent of what is being indicated in the contents of our production manual.

And then, it's just for us because our sampling is LP2 and LP4 underneath. So, we are just guessing because our grading is different. But for now, it's not extensively campaigned.

I mean, the production is extensively campaigned by the ULPI because the use or the proliferation of subtypes that is LP1 and LP2 is just a product of market demand. Because ULPI is noted for searching internationally possible markets for tobacco.

Whatever is in demand, they try to produce that kind of tobacco. So, with NAB, they have more than 3,000 hectares already.

And that kind of tobacco has not been registered with NSIC already and they're seeking assistance from NTA if they could help them register the NAB or the Broad Leaf Tobacco.

That's why I've been asking Madam Vangie on the proper characterization of NAB, and for her, it is a Native tobacco. But according to ULPI, this is a hybrid, Virginia. So, which is which.

There are two reasons for this. I will not mention. Thank you. But we have to resolve that after.

Mrs. Lozano: We have to resolve this issue. And that is the purpose of our Tobacco Grading and Research Institute.

For our credibility. Sometimes, LGU and ULPI we're telling a different story. So, we're not credible.

DAOP Casela: You know, as I said, whatever is indicated in the production manual, we have to be consistent with that. And it discovers the classification and characterization of the different types of tobacco being used. We have to be consistent with the issue of NAB.

Which is which? Is it a native? Or is it a Virginia?

Mrs. Lozano: Sir, Native. Native, broad leaf. But then, in our harmonized grading, they present at the ULPI and what is indicated is Virginia, broad leaf.

DAOP Casela: But they are not in a position now to change that training module because it came from the top. So, they have to report to their upper-ups how to change Virginia broad leaf into Native broad leaf.

Maybe Ma'am Annette, the owner of the ULPI, she might be the one who can support. And the FTSD also researches on that

NAB. I think, just to have one direction on that and the determination of what type of what type of tobacco is NAB, I suggest that we will invite Ms. Adele together with you, then we will discuss about this NAB for its registration.

Atty. Obusan: Madam Chair, may we recognize Ma'am Vangie of the FTSD. Go ahead, Ma'am.

Ms. Cabigan: Good afternoon to everyone. Regarding the type of NAB, if we look at the breeding standpoint, based on what Mr. Flowers said in the technology preview, he said that as a hybrid, one of the parents is flue-cured. If they are growing as a flue-cured and they are able to attain what they want, what they desire, growing as flue-cured, we cannot question that because genetically, they said that one of the parents is a flue-cured.

So, maybe that is, with that pronouncement, that is maybe the contention of ULPI that in terms of characterization, there are inherent characteristics of NAB that belongs to flue-cured tobacco.

DAOP Casela: Is that so, Madam Vangie?

Ms. Cabigan: Yes, sir. Because if the cultural management that they do is what they do in flue-cured, and they get what they desire, then they can go to flue-cured. And if one of the parents is flue-cured, let's say one is flue-cured, and the other parent is sun-cured, and they grow it as flue-cured, then flue-cured is really okay.

DAOP Casela: But if you will grow it as a Native because it has a better performance, a Native is okay. So, I think with those varying opinions on this issue, I suggest that we're going to the meeting with the technical personnel of ULPI.

Thank you, Madam Vangie. Based on the name itself, flue-cured.

Okay, Madam Myrna, a lot of discussion regarding your topic, but it fringes to other issues. May you continue, please?

Mrs. Lozano: Yes, sir. So, for the Native, it has two types.

Batek is produced in La Union. And then, for Cagayan and Isabela, they call it dark-aged tobacco (DAC) that they classify as cigarette. And when you say Batek, the higher leaves has 4.3% content, its nicotine is high, and for the other leaves, it's lower.

So, when we plant Native tobacco, we grow it for the purpose to produce Batek and the lower one is the bigger type.

*Next slide.* This is 2021, the same as 2022, and 2023, the nicotine is high in Batek tobacco.

*Next slide.* So, this is its chloride content. We analyzed the chloride content of the Native tobacco.

And in La Union, its chloride content is very high. We saw this. It should not be more than 1%.

But these Batek types, they are not for cigarette, they are for chewing. So, maybe, if it is high in chloride, they can still chew it. Maybe it will be more delicious if it is high in salt.

Dir. Trongco: If it is high in salt, maybe it will taste better.

Mrs. Lozano: Yes, sir. But then, the chloride content of La Union is really high.

For our experimental stations, we analyzed in the protocol that nicotine is high in chloride. So, maybe, we will remind La Union that this is the chloride content of their produce. They should not do this.

Because this is the only advantage. Nicotine is high, although it is not high in chloride. Chloride content is very important as a chemical composition or component of illegal tobacco, especially for Virginia. If the chloride content is high, and it is salty, then we should not do this.

One important quality of a good cigarette is it has good burning quality. Salty tobacco does not burn easily. So, the chloride content of Virginia tobacco That is the requisite. This is the last overall assessment. *Next slide.*

This is our measurement.

Our Virginia neutral product is 1% nicotine. Our Virginia improved flavor is 2.5%.

For Burley neutral, this is 3% and 3.4% for Burley improved. The difference is small. That is why when it comes to prices of neutral Burley, we say that the price of Burley improved is higher than neutral.

And then for Native, Batek has high nicotine of 3.4% and for the cigar filler, 2.3%. That would be all for my report.

DAOP Casela: Thank you very much, Madam Myrna. Just to recap, in the chemical composition of tobacco, there are three components that we look at. That is nicotine, sugar, and chloride. Now, depending

on how you use it, that is where you need to know the level of nicotine and also of chloride. Thank you.

Atty. Obusan: Thank you, Sir DAOP and Ma'am Myrna. Any other comments from the Governing Board regarding this topic?

Dir. Padayao: Based on the assessment of comparison of 2021-2022 and 2022-2023 data, is it the same or is it increasing or decreasing?

Mrs. Lozano: Ma'am, in the data that I presented for the last two years, there is no change in our data. That means the technology we used is the same. The variety is also for the neutral flavor, this is the nicotine content. It's 1% below. It is a characteristic of our Philippine tobacco. It is very important that we analyze the chemical composition because this is going to the Tobacco Grading Research and Institute for further study.

It's not only the nomenclature that we will see that we will describe, but also the chemical composition of the tobacco. The problem now is that there are a lot of Burley. In Virginia, there are two native I think it's increasing.

It's a great responsibility of the IRD for the quality evaluation. I hope you will approve our new Tobacco Grading Research and Institute so that we can start. Thank you.

Dir. Padayao: Maybe we can appreciate more side by side the new physical characteristics, and its correlation to the chemical properties.

Maybe that's my last question. On the business side of it, is the Philippine tobacco in terms of physical characteristics and chemical content comply with the international market requirements?

Mrs. Lozano: Yes. Because our improved flavor is comparable to our imported tobacco.

So maybe next committee meeting, if you will allow me, I will present the Philippine content of imported tobacco versus our Philippine tobacco supply that we really need. Because our production has decreased. Of course, if our production is low, our export will be low.

But I know they love our tobacco, especially Isabela Burley.

DAOP Casela: Maybe we have another trading center that can export on that. And I know an experiment for Burley because they demand Burley abroad from the Philippines. Another glimpse of history.

So many years ago, the Philippine tobacco indulged only on the production of neutral tobacco. There was no talk for improved flavor tobacco. But because of the demand of market, especially the cigarette manufacturers, there was a demand for high nicotine.

And if you are going to import that kind of tobacco, it involves a lot of money for the cigarette manufacturers. That's why during those years, Fortune Tobacco embarked on the production of tobacco.

Because in terms of importation, it uses a lot of money research for the government and encourages the production of high nicotine tobacco by way of the improved flavor. That's where it started. That's where improved flavor tobacco production started. Because as of now, in terms of nicotine content and other requirements, our Philippine tobacco can now approximate the chemical content of the tobacco being imported. So Philippine tobacco can now be internationally accepted. Thank you.

Atty. Obusan: We now move on to our next two Agenda(s).

2. **REPORT ON THE COMPARATIVE NUMBER OF TOBACCO FARMERS AND AREA PLANTED TO TOBACCO PER TYPE PER PROVINCE FOR CALENDAR YEAR (CY) 2020-2023**
3. **REPORT ON THE COMPARATIVE VOLUME OF THE PRODUCTION AND AVERAGE TOBACCO PRODUCTION PER PROVINCE FOR CALENDAR YEAR (CY) 2020-2023**

Atty. Obusan: Madam Chair, to report on this agenda, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Ms. Evangeline C. Cabigan, OIC, Farm Technology Services Department (FTSD).

DAOP Casela: Thank you very much again, Atty. Obusan. Again, as I mentioned, this is just some sort of a comparative report as to the number of farmers planting tobacco and the area planted to tobacco over the past three years. This will determine whether we are progressing in terms of the area of planted to tobacco as well as the number of farmers planting tobacco.

So, on this, may we request Madam Vangie Cabigan, the OIC of FTSD, to make the report. Madam Vangie, go ahead, please. Thank you, sir.

Ms. Cabigan: Good afternoon, po sa ating lahat. So, for this agenda, I have already included Agenda 2 and 3 in this presentation. The only difference, po is the consolidation of all the data submitted by the different branch offices in the Google drive was done by Mr. Lexter Cabanting.

So, in fact, we did this for the past three, four years, and this is a comparative analysis more on the different fields. So, let's start with Virginia Neutral Flavor.

So, we can see here that we physically get all the tobacco-growing provinces here in Region I, except Pangasinan. And the total area planted ranges from 3,926.26 hectares in 2023 to 4,523.92 hectares in 2020. So, we can see here the total area planted in Virginia is lower than last year.

But if we look at the number of farmers, it is not lower. In fact, last year, has the highest number of farmers. It shows that each farmer planted less area, planted tobacco compared to previous years. And so, Virginia has the largest area, more than half of the total areas planted this year.

So, we know what the volume of production is. The highest volume was attained in 2021 with more than 14 million kilograms compared to the other years from 5 million to 6 million kilograms of production.

Kita natin sa 2021 na yung highest volume of production was more than 9 million. So, the overall average yield for the last 4 years is 1.693 tons per hectare. I tried to look at the after-operations report and I saw that in 2021, Candon did not have farmers under TCGS.

So, yung total production of 9 million plus was produced by non-TCGS farmers. And in the same year, yung mga TCGS farmers, they had low-yield according to them, relatively low yield is due to freak rain during that time. So, going again to the volume of production, nakita rin natin sa 2023, mababa yung average yield sa Vigan. So, compared to the others, all of them were more than 1 ton. Sa Vigan is less than 1 ton. So, I looked again at the after-operations report and I saw that for Vigan, most of the farmers are non-TCGS.

So, kapag inilagay po sa graph yung percentage ng TCGS farmers na nasa report natin, their average yield actually was 2.1 ton per hectare. So, with the inclusion of non-TCGS farmers, we see na bumababa talaga yung average yield.

So, this is a graphical presentation para makita natin yung values. So, kita natin dito na in all the provinces, talagang bumababa yung area and number of farmers. It is fluctuating in some areas.

Particularly po, dito kita natin sa Candon, bumababa po talaga yung area planted. Sa production, nakita natin na highest

production ng Candon, and it's average yield is 2.1 ton per hectare.

It is surprising that in 2021, yung production ng Candon also led to higher average yield per hectare compared to the others. Whereas, retail as I have said is lower and this is actually all non-TCGS farmers.

So, let's go to Virginia Improved Flavor.

Again, we find the tobacco growing provinces in Region I are planting this except in Pangasinan. And the total area planted last year was 6,084.29 with 7,954 farmers. So again, bumaba naman po siya from previous years.

Comparing to the previous years, the highest was in 2022 in terms of area planted and also, the number of farmers participating. So, Candon has the biggest area planted to Virginia Improved Flavor, more than half of the total area planted.

And for the production, for 2020 to 2022, they were producing 14.4 million kilograms. Bumaba ito in 2023, to 10.9 million kilograms. So, this resulted in the lowest average yield in 4 years.

So, looking at the average yield for the last 4 years, we compared that in the report that TCGS only, the average yield would be 2.2 tons per hectare. So, if we put in non-TCGS, it's 1.9, less than 2 tons. So, in both cases, the average target was 2.5 tons per hectare.

So, these are the reported issues for the following years. Mostly, untimely heavy rains, and the pest outbreaks caused by TMV, CMV, bacterial wilt, black shank, and fusarium wilt.

So, this is the graphical presentation.

Still, we can see the number of farmers participating is decreasing, and this is particularly noticeable in La Union. While in Candon, for example, the area is increasing. In La Union, it's consistently decreasing throughout in those 4 years. So, in the production, Candon produces more for Virginia Improved Flavor. And then, for them, the highest average yield is close to 2.5 compared to all other areas ending around 2 tons only.

Going back to Virginia Sun Cured, the area planted is small. Last year, it was 137.95 hectares and in 2022, it was 159.06 hectares. But the number of farmers participating is increasing.

And in La Union, the production, as we can see here that it's increasing. It increased a lot last year compared to the previous

years. Although, the area is not that far. So, this could mean that their agricultural management is improving because it became more than 2 tons per hectare last year.

Now, the neutral flavor, Burley, it's La Union and Pangasinan that are planting this for the past 4 years. Isabela planted this in 2021 and 2022, but not last year. And Ilocos Norte also planted last year. So, the number of farmers in all years is more than 1,000. And the area planted is more than 600 hectares, and 703 hectares in 2021.

And the volume of production ranges from 1.9 tons per hectare in 2020 compared to last year's 2.4. The the average yield for Burley neutral flavor for the past 4 years is 2,041.49 kilograms per hectare.

So, this is the graphical presentation. For Isabela, it is noteworthy that it entered from 2021 to 2022, but they did not plant in 2023.

So, again, comparing it to our TCGS, the average yield for the past 4 years was 2,074 kilograms per hectare. If we compare it to our TCGS report, it is more than 3 times. So, the difference is big.

So, I'd like to show again the situation. The average yield in 2021 is more than half ton per hectare compared to the others. That was also reported next year. More than half ton, and it's surprising that last year, it increased more than 3 times. It's bigger than the others.

So, I looked again at the AOR and I saw that for La Union, there was no TCGS in the Burley Neutral Flavor for both years. So, the lower average yield was caused by probably not being members of the TCGS. But, for last year, it is surprising that there were no TCGS farmers. But obviously, they had a good harvest last year. And this is the graphical presentation with Pangasinan producing the most and the average yield per hectare surpassing 3 tons per hectare by La Union last year.

The total area that decreased from 9 was recorded in 2020. And, if we look for last year, it was reduced to less than half in 2020.

So, the biggest producer of Burley is Isabela. And, going to the volume of production, the biggest producer in 2020 was more than 12 million kilograms compared to the succeeding years 104 million to more than 5 million kilograms only. And, for this, the average yield is 2.182 tons per hectare.

And, this is the graphical presentation. We can see how the area and the number of farmers participating is much reduced in Isabela. So, again, comparing with the succeeding years, I think



what we can see here is 2.4 tons per hectare with TCGS only and 2.1 for if we include the non-TCGS tobacco farmers.

Still, I also saw again, for the lower average yield in 2020 to 2023, compared to the others. So, again, I looked at the AOR. So, we can see here for the past two years, only a few TCGS farmers. So, obviously, it is the non-TCGS farmers which are not being supervised by our extension workers that are causing the low yield that we are getting. So, this is the graphical representation of Isabela being the highest producer of Burley tobacco from 2020 to last year.

For NCW (Cigar Wrapper), only La Union is producing this subtype and all the farmers are not under our TCGS project. Planting area of 51 hectares with only 141 farmers and their average yield is 914.45 kilograms per hectare.

So, we proceed to the Native Chewing Batek. The area of this subtype is more than 5,000 for the last four years, with more than 8,000 farmers participating.

Mindanao has the highest area planting this, followed by Pangasinan. And so, for the volume of production, Pangasinan in 2020 produced more than 4 million out of the more than 9 million total productions during that year. And then, in the next two years, Mindanao will produce more than 3 million kilograms per hectare, and Pangasinan produced 3.8 million kilograms per hectare last year. The average yield is 1.632 tons per hectare.

The number of farmers and production areas is just like the others. We can only see a slight increase of more than 400 hectares in Mindanao in 2022.

So, the highest production in Mindanao and average yield in Pangasinan is more than 2.6 in 2020 and 2.3 in 2023. So, from this appearance of the graph, we can probably say that the other provinces could learn from how Pangasinan is coming up with this higher average yield compared to them.

And then for Native Broadleaf, it's Isabela that has the highest area and number of farmers participating. Ilocos Norte, Candon, Cagayan, and Isabela also planted last year. So, the average yield, we look at Isabela having the highest area, it's 1.6 times higher compared to the other, it's 1.77 times higher.

And then for the Native LP2/4/7/8, which we were discussing previously, Candon is the province planting the most, more than 1,000 hectares out of the total of 1,931 hectares last year. And the average product they got is 2.2 tons per hectare but unfortunately Candon did not provide the data from 2020 to 2022. So, the

average yield per hectare for Native LP1/2/4/5/7/8 is 1.8 tons per hectare.

And there's the Cigar Filler, Isabela is mostly planting, and the area just like most of the other provinces, has almost half production from 2020 to 2023. From 418 hectares in 2020, to 284 hectares last year. And the number of farmers participating also has been reduced. And the production the highest production was in 2021 and 2022 with more than 1 million kilograms produced. The lowest yield 760 kilograms only. And the average yield per hectare is 2,117 kilograms.

That's all for my report Your Honors.

Atty. Obusan: Any comments or discussion from the Governing Board?

Dir. Trongco: Madam Chair, regarding the presentation of Ms. Vangie, on the level of production, can we implement the 40%? Because the monitoring of the farmers, out of 1,500 farmers, only 90 have reached the level of production. But also, maybe the farmers will increase if we implement the level of production. That's the problem with the farmers.

DAOP Casela: Thank you very much, Sir, Director, for that information. The issue is directed on the capability of NTA in terms of the adoption of technology by our farmers. Because previous years, they are producing more than 2,000 kilograms per hectare, that is for both types and subtypes.

Now, what could be the reason now that they cannot produce that level of production? Is it because of the inability of our technicians to monitor the documentation because of the high prices being offered by our buyers? We did not determine or reestablish the level of production type and subtype of tobacco per hectare. We know that we derived this data from our research studies. Now, if it will increase, meaning to say, you're questioning the capability of our extension workers in terms of the adoption of technology by the farmers, that's the issue.

I remember that in our previous committee meeting and board meeting, there was a request of our managers to reduce the volume of production per hectare per subtype as a reason that they cannot document, they could not monitor the selling of the tobacco produced by the respective farmer cooperators. It doesn't mean that the production is reduced because it's not being recorded accurately. It appears that per record, the established level of production is not obtained because the technicians did not document it.

It's not advisable, in my own view, to lower and lower the level of production because it reflects the capability of NTA in terms of the adoption of technology. Let's look at the report of Atty. Ambros, on what is the level of acceptance, his report will be the next agenda.

Dir. Trongco: I said that because when we talked with the farmers, they said that they cannot monitor the level of production. I said that it's not the fault of the technicians.

DAOP Casela: That's not the only reason. Because they cannot comply with the volume required by the buyer firm as per their contract in the MOA of the TCGS. They don't have the delivery of the committed volume because they sold it outside claiming that it was sold at a higher price outside.

So, I mean to say, the one that was sold outside was not documented. It doesn't absolutely mean that they did not comply with the higher price per hectare. The one that was sold outside was not documented.

Let's look at the report of Atty. Ambros, because for my monitoring, I requested that there is a reporting system that I requested the managers to be complied by the technicians. Thank you.

Now, in terms of area, number of farmers, average production per hectare, it's very erratic. Very erratic meaning to say year in, year out, both parameters that is level of production, number of farmers, average production per hectare. So, there are factors contributing to this.

One is, of course, this is affected by interplay of the demand and supply. I mean to say, if there is demand, there is presumably higher number of hectares to be planted. But as you can see, it is still erratic that despite of the interventions of the LGU, still there is no significant increase of area and number of farmers in some years.

But I think for this year, because of the price increases, I think it is customary or more often than not, if the preceding year, the prices are so high, the following year, maraming magtatanim yan kahit hindi ka magkampanya. And for information, because I've been talking to some WTDs, the same situation will happen next year. So, we anticipate that meaning to say, maraming magtatanim and we'll and hopefully, kung maraming magtatanim and hopefully, we'll have adequate funds for our TCGS for this.

Atty. Obusan: Thank you. Any other comments?

- Dir. Padayao: Suggestion for better understanding of the data. Can you simplify it? Because it's hard to comprehend. You saw the presentation. It's hard because we're not technical people.
- I've been attending scientific conferences, but as we age, mahirap na intindihin ang ganitong klaseng presentation, maybe it can be simplified to better understand the trend from 2020 up to 2023 of the area and the level of production. So, we can see the directions clearly. Maybe that's it.
- DAOP Casela: Thank you very much, Madam. I, myself share your sentiments too. When I saw this earlier, I called Vangie. I said, simplify your presentation to national level, not per province. So, you can see the trend whether it's going down or up. And all those aspects you want to know, national level already.
- But this will be supplemented or supported by your annexes by province so it's easier to interpret.
- Ms. Cabigan: Yes, Sir and Ma'am. Thank you, this is noted.
- DAOP Casela: So, what I know, is that we have to compare it with the submitted data in the GCG which is only around 30% of the of the farmer-cooperators, the data from the 30% of the farmer-cooperators. That's higher, right?
- Dir. Padayao: That's higher. The rates are higher.
- Ms. Cabigan: Yes. I only consolidated all the data given by the branch offices for each of them.
- DAOP Casela: Madam Luz, for your information, on the report of Madam Vangie, this is total enumeration. It's definitely higher because you have selected respondents there.
- Dir. Padayao: But here, what I want to ask, is the difference significant or highly significant?
- DAOP CASELA: The difference? There is no statistical analysis done here, Madam.  
But it can be seen in the Burley Improved Flavor that the difference is 1 ton. But the other one is not that far. It's okay if it's like that.
- And in the instance, you said earlier, the non-TCGS was generally lower than the TCGS. We are able to prove from the data given by the provincial branch offices.
- Dir. Padayao: Yes. Because the average of BIF is 2.434 or 0.252 for the TCGS.

DAOP Casela: Yes. And for your TCGS, I believe it's 2.5.

Dir. Padayao: Are we able to reach 2.5? Or is it difficult for you?

DAOP Casela: We can do it, Madam. But it's understood by all of us that we will remove some of the outliers so that we can get the target set by GCG.

Dir. Padayao: Yes. But if we do not do that, we do not attain it, if we do not remove the outliers. Sir DAOP, this is what we will show to USec DV?

DAOP Casela: I think, Madam Vangie, you still have the time to simplify and make it national level presentation. And I suggest that each table has a caption and analysis about that table to make it simpler.

Ms. Cabigan: Yes, sir. Okay, thank you.

Dir. Padayao: Thank you, Madam Vangie.

Atty. Obusan: Thank you very much, Ma'am Vangie. Moving on, under

#### **D. COMMITTEE ON TRADING OPERATIONS AND REGULATIONS**

Chairperson: Dir. JESSIE PAT M. SERNA  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

##### **1. REPORT UPDATE ON THE TOBACCO ACCEPTANCES AS OF APRIL 30, 2024 AND NTA'S CAMPAIGN ACTIVITIES IN COMBATting ILLICIT TOBACCO TRADE**

Atty. Obusan: Madam Chair, to report on this agenda, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), and Atty. Rohbert A. Ambros, Manager, Regulations Department.

DAOP Casela: Thank you very much, Attorney Obusan. On the next agenda, this is about the present trend of our trading operations and Attorney Ambros will cover some details about the illicit tobacco trade as part of his report. And with this agenda, may I call on Attorney Rohbert Ambros, the Manager of the Regulations Department, to make the presentation. Thank you.

Atty. Ambros: Thank you, Sir DAOP. Good afternoon to all the Honorable Members of the Board, headed by our Administrator, Ma'am Bel. For the first part of my presentation, it will be the status of tobacco acceptances as of April 30, 2024.

Before I will proceed with the status of operations, I'd just like to congratulate all the branch managers for their effort and full compliance on the new tobacco acceptance reporting system. After several versions that we made, medyo nakuha na po nila yung reporting system na na-formulate natin.

Of course, I'd like also to recognize the efforts of Mr. Abalos, the OIC of the Tobacco Leaf Regulations Division, and of course, to Ma'am Nini Benosa, to Arnold, and to JC for assisting us in the formulation of the reporting system. Sila po yung nag-develop nung online reporting from the reports of the trading centers to the Google form. Medyo may improve lang pa kami ng konti para next reporting will be clearer na ang aming presentation.

As of today, out of the 34 buying stations that we licensed, 34 parin yung nag-operate, ongoing po lahat sila. Wala pa namang nag-notice for cessation, and of course, ongoing pa lahat sila. *Next slide.* So, let's see the tobacco acceptance report as of April 30, vis-a-vis dun sa purchase commitment.

So, as of April 30, meron na po tayong 11.054 total na acceptance, and that is 27.49% out of the purchase commitment of 40.209 million kilograms. So, medyo malayo pa tayo, meron pa tayong 72% plus na inaabangan pa na ma-accept until the end of the year. So, yung average floor price natin as per our documentation is Php 126 pesos. Pero, that contributes mostly yung sa Batek/Morada, which is 320 per kilo, and, of course, yung Cigar Filler pa rin ang pinakamababa na Php 62.51. So, *next slide.*

Okay, so compared to last year, mas mataas po tayo ng at least double. So, last year, ang volume natin is 5.2 million acceptance as of April 30, pero this year, meron na tayong 11 million na acceptance. So, that's 201.90% na increase from last year.

Take note na, hindi pa to kasali yung ULPI acceptance, kasi they are still in the process of migrating from paper-based to electronic-based reporting.

So, sa value, ganun din, nag-double din. As you can see, kung nag-double yung volume, nag-double din yung value. So, 215% din yung difference ng value between 2023 and 2024. So, medyo malayo pa yung ating months to wait para magkaroon tayo ng more or less a clearer picture para sa whole trading for 2020. As to the average buying price, *next slide.*

Okay, sa price per kilo, meron tayong additional na Php13.27 compared to last year's average buying price for Virginia. For Burley, Php10.08. Pero sa Native, medyo nag-decrease ng

Php49.93. So, ang net po for all tobacco types, meron lang tayong Php4.01 na increase as of average last year.

Dir. Serna: Question, that decrease in price for Native means the violations of the floor price?

Atty. Ambros: Hindi siya violation, Sir. Pero, this is the average buying price. We are just comparing how much the buyers bought the tobacco from the farmers. But definitely, there is no buying below the floor prices.

Dir. Serna: Okay, thank you.

Atty. Ambros: I'm not really sure what happened here dito sa Native. Pero, we're still looking yung reason why nagkaroon ng Php49.93 na decrease for us last year. Anyway, we are still at 27% performance accomplishment as of April 30. So, maybe the price will change as the buying operations continue until December. *Next slide, please.*

So, comparative value for the buying prices per branch office. The average for all Virginia tobacco producing provinces is Php94.96 with Abra having the highest average price per kilogram of Php105.06 with Candon having the lowest of Php88.92. Virginia type kasama na po dito yung improved and neutral. So, wala pa kaming prepared na report for each subtype kasi we are still segregating the reports from the branch offices.

And for the Burley type, combine din po ito. *Next slide.*

Dir. Trongco: What is the expected volume for Virginia for this year?

Atty. Ambros: For this year, sir, 19.2 million as per commitment. But we are expecting a higher volume after the trading operations. Kasi ito lang yung estimate na bibilihin ng mga buyers based on their initial commitment.

But I was informed na mas mataas yung recruitment nila after yung submission nila ng commitment. So, we are expecting more than 20 million, sir, for this tobacco season.

Okay, for the Burley type, we have an average price of Php78.20 per kilogram with Cagayan having the highest, although this is only 9,200 kilogram, pero they have the highest buying price of Php92.69, and the lowest is Pangasinan with Php75.43. *Next slide, please.*

For the Native-Batek/Morada, so our average price is Php320.77 per kilogram with Mindanao having the highest buying price at

Php331.38. Pinaka-mababa sa Cagayan with Php112.92. *Next slide.*

For the Native-Broadleaf, Isabela lang po ito, so they have an average of Php129.92 per kilogram. And for the Cigar Filler, Isabela lang din, with Php62.51 average buying price.

For the Native-Traditional, we have an average of Php80.57 per kilogram. Yung Pangasinan pa rin yung pinaka-mababa na buying price as of today. Of course, because their volume is still below 1,000 threshold, so baka ito pa rin yung report nila ng mga lower leaves na mababa talaga ang price. But the Php39 pesos is within the floor price, the current floor price for 2024. Abra ulit ang pinaka-mataas in terms of buying price, with Php92.19. So medyo maganda ang price natin sa Abra as of April 30.

And for the grade distribution, okay, so we have a total of 5.3 Million for Virginia type. Ang pinaka-malaking share is 3.1 Million and the lowest is Vigan, with less than 1% share. So maganda yung grade distribution natin kasi we have sa Virginia, we have 54.79% high grade, that is from AA to C. And for the medium grade, D and E 29.06. Pero yan, yung sinasabing na palagi, na nawawala yung may mga nawawalang grade dun sa distribution. Especially yung F1 and F2. And for the reject, medyo mataas siya, 18.32%. Supposed to be 10%, hindi dapat tumatas ng 10%. So baka yung F1 and F2 ay napunta sa reject. I don't know the reason really why nawala siya dun sa distribution, pero ang laki dito sa reject. Except for Candon and the other, kasi meron sila. Pero maliit pa rin yung volume, 1.18% and 0.88%. So barely 1% threshold. Okay, *so next slide.*

For the Burley, all subtypes, yung D and E naman ang nawawala. But all in all, our produce is still at the 80% threshold. And mababa ang reject sa Burley, with 4.51%. And the highest volume of recorded acceptance is at Pangasinan, with 59%. And the lowest is Cagayan, with less than 1%. *So next slide.*

For the Native, yan, consolidated na ito. We have a very good grade distribution, kasi mataas yung percentage na Native Broadleaf at 44.37%. Yung Batek/Morada is 28.78%. Cigar Filler is less than 1%. Pero yung High Grades Traditional is 15.36%. And then the rest, medyo negligible yung mga percentage. And mababa rin yung low grades nila. Low 1 is less than 1% at 0.47%, and yung Low 2 is at 3.16%. The highest production acceptance recorded is at Isabela, with 45.28% share, and pinakamababa pa rin sa Pangasinan at 0.01%.

So may mga nawawala pa rin grade distribution dyan, yung M1 and M2 sa La Union, and Pangasinan is from High to Low Grade 1 distribution. So nasa Low 2 pa rin sila dun sa 332 kilograms na



acceptance nila. And for Mindanao, they have 25.74% share, with 1.2 million acceptance report as of April 30. *Next slide.*

So ito na yung totality ng ating grade distribution. So, for the high grade, consisting of grades AA to C sa Virginia, and sa Burley is from A to C and for the native, from Batek to Medium 1 grade.

High grade, medyo mataas at siya, 54.79%. Sa Medium grade is 29.06%, and low grade is 6.86%. So all in all, ang reject natin is below the 10% threshold.

And comparing that to our GCG target for 2024, 83% kasi yung target natin sa GCG. So medyo angat pa tayo ng 0.85%. I hope we will maintain this performance in terms of grade distribution. Medyo malaki yata to yung percentage weight niya sa total natin sa GCG.

I think that's 6 or 5%. Yes. Medyo mabigat kasi yung yield per hectare, and yield per hectare sa kanyang grade distribution. So that is my last slide for the update of the tobacco acceptances as of April 30. So, thank you.

DAOP Casela: Thank you very much Attorney Ambros for the brief but concise and comprehensive report. And going back to the observation of Madam Luz, it is Laymans presentation, easy to understand. So Sir, yung sa illicit trade?

Atty. Obusan: Okay sir. So, in addition to my report for today, I would just like to report to you the NTA's activities in combating illicit tobacco trade. So, before we will proceed to the main agenda, i-revisit lang natin yung NTA charter. *So next slide.*

Of course, we very well know that the NTA was created under E.O. 245. It's a government instrumentality with corporate powers under the Department of Agriculture. We have the general power to administer and regulate the tobacco industry. Our specific powers are to promulgate and enforce rules and regulation pertaining to production in terms of leaf and production of tobacco products.

So, we also are empowered to formulate standards on tobacco products and illicit tobacco. And together with standardization is the power to classify tobacco and grading, of course, and trading and the trading activities, both on tobacco leaf and tobacco products.

So as per our specific powers, No. 5, we are only empowered to impose administrative sanctions. In short, wala po tayong police power. Police power entails the power to apprehend, confiscate, and detain yung mga violators.

So, if we say administrative sanctions, we can only impose as much as imposition of fine, or we may suspend and revoke licenses and permits to buy or trade tobacco and tobacco products.

So, this is the major activities that are covered under our regulatory jurisdiction. Local leaf trading, cigarette and cigar manufacturing, and, of course, international trading. *Next.*

Before we will see or look at the situation on the illegal illicit trade, I'd like you to observe the smoking prevalence for 2009, 2015, and 2021. This is the result of the global adult tobacco survey for those years.

So, we just concentrate on the right side, which is the current tobacco smoking, which is the conventional smoking. Dito kasi sa left, kasama yung mga vaping diyan. Between 2009 to 2015, nag-reduce ang smokers by 5.5%. And between 2015 to 2021, nag-decrease ulit siya ng 4.2%. So bumaba po siya. *Next.*

Doon naman tayo sa local trading. So, from 2009 to 2015, bumaba din ng 10.38%. And from 2015 to 2021, at nag-reduce pa ulit ng 11.49%. So, what does that mean?

Ito na po yung result niyan. As per report from the BIR, dati po tayong nagpoproduce ng 115 billion sticks a year. That was 2012. Wala kasi tayo yung record ng 2009. But eto na lang yung nakuha natin ng removals na available record natin. So doon sa 2012 to 2015, nag-decrease siya ng 22.70%. From 115 billion, naging 82.8 billion.

And for 2015 to 2021, nag-decrease uli ng 18.5%. So that's 82 to 59.5. Ang nawala po na cigarettes is 23,312,150.00. So ganyan kalaki po nawala.

That's 28.15%. Pero tignan natin yung reduction ng smokers is 4.20% lang. Saan po sinigarilyo nung 24%? Saan po nabili ng mga paninigarilyo yung 24% na nawala? So alam na natin kung saan ang health. And if we will compute yung removals na nawala ng 23 billion, that will translate to 58.2 billion pesos of excise tax lang yan.

So tama yung estimate natin na we are losing 60 billion a year on excise tax and other taxes. *Next slide.*

So ito po yung mga top producer worldwide with China as number one.

Import pala muna. Importation to the Philippines. Yan yung mga top five sources. So, Taiwan, Russia, Indonesia, South Korea,

and China. China contributes only 32 million sticks as per official record. Pero if you look at world production, sila po yung pinakamalaki.

Kahit sum-up mo yung next top four, sila parin yung pinakamalaki. So, notwithstanding yung highest production record nila, sila parin yung pinakamababa sa source of origin ng ating mga imported cigarettes. Pero as we all know, off the record, Chinese brands yung mga that are usually smuggled to the Philippines.

So dito naman sa Philippines, ito na po yung ating situation for 2021. Hindi pa ito updated. So, 13% na nung local tobacco being sold is illicit tobacco. Pinakamalaki dun sa southern part with Zamboanga Sibugay, Misamis Occidental, and Sultan Kudarat with 50.6%, 57.2%, and 35.6% percent. Umabot na po dito yan sa Luzon with Palawan, 24.8%, Bataan 31.6%, Nueva Ecija, Zambales, with 22.2% and 11.5%. So, 2021 record pa lang yan. So wala pa tayo yung 2023 record. Malamang nag-increase na po yung illicit tobacco in terms of percentage.

And we've heard na yung isang tobacco company, nagsara na yung kanilang branch office sa Mindanao kasi hindi na sila makapag-compete with the proliferation ng illegal tobacco. *Next slide.*

Okay. Sa Mindanao, ito yung kanilang situation. 6 out of 10 cigarettes sold in Mindanao is illicit, illegal. The remaining 4, yun na lang po yung genuine. Why? Because magkano lang yung benta nila? Php35 pesos per pack only. But if that is illegal tobacco, yung legit na tobacco, Php62 pesos pa lang is excise tax na yun. What more yung cost ng kanilang production? So that would translate to a total of Php150 to Php120 pesos per pack. So saan ka pa bibili? Sa Php35 or Php150, if your purpose is only to smoke cigarette.

So based on the record of the customs, ito po yung mga most smuggled brands sa Mindanao. So, if you notice, wala pong mga brands na locally registered. Why? Because itong mga brands na ito are foreign brands. So yung mga owner ng mga cigarettes na ito would not dare to come here in the Philippines just to fight a case against dun sa mga smugglers. It would entail them a considerable amount para lang ma-prosecute yung mga nag-infringe ng kanilang products. So ganun po yung style ngayon ng mga smugglers. They use foreign brands para wala silang liability.

And of course, there are other brands such as Bros, Wilson, Nelson, Billionaire, and R&B. Yan, Mindanao palang yan.

So, despite of the absence of police power for the NTA, hindi naman po tayo nagkukulang against giving awareness against illicit tobacco trade.

Number one, nagdi-distribute tayo ng mga posters and business cards para maging aware yung public. So, these are the examples ng mga posters. *So next.*

So ayan po, nilalagay natin yan sa mga public places. Dun sa mga stores. These posters went as far as Maguindanao, when the Administrator and the operations group went there to visit yung tobacco areas, so nagdi-distribute din tayo ng mga posters sa kanila. Okay, *next.*

Yan po, mga business card natin, instead of nasasayang lang yung likuran ng ating business card, nilalagyan lang natin ang mga don't be complicit, let's fight illicit. And of course, we've been conducting webinars against illegal tobacco trade.

Yan, nag-invite tayo ng mga speakers, kagaya nila, former Congressman Koko Morales, from the Bureau of Customs, and the Bureau of Internal Revenues.

So aside from the webinar, we also conducted last year yung International Tobacco Agricultural Summit. So, we've invited a guest speaker, andiyan po si Governor Manotoc, representing the President, and he delivered the message of the President. So nandiyan din si Senator Villar, as the head of the Committee on Agriculture sa Senate of the Philippines.

And we also participated in multi-sectoral meetings. Of course, the subject is still illicit tobacco. So, we've been to Mindanao last year.

Kasama naman natin dyan, yung mga high officials of the House of Representatives at saka sa Senate. And yung mga involved sa mga laws regarding trade and illicit activities.

And the last one was yung ating inter-agency consultative meeting. So kasama si USec DV, of course, with the police officers, mga private sectors, nandyang din sila.

So may mga information campaigns din tayo, sa mainstream mass media outfits, such as, free tv channels and radio stations. So yung ating Oras Ni Mannelon Ti Tabako, may mga info materials video actually.

Ito yung latest. Napanood nyo na, *paki-share mo with sound na lang.* Napanood nyo na yung dalawang nauna. Ito yung pinakahuli. So ito, pini-play natin during break time doon sa Oras Ti Mannelon, which is aired through Facebook Live.

So ito yung latest na video with our Honorable Administrator speaking for the Tobacco Industry. In summary, si Administrator is asking for support. Ayan, *lakasan mo lang volume Jet*.

This is only one of the video infographics na ginawa natin to give awareness to the public na tayo sa NTA ay may ginagawa rin to curb illicit trade. So yung mga activities natin in the pipeline are still under review by the PRO para doon sa mga infographics din na ilalabas sooner.

Ito rin nag-participate din tayo sa international conferences, one of which is yung sa WHO Framework Convention on Tobacco Control, which we attended last February. So one of the topics there is yung illicit trade.

Okay, for our call for collaboration, the NTA regulatory initiatives in curbing illicit tobacco trade is still at its childhood stage. There is so much more to improve on and a lot more to be done. The NTA needs the support of law enforcement agencies and the private sector. The support of law enforcement agencies will help the NTA improve its current state of regulatory regime for the protection of the Philippine tobacco industry.

And for our closing statement, the NTA is not alone in this journey of curbing illicit trade, but with the help of those who are mandated to enforce the laws, the NTA can achieve its goals and aspirations in developing its roadmap with a whole-of-government and whole-of-society approach in protecting the legitimate tobacco industry and improving the collection of revenues for the betterment of the whole country.

So yan lang po for now, and we hope that we can still have much more activities to come. At least maybe not directly apprehending those who are violating the laws, but at least we are just raising awareness among the Filipino citizens. So maraming salamat po, and good afternoon once again.

Atty. Obusan:

Thank you very much, Atty. Ambros, any comments or discussions from the members of the Governing Board? If there is none, we move to our last agenda on Other Matters. Under the

**E. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

- 1. REQUEST FOR APPROVAL DESIGNATING THE LISTED NTA OFFICIALS AS THE AGENCY'S REPRESENTATIVES IN SECURING AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM THE BUREAU OF INTERNAL REVENUE (BIR)**

Atty. Obusan: Madam Chair, to report on this agenda, may we recognize the resource person, Mr. Reynaldo R. Aquino, OIC, Finance Department.

Mr. Aquino: Thank you. Good afternoon po sa lahat. Ito po ay Authority To Print Receipts/Invoices sa BIR. One of the requirements is the Board Resolution authorizing the listed NTA officials in securing ATP receipts/invoices from the BIR.

Doon po sa attachment, meron po kasing list ng requirements. Ito po, 1.1 Board Resolution. So ayun po ang kailangan natin. Kung wala po itong Board Resolution natin, hindi po tayo bibigyan ng BIR ng Authority To Print. Yung ATP naman po is, I think 5 years ang effectivity po niya, hanggat hindi pa nagagamit, pero once na magamit niyo na po yun, kasi lalagay din po din yung serial number noon. Kumpletuhin po kasi namin yung requirements ng BIR.

Dir. Elaydo: The names of the persons you're requesting to be given the authority?

Mr. Aquino: Sorry po, dito po kasi position ko po dito is Budget Officer II, it should be Budget Officer V. Tapos si Marivic G. Espolong at Merilene V. Sansano.

Ang lalakad po nito ay si Merilene V. Sansano. In her absence pwede si Marivic or ako po ang pwede mag-follow po. So yun lang po.

Kailangan po natin mag-print ng another 1,000 booklets. Ang Pangasinan po kasi nag-withdraw na ng 100 booklets. So may natira pa tayo 450 na booklets. E baka may iba pa po mag-withdraw, bigla po tayo maubusan.

So ang mag-print din po nito is the Apo Printing, accredited po ng National Printing Office. That's all po.


Dir. Padayao: I moved for the approval designating the listed NTA officials as the agency's representatives in securing Authority To Print (ATP) Receipts/Invoices from the Bureau of Internal Revenue (BIR).

**REQUEST FOR APPROVAL DESIGNATING THE LISTED NTA OFFICIALS AS THE AGENCY'S REPRESENTATIVES IN SECURING AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM THE BUREAU OF INTERNAL REVENUE (BIR) is hereby APPROVED.**

Atty. Obusan: Thank you very much. Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?

- Dir. Trongco: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.
- Dir. Sema: I second the motion. Ano oras tayo tomorrow, Attorney?
- Atty. Obusan: 10:00 AM po Director.
- Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. *(Meeting was adjourned at 4:15 PM)*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**27 MAY 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today May 27, 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees: Board Audit and Finance, Research and Extension, and Nomination, Remuneration, and Personnel is now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco,



representing the Tobacco Farmers Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and, Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector will be joining us online via the virtual platform. *Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under the:

- A. COMMITTEE ON BOARD AUDIT AND FINANCE**  
Chairperson: Dir. RAY A. ELAYDO  
Members: Dir. GERRY VIRGILIO V. GUZMAN  
Dir. LUZVIMINDA U. PADAYAO

**1. REPORT UPDATE ON THE STATUS OF NTA'S REQUEST FOR APPROVAL OF THE PROPOSED CPCS SALARY STEP ADJUSTMENT BY GOVERNANCE COMMISSION FOR GOCCs (GCG)**

Atty. Obusan: May we recognize the Resource Person, Mrs. Dinah E. Pichay, Manager, Internal Audit Department. Go ahead Ma'am.

Mrs. Pichay: Good morning to everyone. Good morning to our Administrator, Ma'am Bel, and to the Honorable Members of the Governing Board. Good morning also to DAOP Casela, DASS Benedict, and also to our Executive Assistant and Special Advisor to the Administrator, Mayor Ben.

Allow me to present the historical background of our request to the GCG for the adjustment of the NTA Compensation and Position Classification System (CPCS). The CPCS is the GOCC equivalent of the NGA Salary Standardization Law.

So, for the benefit of our Committee Chair, Director Ray Elaydo, and Committee Member, Attorney and Director Gerry Virgilio Guzman, who were not yet around when the initiative for the request of the approval of the adjustment of the CPCS was started.

This is the summary of activities. It is actually one year; it took one year for us to receive the approval on May 7th.

So, on February 8th, 2022, we received the authority to implement CPCS under Executive Order 150, ordering to standardize the salaries of all GOCCs in the government. So, for the NTA specifically, our approval classified the NTA under Category 1, salary structure, with GOCC Grade of 16.

Pag sinabi po nating GOCC Grade 16, the highest job rate in the agency is Job Grade 16. That is assigned to the Administrator. So, the implementation was retroactive to October 5, 2021, and it clustered certain salary grades into same job grades.

Ito po yung job grade map that was included in the EO. As can be seen, makikita nyo po dito, there are salary grades that were integrated into one job grade. Like for example, Salary Grades 4, 5, 6, and 7 became just one, Job Grade 5.

Salary Grades 9 and 10 were integrated into Job Grade 7. So, with the SG 11 and 12, it became Job Grade 8. SG 13 and 14 became Job Grade 9. Salary Grades 15, 16, and 17 became Job Grade 10. And Salary Grades 18, 19, 20, and 21 became Job Grade 11. And the Salary Grades 22, 23, and 24 became Job Grade 12.

Also included in the approval were the following under Office of the Administrator. Although Salary Grade 25 po yung Attorney V position, it was assigned a Job Grade 12 also. So with the two Project Manager positions, although vacant pa po yan, SG 25 also was assigned a Job Grade 12 salary.

So ito po yung reason why we requested for a declustering because it caused demoralization, especially specifically po dun sa yung mga nasa higher grades, mga Division Chief po, ito SG 24, pareho na sila ng sweldo ng Supervising na SG 22. Pati po yung SG 21, at 19, pareho na sila ng SG 18 ng sweldo. So, the approval of the EO for NTA, the CPCS for NTA disregarded po yung hierarchy of positions and the level of authority, accountability, and responsibility.

That's why we requested GCG for a declustering. So ito po sya, on May 26, 2023, we transmitted the request to GCG for the declustering of affected salary grades. The feature of the declustering proposal, we requested that lower SGs merge with higher SGs will start at Step 1, while higher SG will start at Step 5, although the minimum and maximum limits of the job grade as originally approved by the GCG will be retained kasi yun po yung specific instructions nila.

And SG 25 positions could be reclassified and adjusted to job grade 13. Yun po yung original request natin. So ito po yung itsura yung table natin for approval to GCG.

Makikita niyo po dito yung SG 5, a job grade 5 na nag-merge ang Salary Grades 4, 5, 6, and 7. Yung lower grade maintained the Step 1, while the higher salary grade will take the Step 5, as first step.

Likewise, ito po yung talagang affected e yung job grade 12, Supervisor and Division Chief position. Dati po, pareho silang Php 80,003 noong na-approve.

But we requested that to have a distinction kasi iba naman yung level of accountability ng Division Chief. We requested that Division Chief will take as Step 1, yun pong assigned sa Step 5, in the original.

On August 1, we received a verbal communication from GCG to exclude yung reclassification request for SG 25 because it will delay daw the process of approval for the step increment adjustment. Because yung evaluation ng SG 25 is reclassification.

Considered reclassification of Salary Grade, hindi lang po siya adjustment of step increment. And it will take a deeper evaluation kasi titignan nila ano yung actual positions, actual functions ng SG 25. Does SG 25 positions in NTA have actually supervisory functions, may tao ba sila under them? Yung mga gano'ng evaluations po. So, GCG requested that we exclude yung request for SG 25 adjustment. On August 2, we transmitted the request to GCG. So, yung revised request, tinanggal na namin yung reclassification of SG 25.

And immediately after a week, tumawag po ang GCG, informing us that our request is approved in principle, but subject to submission of the NTA Board Resolution, approving the CPCS step increment, and the D.A. Secretary's endorsement to the GCG of the Board Resolution. So immediately, the following schedule ng Board Meeting, we sought the approval of the NTA Board for the passage of the required resolution, for the adoption

of the step increment and the endorsement ng Secretary. And, ito po yung board resolution, BOD Resolution Number 124, dated August 17.

Makita niyo po dyan, the Board not only sought to approve the proposed salary step adjustment, and sought the Secretary's endorsement, but the Board included, although sabi natin longshot ito, kasi baka hindi nila i-retroactive, but still the Board included that, or should our request be approved, yung pong effectivity nya will retroact to the original October 5, 2021.

So, on August 18, immediately after the board resolution passage, we already transmitted our letter to then D.A. Secretary, President BBM, for endorsement to GCG. Dito po actually nagkaroon ng delay, kasi August, nung Secretary pa po si President Marcos, mukhang nawala po yung request natin because of the change in leadership.

Tapos naging si USec Panganiban po ang Alternate Chairman Designate, but every time we followed up, parang nawala po yung mga requests natin.

So, we reconstructed the transmittal to the DA, seeking endorsement to the GCG. It was only through the intercession of our USec DV Savellano, dun lang po nagkaroon ng pag-asa, kasi after the USEC interceded, the DA immediately transmitted the board resolution to together with the endorsement to GCG. On May 7, 2024, we already received the GCG approval of the salary step adjustment.

So ito po yung approval. Meanwhile, makikita niyo po dito that the NTA request for approval of the proposed salary step increment is granted. And happy po tayo because the effectivity of the adjustment was made retroactive to October 5, 2021. Yung akaia natin na baka hindi pagbigyan, it was approved by GCG. With that po, the employees that stand to benefit from the approval are those holders of Salary Grades 7, 10, 12, 14, 16, 19, and 24.

They stand to benefit from this. They will have a salary differential to be computed from October 5, 2021. And for the information of the Board, yun pong original ano natin or request natin for reclassification of SG-25 to job grade 13, we already submitted last Friday. In-approved na po ni Ma'am Bel, de-classification. Kaso hindi nalang binanggit po dito.

Hindi namin alam if yung SG-25 na naging job grade 13 was also approved. So yun pong ang next na hintayin na i-work out natin with GCG. Hopefully, they will see the merit of our request.

And yun pong, Notice of Salary Adjustment (NOSA), of all those affected was already approved by Ma'am Bel and to be distributed na po. So happy po lahat ng mga nabanggit na salary grade holders. And also, for the additional information, CPCS1 is undergoing review. Hopefully, the loopholes, yun pong mga flaws of the CPCS1 will be addressed sa CPCS2.

Last week, we already received feedback from SGV. Ito po yung na-commission ng GCG to review the CPCS1. And they are asking for feedback. Deadline for submission of our suggestions for changes in the CPCS1 will be until tomorrow. Siyempre, nilagay po po natin lahat doon yung mga nakita natin ng mga flaws.

Dahil yung hindi nila sinunod yung step, lahat po tayo nag-start sa Step 1. Although under SSL, naka Salary Grade, at naka-Step 7 or 8, binalik po lahat tayo sa Step 1. Yun po kasi yung step increment ay, yun po yung binibigay as increase in salary if you are not promoted in three years' time. So, pwede ka pong mabigyan ng adjustment.

I also asked the other Department Managers ano po yung mga comments nila sa CPCS1. Siyempre, yung pong declustering of SGs merged into one Job Grade, or salary distinction for those performing different levels of accountability and responsibility.

Also, yung maintenance of present step level and the maintenance of reckoning date for the computation of step increment. Kasi parang yung iba, especially yung mga nasa Step 8. Kung kailan na-approve, like for example, October 5, doon na po yung reckoning date ng pag-count ng step increment. Sana ang gusto natin is ituloy-tuloy lang yung dating count.

Also, review of GOCC categorization, criteria and levelling. Kasi ang nakalagay po doon ay nasama tayo sa category na GOCCs Category 1. This is for the GOCCs that are heavily subsidized. Walang category for partially subsidized and partially generating internal revenues.

Hindi naman po tayo heavily subsidized kasi we also generate our own revenues. Tapos, a more equitable step increment assignment based on levels of accountability and responsibility. Napansin po kasi namin, yung Job Grade 11 adjusts by increments of almost Php5,000 between steps, while other job grades increase only by Php580, Php184, Php491, and Php604.

Sa Deputy nga po, ang increase lang per step is Php2,540, sa Administrator is Php2,870. While yung Job Grade 11, ito po yung sa mga accountant, Php5,000 ang difference between steps.

Kaya, tuwang-tuwa po sila kasi yung salary differential nila ay aabot ng half a million pesos.

Dir. Serna: Ma'am, how do you determine in giving this step increment? Is it based on the number of years you work for the agency?

Mrs. Pichay: Yes, Sir. Yung Step 1 is, yun nga po, yung bilang kung kailan ka napasok for example. Then after three years, hindi ka na-promote, bibigyan pa po ng additional step, mapupunta ka sa Step 2. Then the trend continues kung hindi ka ulit na-promote after another three years.

Dir. Serna: Thank you, Ma'am. One more thing, do we have the capability to give this salary adjustment or increase to the employees? Kasi based on this approval by the GCG, this is subject to the financial capability of the NTA.

Mrs. Pichay: Yes, Sir. We already asked naman po ang Finance Department regarding this. Actually, hindi naman po lahat mabibigyan ng salary differential. Only yung mga affected SGs lang.

Dir. Padayao: So, around how many employees yun, Ma'am Dinah?

Mrs. Pichay: Wala pa yata pong 50 employees, more or less. Kunti lang rin naman, po.

Dir. Guzman: How much it will entail to implement this?

Mrs. Pichay: Siguro, baka na compute napo ng Finance, Sir. I think they are in a better position to answer that question.

So, other suggestions na changes po, yung timeliness of CPCS implementation. Sinabi ko dito, initial CPCS was implemented way behind our counterparts in the National Government Agencies covered by the Salary Standardization Law. It deprived GOCCs kasi ang NGAs, nag-increase na sila ng SSL ng January. Ang GOCCs, wala pa.

Dir. Padayao: So, we were deprived? Kasi sana na-cover pa tayo ng SSL 5, before nag-take effect yung CPCS. Yung other government agencies, nagkaroon sila ng increment as a result of the implementation of the SSL 5, sa atin wala tayo di ba? Parang naretain tayo sa SSL 4 nang matagal.

Mrs. Pichay: Kasi gusto sana natin makover muna tayo ng SSL 5 but ayaw nga ng GCG because ilalabas na nga daw nila yung CPCS but unfortunately the effectivity was rather late. So, we were deprived of some months or years yata of salary increase. Then, nilagay ko rin dito if CPCS can also adopt yung tranches.

Kasi parang one time, nag-increase ka ng 2021 for 3 years yun na ang sweldo mo, while sa SSL 5, kunyari ang SSL 6 mag-take effect ng January 2026 next year. Then, every year thereafter may increase yun.

Sana may provision for tranches ang CPCS. Also, some Job Grade rates are lower than their SSL counterparts in the NGAs. Because of yun nga, nakapag-increase ang NGAs, ang GOCCs wala pang increase.

And dito, yung restoration of benefits and allowances previously received which are covered by Supreme Court decision and are specific to the agency. Since the NTA employees have vested right over them. Although yun pong mga like yung Educational Assistance Incentive Bonus (EAIB), we continue to receive that only up to next year na lang. Parang after the 3rd year of implementation, aalisin na yun. Parang nawala yung vested right of those who are receiving it considering may Supreme Court decision na yun. Parang binalewala din yung vested right of the employees. Parang last year na next year yung EAIB.

Dir. Padayao: Ma'am Dinah, tama yung sinabi mo na yung bago at all managers, parang they started at the same rate. Parang na-disregard yung prior years in service, back to zero.

Mrs. Pichay: Parang yun ang isang loophole na nakikita natin na nabalewala yung present step. Yan nga yung sinasabi yung SG-22 Supervisors and SG-24 Division Chief na-merged into Job Grade 12. Ang naging effect po niyan yung mga Division Chief, parang syempre demoralized. Kaya ang biruan kay may documents for signature, sa SG-22 ka na magpapirma.

So, bale 54 employees lang po yung affected and we have 5 retirees.

Mrs. Arrojo: Since may retroactive effect po Ma'am Luz, parang kasama ka po doon sa retirees, pero five days lang po kasi upon effectivity, 5 days after po yung retirement ninyo.

Dir. Padayao: Ganun ba? Salamat kung ganoon. Sana rin yung categorization ng NTA will change from Job Grade 16 to 17.

Mrs. Pichay: Yun yung pinapangarap natin kahit isang step lang na increase para increase din ang sweldo nating lahat including the per diem of Board of Directors. Kung may increase po ng job grade kasi masasama yung rate of per diem. But again, sinasabi natin that's a long shot kasi titingnan nila yung kakayanan ng agency to generate internal revenue.

- DAOP Casela: So we have to step up on our collection rate to generate it. Ma'am Dines, hindi ba na-include yung ano natin, yung supposedly revenue natin na copy furnished from BIR?
- Mrs. Pichay: Actually Sir, noon pa namin request yan, we worked out with DBM for them to recognize our share in 4155 and excise tax as revenue. But ang sabi kasi nila it's not actually revenue kasi without intervention from the NTA.
- According po sa kanila revenues are those fees in exchange of a service. Yun po yung stand nila. So, if you did not give service, so hindi siya revenue at share po kasi daw yun eh. It's still considered a subsidy.
- Dir. Elaydo: So, formulate na lang tayo ng policy na kung magpa-certify sila ng production ay may fee or corresponding percentage based on the volume of production being requested for certification, as a way of increasing revenue for the agency.
- DAOP Casela: We have to increase certain fees. And since NTA is certifying the volume of production per municipality per province, there should be a corresponding fee. It's a source of revenue to increase our share.
- Mrs. Pichay: Pero batas po yun, we are just instrument to implement it, at yung certification natin is not intended for the LGUs. We certify and we submit to DBM. So parang walang actual service rendered.
- Dir. Padayao: We undertake a lot of endeavors in determining the volume of acceptances per locality. So, wouldn't that constitute an endeavor or activity for NTA?
- Dir. Trongco: Yes. Kasi unfair naman na sinasabi na wala. We are rendering service for the LGU. That's why it could be classified as revenue. There's nothing wrong if you try to inquire from DBM the validity of our intention of collection of fees from itself in the case of issue.
- Mrs. Pichay: Yes, sir. We will try, sir. But yung mga initial dialogue, ano kasi sabi nila, yun kasing share nyo sa excise tax is included in the fiscal space. Parang, short of saying that they are using it, sir, parang inutang na nila without asking permission, pero binabalik naman daw.
- DAOP Casela: As revenue for NTA, like commodity clearances, services, and so forth. So, there's a provision of law that an agency can increase fees within a period of up to five years. And since the last time there was an increase of fees, it's more than five years already. Management is reviewing the possibility of increasing our fees.
- Dir. Guzman: I have a question. Including TCGS fees, R&R?



- DAOP Casela: Yes, all of those fees. Conduct of all of our services with corresponding fees. But you know, for a fact, yung TCGS services, they always recommend that. You know how they do it.
- Dir. Padayao: That should be discussed. Kasi nga minsan, yung nagpapa-inspect Parang palit ng gasolina lang yung sisingilin natin. Eh, ang darning boxes na inspect, or magbayad lang ng Php150 or Php200. Sabi ko, what's this?
- DAOP Casela: Now, I'm just really old with the disparity of the value of those imported and exported as compared to fees we're collecting as you mentioned, Ma'am. Minsan, even millions of dollars, yung worth ng commodities. So, kung kwentahin mo sa Php50 per dollar, ang laki. Tapos titignan mo lang yung fees, it is so negligible.
- So, I think it's just about time for us to review all the levels of collection for our fees. And of course, yesterday I discussed this already with the board members, and we'll be consulting other managers with respect to this.
- Dir. Trongco: Sir, from the very start, yung mga technicians natin, they're providing technical assistance to their farmers already. And with that technical assistance, that is service already, and with that assistance and technical service, there's a way of increasing the production of the farmer. So, if you're satisfying the volume, I think it's tantamount to saying na may serbisyo na ginagawa na kailangan. May serbisyo tayo na dapat bayaran naman.
- DAOP Casela: Ang alam kasi nila, mayroon tayong tinatanggap from LGUs. Sa totoo wala, yung sa paggawa ng IRR ng 7171 or 8240, nakaligtahan ang NTA. In fact, dito sa 4155, 80% napupunta sa universal healthcare.
- Sa atin, para yung doktor pumunta ka, may professional fee. Sa atin, kung may sakit yung halaman ng farmer, pupunta yung technician, sasabihin kung anong gamot. Parang ganun din, it can be associated that way.
- Dir. Padayao: Sir, this a matter of coming up with consultation? Then if there's approval, establish a policy?
- Mr. Sarmiento: No, if there is consultation, hindi natin maano yan. Para sa akin, dapat policy na agad. So, sinong mag-question pa? Wala na siguro, kasi trabaho naman natin ito.
- Isipan natin ng magandang paraan. Based na lang siguro sa production nila, certain percentage? Kasi yung value naman, dependent sa percent collection.

- DAOP Casela: All these things can be worked out. But the first thing we could do is to have consultation with all sectors concerned with increasing fees. Sabi nga ni sir kung i-consult mo yan, baka ayaw agad nila. Kaya dapat pag-aralan.
- Dir. Guzman: Still, there should be consultation. It's a requirement to have consultation before you can increase. Of course, if you will consult them, baka negative agad ang sagot. Ipaliwanag na lang na mabuti. Kasi meron yung tinitignan sila, yung batas, yung impact ng pag-increase mo ng fees.
- Ano bang impact nito sa Negosyo, itong pag-increase mo ng fees? There's corresponding requirement for that. If you impose increase in fees, meron kang justification of the corresponding increase of fees.
- Dir. Padayao: Excuse me. Sir Ben, malapit ka naman sa mga politiko. Yung parang pasaring lang, ano kaya maging reaction ng mga LGUs?
- Mr. Samiento: Tiyak, ayaw yan, baka ipatigil pa yan. Kaya kung pwede lang, wala n asana consultation kaso hindi naman pwede.
- DAOP Casela: The collection of fees will be undertaken by DBM?
- Mr. Samiento: Yes, DBM, mas maganda and mas madali.
- And that amount to be retained as fee for NTA, there should be certain agreement between NTA and DBM as to the remittance to NTA later on.
- Dir. Guzman: Imposition of additional fees will always be met by resistance. Ngayon pwede nga siguro deduction prior to receipt of the LGUs share.
- If we can formulate the imposition of fees to cover reasonable expenses for the imposition of that regulatory measures. So, you can increase for as long as reasonable and just to cover the expenses, yun ang usually patakaran sa imposition of fees.
- DAOP Casela: So, on that issue, we are just debating whether we need to do that. And we will be presenting some ideas, some information before this coming scheduled Committee meeting. We'll go back to this, to cut short the discussion because of the limited time we have.
- Dir. Serna: So, while awaiting the final computation for this salary adjustments, defer muna natin approval nito?
- Mrs. Pichay: Sir, approved napo ito ng Board, may prior resolution na po ito.

DAOP Casela: Meaning to say that what has just been reported by Manager Dinah is just for general information of the body. May budget na po ito.

Mrs. Arrojo: May budget na po ito. Actually, pag PS, it's always the priority to be paid. In fact, we can realign MOOE to PS but not PS to MOOE.

Lagi pong priority ang PS because these are services rendered for employees. We have to approve that. So, I think kung si Ma'am Miles is online, probably she could prepare na lang yung total amount needed for the information of the Board. Or anyone from Finance.

Atty. Obusan: Any more discussions regarding this agenda? If there is none, we can move on to our next agenda. Thank you very much, Ma'am Dinah. Under...

**B. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. DANILO C. TRONGCO

**1. REPORT ON THE PHYSICAL QUALITY INDECES OF THE TYPES/SUB-TYPES OF TOBACCO FOR CROP YEAR 2021 TO 2023**

Atty. Obusan: To report on this matter, Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP) and Mrs. Myrna O. Lozano, Manager, Industrial Research Department

DAOP Casela: Good morning again to everyone. The agenda is Presentation of the Quality Indices of our Tobacco Production for Crop Years 2021 to 2023.

This has been requested by the Honorable USec DV Savellano, and just like last time, we presented the chemical properties and characteristics of tobacco together with the level of production of different tobacco types and subtypes. Now we're going to be informed as to the quality indices or is the production of tobacco in terms of quality increasing or decreasing in terms of grades.

So may I please request Madam Myrna Lozano, the Manager of IRD, to make the presentation. Madam Myrna, please. Thank you.

Mrs. Lozano: Thank you, Sir DAOP. Good morning to all of us.

This is a continuation of my presentation last committee meeting.

But today, we will tackle the comparisons on the physical indices of Philippine grown tobacco. And I'm going to present to you the grade distribution, leaf length and leaf width. These are the physical attributes of our tobacco.

The first presentation report is a summary of percent grade distribution of IRD-QAD collected leaf samples, RD, that is Regulation Department, consolidated total Virginia tobacco acceptances by grade, and the NTA target yield based on the Standard NTA Grade Grouping. So, dito sa unang table, this is 2021-2022. Ang ginawa po ng IRD dito, nag-collect sila ng samples, and they regraded and reclassified yung na-collect nilang samples, parang they grouped them into high grades, medium grades, and low grades.

And based dito sa at kanilang findings, yung Quality Assurance Division, yung neutral Virginia ay medyo mababa po ang high grades, that is 59%, compared po sa improved flavor na 68%. But if you get the average of the two, it is 64% na malapit po sa target yield ng high grades which is 70%. But for the Regulations Department data, masyadong mababa po, it's 33%, 26% for the medium grade, and napakalaki po sa low grades, it's 42%.

This is because of the freak rains that happened noong 2021. But dun sa collection ng IRD, dahil syempre medyo maganda po yung na-collect nila, tumugma naman po. But then the problem is, for 2021-2022, masyadong mababa po talaga yung high grades natin.

Almost half noong target na value which is 33%. And yung low grades talagang napakababa, almost 50%, at 42%.

We go to 2022-2023, yung nangyari po ay malapit-lapit na po sa NTA target yield, both for the IRD and the Regulations Department. Only that, medyo bumagsak tayo sa low grades, kasi supposed to be 10%, pero meron pang sobra na 5-6 %. The implication on this is that, yung 2023 natin na yield, ay more or less na-achieve po natin yung NTA target yield.

Ibig sabihin, ang ating mga farmers ay medyo okay po yung kanilang produce, which is supposed to be, eto po yung pinapakita natin, kasi para mainganyo pa yung ibang farmers, to go to Virginia tobacco production. Kasi kung titignan natin, most of the Virginia production ay wala po tayong sobra for domestic consumption. Nag-import pa tayo para mapunuan yung ating pangangailangan na domestic consumption.

We go to Burley tobacco. Ang Burley tobacco po, yung grade distribution niya, noong 2021-2022, ay mas mahigit pa yung na-analyze ng IRD, and even the RD, na it's more than 80% and

70% respectively for high grades. And also, for the medium grade, okay naman po siya.

The same is true with the 2022-2023 production. Dito makikita natin na pwede pa lang marating natin, makuha natin yung 80% na high grade.

So ibig sabihin, yung ating production ng Burley ay maganda talaga. And even, meron pa nga siyang almost zero percent low grade for the 2021-2022. And for the 2023, ano na lang siya, almost 5 percent. As compared mo sa target yield, it's 10 percent. So maganda po yung ating production ng Burley for the last two years.

Ito naman po yung physical na nakikita natin sa dahon. So the neutral virginia, ang pinaka-length nga ay ranges from 11 to 18 inches. At makikita natin talaga yung cutters or the middle leaf base ay malalaki po.

And then when you top the tobacco, ay halos malalaki na po yung length nya. Magiging 19 to 24 inches. So yung topping po ng ating virginia tobacco, it increases 6 to 8 inches po yung dating haba ng natural tobacco.

We go to Burley, ang Burley din naman ganun din. If you top the tobacco, halos pantay-pantay na po yung length ng leaf, cutter, and flyings. But then may nakukuha pa rin tayong non-discrete na ito ay 17 inches to 20 inches.

Kasi hindi rin naman natin maiwasan na may error kung minsan sa harvesting. Yung mga diseases also, yung mga kinakain ng mga bad worm, kaya nagkakaroon po tayo ng non-discrete.

So, all in all, yung ating production po ng Virginia and Burley, almost na-achieve na po natin yung target, standard NTA targets ng 70% yung high grade, 20% ang medium, and for the low it's 10%.

Makikita natin sir yung classification or categories po ng medium grade natin, isinama natin yung F. Which is na dapat sundin natin kasi ito po yung nasa production manual, manual ng Virginia and Burley.

So noong 2023 po yung produce natin, kapag compute natin yung high grade to medium, nakapag-produce po tayo ng 84% po sa Virginia, and for the Burley it's 95%. Mataas po. That's it lang po. Thank you very much.

Atty. Obusan:

The floor is now open for any comments or discussions from the Governing Board.

- Dir. Padayao: To the already presented chemical characteristics, the same ba, inversely proportional or directly proportional?
- Mrs. Lozano: Actually Ma'am, sa leaf position, regardless na po yung mga physical additives niya, kasi talaga sa harmonized grading, wala na po kasi yung factor for the leaf and the width.
- So ang treatment natin dito ay per leaf position, kasi bawat leaf position may iba-iba pong use.
- Dir. Padayao: Ibig kong sabihin, kung mas mataas yung quality, is it always true that mas mataas din yung nicotine, yung attribute of good tobacco based on chemical?
- Mrs. Lozano: Yes ma'am. Pag maganda yung quality ng tobacco, mas mataas. Kasi nga po, yung katulad ng Virginia, for the improved flavor, nakikita natin na yung orange. Kasi yung orange, yung color, pag medyo orange po yung leaf, mataas po ang nicotine. So yung sa neutral tobacco, almost yellow. Lahat ng neutral, lemon lahat.
- It's 1 to 1.2% lang po yung highest niya. So nakita natin po yung grading, yung sa, let's say yung mga companies, na preferred talaga ang neutral, ang gauge lang nila is the yellow and the thinness ng tobacco. Pag makapal na yung tobacco mo, it will fall under non-discreet. Wala siyang classification.
- Dir. Padayao: Yes, ma'am kasi, hindi lahat ayon eh, yung sa kanilang classification. Dapat talaga intindihin naman ng NTA yun. Kasi pag yung pagbenta nila ng tobacco sa kanilang mga clientele, wala na yun eh, makapal yun eh.
- Mrs. Lozano: So yung use niya sa cigarette ay makapal yun eh. So ibig sabihin, mataas ang juice, ay mababa ang sugar, yun ganun po. So preferred talaga nila yung mga yellow, mga lemon, and the thin.
- Dir. Padayao: Kasi yung conversion of starch to sugar ay parang walang nangyari ano?
- Mrs. Lozano: Yes ma'am, kasi yung sugar talaga ay requirement ng blended. Yun po yung aroma, o kaya yung matamis-tamis.
- DAOP Casela: Thank you Madam Luz for that question regarding the presentation of Madam Myrna. And can I just ask one question Madam Myrna? In terms of the relationship of nicotine and reducing sugar, is it always inverse or in terms of level?
- Mrs. Lozano: Yes. It's called nicotine over sugar, and it ranges from 13-15. Balik na po kasi, dahil nag-iiba naman ng preference ng non-smoker, at mas gusto nila yung mas matapang na ngayon. So nag-produce po tayo ng high nicotine tobacco.

Yung ating improved flavor ngayon ay ginagamit ng blended or source ng nicotine ng ating mga local cigarette manufacturers. And yung sugar naman po, na-idadagdag nila sa blended through Burley. Kasi pag ni-roast nila yung Burley, pwedeng doon mag-absorb ng sugar and the flavorings na gusto nila yung preference ng blended. So yun yung ginagawa na process ng ating mga cigarette manufacturer. Parang ni-roast nila yung Burley, and then dinagdagag nila ng sugar and flavorings.

Kasi alam natin yung Burley, air-cured siya, hindi siya flue-cured. Wala po siya, zero sugar na kasi siya.

Dir. Padayao: Mayroon pa akong isang observation, kasi dito sa Virginia Neutral, parang yung RD at saka yung collection nyo talagang ano, hindi magkaka-tugma. Oo, they are not relative at all. Kasi mababa sa kanila, at saka mataas sa inyo. At nasabi mo na siguro yung collection of samples nyo had something to do with it. So, hindi kaya dapat natin i-review yung collection of samples para naman yung result, accurate. Pero, tama ba itong 33% ng RD?

Mrs. Lozano: Ma'am, actual kasi na po yan eh. Consolidated acceptance. Ngayon yung IRD naman, parang syempre research po kami, in-analyze namin yung talagang mga AAA hydrates, yung mga ganun, kaya mataas. Subjective kasi.

Dir. Padayao: Ang implication nito, maybe may nangyayaring downgrading din. Kasi if you have to present this data, we'll be in hot waters kasi how come na yung RD 33% tapos yung sa IRD ay 64%

Hindi tayo makapagsabi na kasi parang purposive sampling yung ginawa nyo sa IRD parang ganun. So, ibig sabihin yung purpose natin dito na to characterize the Philippine Virginia tobacco produced, ay hindi natin napasama yung mga medyo lower quality parang ganun.

Mrs. Lozano: Yes ma'am. Kasi pag nag-sampling ang IRD, yun naman po ang talagang representatives ng mga grades natin. So, yung result ng RD, hindi po maganda kasi total na po yan kasama po yung mga na-apektuhan ng freak rains, yung mga ganun. So, sa research namin, parang honest lang naman kami na i-declare yung mga ganito sitwasyon.

Kasi talaga kung i-grade mo yung tobacco mo, ganito dapat ang makuha mo. Pero the actual is, dahil kasama na yung total, mababa talaga kasi may factor na nangyari dito. But kung normal situation, ito dapat yung nangyari.

And yung grading, pagdating sa trading center, alam naman natin na Bales version grading natin dito. However, sa IRD naman, kung pwede nga lang isa-isang tobacco namin i-analyze para makuha namin yung purpose namin for the brand. Parang research work talaga yan.

But yung maganda dito, yung 2022-2023, okay na siya. Kasi wala nang freak rains.

- Dir. Trongco: So yung 5-6% sana kung na-convert yun into high grade, pasok tayo sa high grade na 70%. Ang NTA target yield, yung based on GCG requirement, high grade to medium, tama ba?
- Mrs. Lozano: Yes, Sir. Pasok po tayo. The combination of the high grade sa medium is 83%.
- DAOP Casela: Another question Ma'am, dito sa collection of samples, all the stock provisions are represented?
- Mrs. Lozano: Yes sir. Eto po yung ano namin. Yung from neutral is lugs to tips, and then yung flavor po lugs to leaf.
- DAOP Casela: Kasi wala yung tips sa info. Okay, thank you. Madam.
- Dir. Padayao: Mayroon kang data sa leaf dimensions, yung agronomic parameters. However, wala kayo yung weight. Para ma-differentiate natin yung neutral at saka improve.
- Mrs. Lozano: Actually ma'am, kasi kung titingnan mo yung harmonized grading, sana wala ng weight, wala ng length, and wala ng width.
- But then, kinuha pa rin ng mga taga QAD yung length and width. But then yung weight niya, parang bundle na lang. Hindi per leaf yung, di yung katulad ng ginagawa natin dati with Dr. Necesito.
- So, this year siguro Ma'am, kunin nila.
- Dir. Padayao: May ano naman kayo weighing scales, di ba?
- Mrs. Lozano: Sige ma'am.
- Dir. Padayao: Kasi nakita ko, maalala ko, nung researchers pa tayo, kung may data na ganito.
- Mrs. Lozano: I think may data rin sila, Ma'am, pero in bulk. So siguro kung nakukuha nila for the number of leaves, makukuha natin. Pero, I think parang hindi nila nakuha weight ng isang leaf position, parang ganun.



- Dir. Padayao: Sana. Kasi as you go to cutter, parang yung specific loop fade increases, parang ganun yung data natin. Kasi medyo similar na yung mga leaf dimensions nila, which is expected naman.
- Mrs. Lozano: Pag top napo yung tabako. Ang hindi namin naisama, Ma'am, yung sa native. Kasi may ibang klase po, pero this year, pwede natin i-habol po yung mga agronomic data na lang.
- Dir. Padayao: For chewing and filler? Yung sa Mindanao and Batek from La Union, Cigar filler from Cagayan and ISabela. Maganda siguro yun para makita natin yung thickness, mga dimensions. May samples pa naman siguro.
- DAOP Casela: So, to conclude it all, yung Virginia neutral. Virginia, the bottle type, has the lowest percent grade, high to medium grade compared to Barley.
- Mrs. Lozano: But then I think yung Virginia, okay naman na Sir, kasi malapit na sa target yan. Para makapag-encourage tayo ng more farmers to plant.
- Dir. Elaydo: And siguro yung sinasabi nilang hindi sila kumikita. Nakita na natin sa data na it's not kumikita sila. But, siguro nagpapadagdag ng subsidy.
- DAOP Casela: Okay. Pambayad ng utang daw, yung mga gano'n. Kaya dapat Ma'am, yung magkaroon tayo ng data mismo sa IRD. Para at least mayroon tayong hinahawakan data.

So, Madam Myrna, this is just a deduction from what we have discussed. That taking all things normal in the production process, we could attain the level of production.

Yield, quality, and of course the chemical content with backward producing. And with the data of Madam Myrna, it can be deduced that with the direction of both the private sector and NTA, it's consistent. That in terms of the achievement of higher quality, you could increase that by way of agricultural practices that is topping. And of course, the volume and kind of fertilization. And likewise, as mentioned by Madam Myrna, with the harmonized grading, you're not looking into the width, the length anymore, but rather more at the color and the texture. So those are the information that can be gathered from the presentation of Madam Myrna.

And I think with the data presented, it's consistent. So, I think as suggested by Madam Padayao, we should look into the manner of sample collection of Madam Myrna next time. And with regards to the comparison with the imported tobacco for the nicotine content, maybe we can present also.

The tobacco produced is comparable to those imported. So that our private sector and the cigarette manufacturers can increase the volume they're buying in the Philippines. So that our farmers can grow more. Because they won't import anymore, the cigarette manufacturers. And even the e-cigarettes.

And I don't know if it's just right for you to report yung meeting natin sa DTI. Madam Myrna, can you please make the presentation, because this is about the possible tie-up with DTI with respect to utilization of our laboratory. Please incorporate this for next committee meeting. Thank you, Madam Myrna.

Atty. Obusan: Thank you Sir DAOP and Ma'am Myrna. We now move on to the next agenda. Under...

**C. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. DANILO C. TRONGCO

**1. REQUEST FOR BOARD CONFIRMATION OF THE APPROVED SHORTLISTED APPLICANTS TO VACANT PLANTILLA POSITIONS**

*(After the presentation made by the Resource Persons, Members of the Governing Board decided that ensuing discussions be held in Executive Session.)*

**2. REPORT UPDATE ON THE STATUS OF TERMINAL LEAVE CLAIMS OF RETIRED NTA EMPLOYEES**

Atty. Obusan: Madam Chair, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS) and Mrs. Zenaida T. Arrojo, Manager, Administrative Department.

DASS Savellano: Good afternoon po ulit sa lahat, Ma'am Zeny will be reporting regarding this topic.

Mrs. Arrojo: Okay, good afternoon. This is a continuation of the Terminal Claims of retired NTA employees which was reported during the last GenCom and Committee Meeting. The only thing to add is that there were only two documents for reconciliation with the Finance Department, that of Mr. Ramon Fernandez and Mr. Alex Borje.

And as you can see, there were two retirees but no submission of documents yet. And upon further inquiry from Pangasinan branch, the documents of retirees are still in process by the accountant and resident auditor. Kasi po Ma'am Luz, pina-pre-audit na kasi nila.

So once na andito na po sa Central Office, at least malinis na. And yung kay Marina Pine, nasa resident auditor and Lorna Espanto sa accountant. So wala kaming hawak ngayon for processing or whatever. Zero balance po kami.

But then some branch offices, some resident auditors in our branch are accommodating pre-audits. But in some branches, ayaw. Kasi it's no longer mandate naman kasi mag-pre-audit. Kung ipa- pakiusap ko nalang. Siguro yun, magkiusap tayo sa kanila.

Dir. Padayao: Kpag nakita nila na-retiree na ito for the next year, they can start sorting out their documents, especially their DTRs and TEVs para hindi na mahirapan pag na-reach nila yung retirement date nila.

Mrs. Arrojo: Opo Ma'am.

For the head of the agency that requested them to render overtime. And then andun na din yung application for CTO. So yun yung mga attachments, yung mga PAN nila, DTRs na dapat na-complete. Kasi meron pa rin yung iba na nawawala yung time out. Kaya yun yun ang nagpapatagál din po.

Dir. Padayao: Thank you, in behalf of the all the retirees we really appreciate your hard work here and of course I am really glad wala na tayo naririnig na mga complaints.

Atty. Obusan: Thank you very much Ma'am Zeny. Any other comments po or discussions on this matter? If there is none, we now move on to our last agenda.

### **3. REQUEST FOR CONFIRMATION OF THE WINNERS OF THE TGY NATIONAL CONTEST FOR YEAR 2022-2023**

Atty. Obusan: Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations, to present this agenda.

DAOP Casela: Good afternoon to each and every one of us. What I'm going to present to you is one of the programs of NTA.

And this will be one of the highlights of the celebration of the upcoming anniversary on July. So, as it is now, my request to the NTA Governing Board is for the approval and confirmation of the winners for the TGY for year 2022-2023. The National Technical Committee made evaluation of the contestants for the three-year period.

And each branch has their own for the three-year period, ngayon lang magkakaroon ng national TGY winners. Kasi for the past

three years in 2019, there was no recognition of the winners because of the pandemic. So, there is compilation of the result of the evaluation made by the National Technical Committee.

And the TGY is a competition of provincial winners for all types of tobacco. And the National Advisory Council comprehensively evaluated the submission of the result of the National Technical Committee. And this is the result of the evaluations made.

And with respect to this, there is a board resolution. There is a resolution of the National Advisory Council with respect to the winners of the TGY. However, during our deliberation, in the presentation of the winners, yung kasing yung winners, merong recommended by the National Technical Committee na dalawang winners, kasi insignificant yung difference, less than 1%.

However, that recommendation was denied by the National Advisory Council because we find that the implementing guidelines of the present TGY contest must be recognized and be applied. However, there are other recommendations that will now be implemented in the next TGY contest.

And as a result, for the Virginia Neutral tobacco, the winner is Leonila D. Cabanban with a total score of 92.65%. And the Assisting Extension Worker is Aldouse Ramil C. Ubungen

And likewise, I'd like to make mention that correspondingly, there will be prizes or awards for the Assisting Technician for the TGY farmer winners.

For the Virginia Improved flavor from Vigan, in the person of Leonila G. Riambon with a point score of 92.04%. And the attending technician is Ian Michael C. Ventura.

For the Burley Neutral flavor, the winner is from Pangasinan, in the person of Rolly M. Gulla with a point score of 87.17%, and the attending technician is Edna C. Perlaoan. F

For the Burley Improved flavor from Cagayan, Felix O. Salazar with a total point score of 89.83%, and the attending technician is Harold Z. Quilang.

For the Native Cigar Filler, Cagayan again. The winner is Archie B. Versola with a total point score of 93.67%, and the attending Extension Worker is Orlando B. Arugay.

Lastly, the Native Batek Chewing is from La Union. The person of Jose Corpuz with 85.11% point score, and the attending technician is Leni M. Arciaga.

That's why there is a resolution here requesting the Honorable Members of the Governing Board of NTA to approve and confer

the recommendations made by the National Advisory Council on TGY with respect to the winners of the TGY contest for the year 2022-23. Thank you so much.

Atty. Obusan: Thank you Sir DAOP. The floor is now open for any comments or discussions from the Governing Board.

Dir. Trongco: Sir, can you present to us the source of the points?

DAOP Casela: This will be parameters established for the determination of the level of performance of our farmers. And we have the Yield, Grade Index, the Cost of Production Per Hectare, the Crop Value Per Hectare, and the Net Income Per Hectare.

For Leonila D. Cabanban, the yield is 2,646. This is Neutral Virginia, where the grade index for the high is 93.42%, medium is 4.27%, low is 2.31%, and the cost of production per hectare is Php118,289.29; the crop value or the proceeds of the sale of this produce is Php218,960.10 for a net income of Php100,670.81. This is for the Virginia Neutral.

For the Virginia Improved Leonila G. Riambon, the yield is 2,988.94. However, in grade index, the high is 70.28%, medium is 14.75%, and the low is 14.97%. And the cost of production is Php90,218.22; the proceeds of the sale of this produce is Php239,651.01 for a net income per hectare is Php149,432.79.

For the Burley Neutral, the winner is Rolly M. Gulla with a total yield of 3,595 and 89.3% for the grade index that is high. It has only the high and the low grade index. The low grade index is 10.7%. The cost of production is Php101,691.86; the proceeds of the sale is Php246,921.30, for a net income per hectare of Php145,229.44.

For the Burley Improved flavor, we have Felix O. Salazar with a total yield per hectare of 3,096.18. And the grade index of 96.12% for high, 3.88% for medium. And the cost of production is Php150,460.95 per hectare with a crop value of Php218,645.25 and the net income is Php68,184.31.

For the Native Cigar Filler, the winner is Archie B. Verzola with a yield of 2,734 kilograms and grade index of 89.22% for the high, 10.16% medium and 0.62% low. And the cost of production is Php107,580.80 and the value of the proceeds of the sale of which it produced is Php180,419.40 with a net income per hectare of Php72,838.60.

Lastly, the Native Batek Chewing, we have Jose H. Corpuz with a yield of 3,015.18 kilograms per hectare with a grade index of high, which is 93.11%, 4.42% for medium and 2.47% for low. With the cost of production per hectare of Php92,535.94 with a crop value

of Php185,576.28 and the net income per hectare is Php93,040.34.

These are the results of the evaluation made by the National Technical Committee with respect to the established parameters in determining the winner's money. Thank you.

Dir. Padayao: Okay, For the Burley Neutral and the Burley Improved, the yield is okay because there is no question about it. There is no question about the yield because there is no increase in the total area of land. The justification is that the total number of leaves is justified as higher because even if it is pushed, the result of the topping, it will not be equal to the number of leaves that will be extracted. That is what we justified back then.

But let's look at their net income. Because it is Php145k as compared to Php68k, right Sir?

DAOP Casela: Yes. Based on the data, I do agree, Madam, on your observation. Because we have been always advocating that for Improved flavor, of course it pays higher cost of production, but we expect that in terms of yield and production and the proceeds of the sale for the net income should be higher to compensate the higher cost of production. I think those technicians should be more aware or should be more analytical in the analysis of the data and the reporting. Those will be incorporated in succeeding implementing guidelines of the contestant.

Dir. Padayao: But as I have been advocating with all these discussions, we should be more realistic with our data. Also, there should be consistency on the part of the winner farmer in terms of the adoption of the good agricultural practices. Even if he had been declared as winner, he should be consistent in his operation all throughout, not only for the year.

Dir. Serna: Consistency. Yes. Because he's serving as a role model in the locality.

DAOP Casela: But it's now evident on this data that we are not consistent with our advocacy or our belief that improved flavor generates more yield and income. And this is already in contrast with respect to Burley Neutral and Burley Improved labor. So, there is no motivating factor on the part of the farmer to grow improved flavor because of this data.

They should be more analytical in their recording, the farmer recording. And then, as a part of the National Technical Committee, there should be more in-depth data. Actually, in our deliberation during the National Advisory Council, we found out

that implementing guidelines, the members of the National Advisory Council should also conduct a validation of the data presented by the National Technical Committee to confirm whether their data is being undertaken or accomplished by the farmer.

So, as you have mentioned, Madam, there should be a deeper validation as to the gathering of data. And what is important here is to determine also the crop stand during the evaluation period.

Yes, as I have mentioned, this is one of the highlights of the celebration of NTA Anniversary. We are requesting the Governing Board to make the approval and confirmation of the request of management for the TGY National Contest for 2024-2025. Thank you.

I would like to mention also that the declared winners will receive certain awards and cash awards. And for the winner, for the farmer winner, it's Php50,000. and Php15,000. for the extension worker.

Here in the proposal, Madam, there is an approval of the financing.

Dir. Serna: Is this the first time that a farmer will receive such an award? Is this the first time, that the women will receive it, Sir?

DAOP Casela: No. In the previous contest, there were female winners.

Dir. Serna: Our discussion is done and I move for the approval of Resolution No. 001-2024 dated May 22, 2024 for the confirmation of the winners of the TGY National Contest for the year 2022 and 2023. And also, the recognizing the extension workers and they are entitled to the corresponding cash awards and plaques during the commemoration of our founding anniversary come July.

Dir. Guzman: I second the motion.

The REQUEST FOR CONFIRMATION OF THE WINNERS OF THE TGY NATIONAL CONTEST FOR YEAR 2022-2023 is hereby **APPROVED**.

Atty. Obusan: Thank you very much. Any more discussions from the Governing Board? I hear none, there being no other matters to be discussed, can we have a motion for adjournment?

Dir. Trongco: Madam Chair, I move for the adjournment of this Joint Board Committee meeting.

Dir. Serna: I second the motion.

Admin. Sanchez: There being no Other Matters to be discussed, the meeting is adjourned. *(Meeting was adjourned at 12:45 PM)*

Prepared and attested by:



**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V





Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**10 JUNE 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 10 June 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Legal Matters and Properties  
Trading Operations and Regulation  
Research and Extension

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorable Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and, Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector.

*Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all*.

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under Other Matters, as requested by Sir Ben as he had another meeting later today.

**PROPOSAL FOR THE PROVISION OF ADDITIONAL CASH PRIZE AWARD TO ATTENDING TECHNICIANS OF NATIONAL TGY CONTEST WINNERS**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Benjamin V. Sarmiento, Special Adviser to the Administrator, to discuss this agenda. Go ahead, Sir Ben.

Mr. Sarmiento: Thank you very much. Good morning, everyone.

We are preparing for the Anniversary Celebration of the National Tobacco Administration and one of the highlights is giving awards to distinguished farmers and assisting technicians. Pero nakita ko po na yung winning farmer meron silang cash incentive na Php 50,000. Pero yung assisting technician, parang wala po, tama po ba?

DAOP Casela: Meron po, Sir Ben, Php 15,000. Po.

Mr. Sarmiento: Meron pala, baka yung previous guidelines pa yung nakita ko.

Nakikinabang naman yung mga LGUs, naisip ko na lumapit din tayo na magbigay sila ng incentive para sa mga farmers at extension workers natin.

Una, ganito po ang distribution. Dapat may mang-gagaling sa probinsya para sa cash award ng outstanding farmers plus pareho sila ng amount sa assisting technicians. Kung Php 50,000. yung sa winning farmers, dapat Php 50,000 din sa assisting technicians, ito po mang-gagaling sa probinsya po ito. So, sa lahat po ito ng tobacco types. Kung meron sa Virginia ganoon, dapat bigyan nila lahat.

Tapos nag-propose ako sa LMP na kung saan mangagaling yung winner, magbigay din sila. Halimbawa katulad ngayon, galing yung winner natin sa San Juan. Sinabi ko kay Mayor, bakit hindi kayo magbigay? Counterpart, another Php 50,000 for both farmer and technician.

Merong kami initial talk with the President ng LMP ng Ilocos, na pag-uusapan daw nila itong agenda natin at ipapa-abot hanggang sa probinsiya.

Sabi ko, sana meron tayong programa rin na mag-carve out ng mga cowboys, para mabawasan yung dami ng undocumented productions. Pumapayag naman po sila, bale gagawa ng resolution at joint effort ng NTA para mabuo yung isang ordinansa na hindi lang itong incentive ng mga farmers kundi pati yung health benefits at iba pang assistance na makakatulong sa ating mga farmers.

Dir. Padayao: Sir, bale po for both provincial government and local government?

Mr. Sarmiento: Yun po ang napag-usapan naming, initially.

DAOP Casela: Good morning to everybody. Thank you so much Sir Ben for that information you have provided us. I think that is a positive indication that the provincial government will provide these prizes, that is additional Php 50,000 for the farmer winners. That is for Ilocos Sur only, and additional Php 50,000 also for attending technicians.

With regard to other provinces, maybe we can reach out to them, so that they may provide also additional prizes for the winning farmer, national winner, and also the attending technician. But Ilocos Sur, will now serve as the role model for this.

And if there is a resolution to this effect, management will come up with a communication to each of the provincial governors or each of the top producing provinces, requesting for their comments or suggestions, or maybe approval for additional prizes for the winning farmer, national winners, and also for the attending technician. So, it was pronounced by Sir Ben that for Ilocos Sur, more or less this is already approved by the provincial government.

Because specifically for the Virginia Improved Labor, taga-San Juan ang nanalo, and there would be an additional Php 50,000 prize additional for the farmer coming from the provincial government, and also another Php 50,000, in addition for the attending technician. That is the suggestion, based on the presentation of Sir Ben to the provincial government.

So, if this continues, I think there is nothing wrong if we are going to communicate also with the Governors or each of the winning national winners, for the purpose of soliciting or maybe requesting for additional prizes for the farmer winner and also the attending technician.

Dir. Padayao: Thank you. Saka kung, siguro matanung po rin natin kung paano nila i-award yan, kung sa probinsiya nila, or kasabay ng awarding natin dito sa NTA during anniversary.

DAOP Casela: Maybe that can be discussed with the provincial Governor, of the concerned provinces, Ma'am.

So, Sir, would it be safe for our management to just come up with the communication address to the provincial Governor, thanking the provincial government through the leadership of Governor Jerry, for the additional prizes for the winning farmer and technician.

Dir. Guzman: By the way, Sir, that is every province or every branch?

DAOP Casela: No, per national level lang muna. For example, in Ilocos Sur, we have two branches, Candon and Vigan branch. There is a winner in Candon and there is also a winner in Vigan. The national winner for TGY, National Contest, is only one. The winner is a farmer coming from the municipality of San Juan. And therefore, there will be only one. The category is national level.

Dir. Padayao: Can I answer? Every three years kasi we have this national level contest. After awarding the national winner, we have to start again with the provincial winners. Para maka-ipon tayo for the next three years, then we will have again the national level.

So isa lang yung ma-awardan na Outstanding Farmer under VIF category, under VNF category. Same with the Burley and the native. Practically, yung nanano na province, sya lang yung magbibigay ng additional.

If remember right, nung time ko before, we have runners-up sa national level. However, because of budgetary constraint, siguro inalis yung mga runners-up. Minsan kasi, napakaliit lang ng point difference, so baka pwede bigyan din ng prize yung mga runners-up, mag-allot tayo ng pondo para dito.

DAOP Casela: Thank you so much. In response to the pronouncement of Madam Luz, the awarding for the national winners comes every three years. So, I think it's just but reasonable for the provision of prizes for the runners-up.

And as you mentioned, the difference in terms of competition for the ranking is not so significant. It is just logical that we recognize also their accomplishment. Now, there is a scheduled review about the current implementing guidelines.

We will include that as one of the provisions of implementing guidelines. Thank you.

Dir. Padayao: Please see to it also that we will be strict. Kasi yung nakikita namin noon, during issuance of certification, ito yung national coordinator ng TGY, ang nakikita natin noon, yung area, maraming nangyayari.

If you have to increase or decrease the area, it has something to do with the yield. So, yun ang nakikita natin. So, ang isang trabaho noon ng National Technical Committee is to verify the area planted by the farmer.

Kasi maraming nilimit ang area ng konti, para tumaas yung yield. Para naman mapakita na yung isang parameter na yield ay medyo

mas mataas para sa kanyang farm. Yun ang mga pwede nating bantayan na pwedeng mangyari.

Mayroon pang kami nakita noon na nagdagdagan yung PIV. This is not possible. Kasi yung tally ng expenses sa pagtanim niya, we have the record.

DAOP Casela: Yes, yun ang mga siguro tingnan natin. Kasi sa totoo lang, nahihiya ako sa Board. Parati na lang may mga amendments. Just like last year for TCGS, there were more or less five amendments. Para sa akin, it is not right. It's not an efficient unit implementing an efficient planning if there's amendments.

Any additional concerns?

Dir. Trongco: Yung concern ko lang sa presentation. Kasi dapat ako lang net income sana, hindi yung gross income. Kasi marami kang production, pero sa income mo maliit naman, di para ano rin.

DAOP Casela: Sir, meron po, net income is one of the parameters determining the winners. Kasi magkakaiba nga yung expenses, there are factors that contribute to the income. You have the volume, the quality, and the prices. So those are considered. So doon sa computation of the technical working group ng TGY, kasama po ang net income.

This time it is considered, sir. Thank you for all those pronouncements, suggestions, Madam and Sirs. We'll try our best to incorporate or infuse all your suggestions to the upcoming revised implementing guidelines and projects.

The issue at hand is the proposed provision of additional incentives to national winners from the provincial government of Ilocos Sur. Sir Ben will further communicate with the Honorable Governor Jerry Singson, what he intends to or his plan on when to give the additional cash prize to the national winners for both the farmer and the technician. Will it be during the anniversary of NTA or in a separate occasion in the province?

If I may recap, first, thank you so much for the initiative of Sir Ben as to the provision of additional prices for the farmer national winners, also for our attending technicians. And this will be further communicated, I mean, agreement will be further completed by way of further negotiation or communication or discussion of Sir Ben with the provincial government of Ilocos Sur for our and their final decision or final action. But in the meantime, I think there's still time for NTA to prop a communication to other provincial government about the possibility of requesting additional prices for their national winners Atty. Parado, please? Thank you.

Atty. Parado: Yes, Sir.

Dir. Padayao: Sir, this, yung runners-up natin for this year, may budget?

DAOP Casela: Madam Luz, we cannot provide yet runner-ups for this year because it is not within the provision of the implementing guidelines. But for next TGY, possibly yes, that is why we will be infusing those

suggestions as to improve the contest. We will infuse all those suggestions in the implementing guidelines. Thank you.

Atty. Obusan: Thank you, Sir Ben and Sir DAOP. Any more discussions regarding this agenda? If there is none, we can move on to our next agenda.

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE OF THE ASSETS AND INVENTORIES FOR APPRAISAL (AS OF MAY 29, 20224)**

Atty. Obusan: Madam Chair, to present this Agenda, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS), Mrs. Zenaida T. Arrojo, Manager, Administrative Department, and Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD);

DASS Savellano: Thank you, Attorney. Good morning to all of us. So, this is in connection with the continuing activities being conducted by the AIM Committee, or the Asset Inventory Management Committee, pertaining to the appraisals of properties previously given to us and instructed by the Governing Board and also in compliance with the directive of the Administrator and part of the recommendation made by the COA to look after our properties. So, this is a continuing activity of the AIM Committee. And so, to render the report, may I call on Engineer Abraham C. Dela Peña to present the updates.

Engr. Dela Peña: Thank you, Sir. And good morning to all of us. This is the Asset and Inventory Report updated for appraisal as of May 29, 2024. Last committee meeting, we have discussed the first updates on the appraisal and we have decided to come up with the prioritization on what we will conduct for appraisal due to budget constraint.

So, it was also discussed during the meeting, the updates and zonal value, it was asked before but how much is the zonal value of our property in Rizal. We were not able to answer then. Today, I will just update everyone, with regards to San Isidro, Montalban, Rizal, our NTA housing, the zonal value of that place is Php 5,000 per square meter. It was raised before and was reported around Php 5,000 per square meter but we are not sure. So, we proceeded to BIR Montalban and we were told that the current zonal value there is Php 5,000 per square meter.

The next is the prioritization gives us to the properties in La Union, Narvacan and Pugadlawin in Las Piñas.

So, moving to La Union, we were able to gather information and documents pertaining to the lot of Fernando Amlang, Santo Tomas, La Union. The yellow part is the updates of our land. On hand document for the record is the deed of sale of that lot.

The buying rate as of March 2007 was Php 660 per square meter that is based from the Deed of Sale. Total property value was bought for Php 20,762,280. The vendor has an omnibus credit line with the

vendee amounting to Php 8,086,567.38. So, the net amount paid directly to the vendor is Php 12,675,712.62.

Upon verification with the BIR regional office in San Fernando, the zonal value of the lot along the road is Php 358 per square meter and Php 305 for inner lands.

These records on file were as of 2019, but still, the BIR says that the zonal values are still standing until now. The last document was obtained last May 22, 2024, from the BIR San Fernando Regional.

If we are going to consider the total area multiplied with the zonal value along the road, the value will be Php 11,261,248. And for the inner land, Php 9,594,080. While we are on the move also, we already acquired the necessary documents to be given to the appraiser later on.

To lessen our expenses, we are gathering supporting documents for the conduct of appraisal. So, we have acquired certified true copy of the Mother Survey Plan approved by DENR. We also acquired the tax declaration and we projected it using Google Earth.

These documents obtained from the DENR, were introduced by the La Union branch office, headed by Doc Vani and Sir Albert of the DENR to fast track obtaining these documents. So, this is the document from the BIR stating the zonal value per square meter for inner and along the road per square meter. This is what we obtained from the DENR, the Mother Survey Title.

These are required by the appraisers for them to conduct the appraisal. So, the Mother Survey has two lands, Lot 1 and Lot 2, owned by Mr. Tanyao, the owner of these two lots.

The Lot 1 which is under consideration which is the Santo Tomas Fernando Amlang is the 31,456 square meters. Then, there is another lot, Lot 2, which 4,233 square meters. Lot 2 remains with the owner and Lot 1 was sold to us.

So, the team projected this one through Google Earth. And this is our land, the whole land. The blue line here is the subdivision line.

This is the area that remains to the owner, Mr. Tanyao, with an area of 4,233 square meters. The NTA purchased this Lot 1 with having an area of 31,456 square meters. This is already subdivided.

So, this is it. So, this is ours. So, as to whether to consider it as an inner or outer along the road, this is our projection. This is our national road, the one below. Then, we will enter here. Then, these are our properties.

Dir. Padayao: Provincial Road? It is like an interior road or is it barangay road?

Engr. Dela Peña: I am not sure Ma'am if it's a barangay road, but it's far from the highway.

Dir. Padayao: How many kilometers?

Engr. Dela Peña: More than one kilometer. Cemented.

Going back. We are considering, if it's considered inner road, the value of the land will be Php 9,594,080.

Dir. Guzman: That is the value as of now? Do we have a copy of all the documents that you are mentioning here?

Engr. Dela Peña: Yes, all these reported are supported by on-hand and on-record Deed of Sale and documents from other government offices that we obtained.

Dir. Guzman: Original copies or certified true copies?

Engr. Dela Peña: Others are certified true copies, sir. Others are photocopies. I have not seen original copies. Because original copies are being kept by the Finance Department. We are only asking for a photocopy of it, sir.

DASS Savellano: In addition to that, Your Honors, we are also in the process of obtaining the original copies from the Finance Department for us also to certify and have it scanned in our records, Your Honors, so that we will be having these documents readily available anytime that it is warranted.

Engr. Dela Peña: The next land under consideration is Barangay Sulvec, Narvacan, Ilocos Sur. The vendor is Mr. Emmanuel C. Quema. This is also based on on-hand records, based on Deed of Sale.

The rate per square meter is Php 550 during the sale transaction. The gross amount that we bought the lot is Php 5,312,450. The updated zonal value as of now is Php 2,330 per square meter.

So, our land has appreciated and now amounting to Php 22,505,470. While on the go, the team acquired the certified true copy of the Cadastral Plan approved by the DENR, breakdown of mechanical equipment installed for the 10-ton feed mill, redraw Land Development Plan and Vicinity Map plan for the feed mill, and we also have projected it using Google Earth.

This is what we got from the DENR. What is enclosed with the rectangle color red is the feed mill complex. That is our lot in consideration. It is along the road itself. The road is right next to it. Everything enclosed by the yellow line is our lot under consideration. The national highway is on top of it. So, these are the requirements of the appraiser. If we are going to conduct the appraisal later on, we have to complete everything.

The vicinity map, everything. We have also the listing of the mechanical components that are already there. It is already with us. I did not present it here, but these documents are already with us.

The next lot under consideration is the Barangay Nanguneg East, Narvacan, Ilocos Sur. The vendor is Ms. Reynata M. Cordero and Teresita Cordero.

Rate per square meter during the sale is Php 555. Gross amount that we bought the land is Php 7,991,445. The updated zonal value is Php 2,525. So, totaling to Php 36,357,475 is the appraised value at present.



As of now, we have on hand the acquired certified true copy of Cadastral Plan approved by DENR. The breakdown of mechanical equipment installed for the hog processing and chicken dressing plant.

We have redrawn the mechanical plan for the hog and chicken dressing plant. We have redrawn also the land development plan and vicinity map plan. And then we also projected through Google Earth for you to visualize.

This is the main survey plan from DENR. This is our food processing plant, along the national road. The yellow line is the lot under consideration. These are the supporting documents for the appraisal.

Next is the Pugadlawin. The zonal value for that one is Php 65,000 per square meter. The value right now is P6,162,130,000. On hand, a copy of the tax declaration. Last time, it was not presented because we do not have it yet.

On hand is the copy of the Survey Plan. We have acquired a copy of the lot location as per Cadastral Plan from the LGU. Location plotted using Google Earth. Latest news on this, we have received a positive decision remark. We will ask Atty. June Fred Parado to elaborate further on the positive remark later.

Right now, this is the plan we acquired. We showed it to the LGU and they gave us the location. This is the cadastral mapping from them. We plotted using Google Earth. This is the exact location of our land; it was traversed by Southvale Drive.

There is a road there. Ayala Southvale Village also acquired a portion from our land. That was the development that was halted due to the legal case filed. Other nearby subdivisions were not touched, like Versailles, Alabang Village

Ayala was the one who moved into our land. And of course, the construction of Southvale Drive.

Our appraisal will be conducted later on. Since we have acquired all the necessary documents that the appraiser needs in the appraisal, we are now limited to the appraisal fee.

For the conduct of the Fernando Amlang in La Union, we have Php 350,000; for Barangay Sulvec, Php 300,000; For Barangay Nanguneg, Php 300,000; and for Pugadlawin, Php 185,000. Total for the four properties under consideration is Php 1,135,000.

Dir. Elaydo: Why are some more expensive?

Engr. Dela Peña: It is because of the complexity, Sir. We have industrial equipments under consideration. For the three properties, we also have buildings that need to be appraised.

For Pugadlawin, it is just a simple land.

As of now, based on our evaluation for possible appraiser that will conduct the activity, the best is the proposal of Dream Realty Engagement Appraisal and Management Corporation Limited.

This will include the land, the building, the industrial equipment, everything under the lot. Next is the single proprietor, Numbers 2 and 3, which is limited for the appraisal of land only.

And then we proceed to other agencies that we know of that is also conducting appraisal. We move to Central Board of Assessors and Appeal. We did not get anything because their office is closed when we visited there.

Here in LBP Urdaneta, Pangasinan, they cannot accommodate us because of their lack of manpower. Last February, out of their pool of appraisers, 3 personnels retired.

We proceed again to LBP, Land Bank, Central Office. They already responded to our quotation. And their response is that they can no longer accommodate outside appraisal.

For PNB and GSIS, if they have an appraisal to do, they will hire a third-party appraiser.

DBP Central Office also responded to our quotation that they can no longer accommodate us due to overload from DPWH's right-of-way appraisal projects. So, we proceed to their office in Baguio. They also gave positive remarks that they can accommodate us, considering that they can no longer bid directly to us like a government-to-government transaction. But they are also limited to land appraisal.

They will just endorse us to Baguio Team, their jurisdiction for appraisal is Baguio City, Pangasinan area, and La Union area. So, it is possible that Amlang will go to them. And then DBP Laoag, their jurisdiction is Ilocos Sur and Ilocos Norte. It is possible that they will also get the Ilocos Sur properties, just in case we consider them.

Those are our updates with regards to appraisal.

DASS Savellano: May we hear from Atty. Parado with regards to the positive remarks on the Pugad Lawin case. Please.

Atty. Parado: Okay, thank you very much, Sir DASS. To our Administrator and Presiding Officer, the Honorable Members of the Board, our Deputy Administrators, Sir Benedict and Sir Nestor, and also to our Executive Assistant, Sir Ben, and to the Department Managers and OICs, good morning to each and everyone.

So here it is, after 30 years, finally. Here are the Antecedent Facts to give background, especially to our newest members of our NTA Governing Board.

This case was filed on February 7, 1994 under Civil Case No. 94468. It was filed by Ayala Land Inc. or ALI. It contains respondents, including the National Tobacco Administration, Celeste Realty Inc.,

Rodolfo Gaco, and Rodolfo Mendoza, to quiet titles of certain subdivided portions of ALI's properties covered by separate transfer certificate of titles, or derived from.

Its mother title is Original Certificate of Title OCT No. 1421. Based on the trace back of ALI's TCP, its mother title was issued on November 26, 1957, while OCT No. 6285 for NTA was issued on September 18, 1967. So, OCT was issued earlier to ALI, 10 years apart with that of NTA.

In the partial decision of RTC dated March 16, 2023, the complaint against the respondents, except for NTA, was dismissed by RTC on the grounds of Res Judicata because there is a previous case here, the Yu Hwa Ping's case, wherein the validity of the survey plans and titles of ALI in the previous cases are very similar to those raised by NTA and other respondents.

In common parlance, Res Judicata means a matter already settled in court, cannot be raised again. So only NTA was left as the respondent. NTA then sought reliefs where it raised the ground of lack of cause of action. That is what we used as defense in our motion to dismiss.

Because of the application of the principle of Res Judicata, we stressed, we pointed out the insufficiency of ALI's evidence against NTA in view of the ruling of the Supreme Court in the Yu Hwa Ping's case. After termination of the presentation of ALI's surrebuttal evidence, NTA's motion to dismiss was then submitted for resolution, wherein the court then issued its ruling and decision.

We will discuss the court's ruling and decision. This was received on May 30, 2024 through email. The Decision, dated May 30, 2024, indicates Ayala Land Incorporated, vs. National Tobacco Administration, for quieting of title.

I just would like to emphasize and point out that in ruling or deciding in NTA's favor and against ALI, the Court made the following observations. This is the summary of the observations highlighted in the Decision rendered.

Number 1, ALI did not move for the appointment by the Court of a government surveyor to act as Commissioner for the conduct of a verification survey, without a reliable if not accurate verification survey to resolve the overlapping boundary disputes between ALI and NTA, no overlapping or encroachment may be proved successful for obvious reasons. Kasi nga po, wala nga pong isinubmit daw ang ALI na verification survey po na galing sa isang government-accredited Commissioner.

Ang second ruling po nila, ang second ground po is, ALI failed to convincingly prove that the technical descriptions reflected in its titles are accurate while those of NTA are flawed. Wala pong sufficient evidence na submitted by ALI to prove nga po na sila ang tama, na yung technical descriptions nila ang tama at ang NTA ay mali.

Number three, Ali has not adduced clear and convincing proofs that the respondent, National Tobacco Administration's title cast a doubt on its own title.

So, in view of the foregoing reasons, the dispositive portion of the decision reads as follows. Wherefore, in view of the foregoing dispositions, judgment is rendered dismissing the instance without prejudice.

Yung without prejudice po doon, that means to say, that of course the Court recognized also the available remedies to all parties to this case na pwede po nila i-avail as safeguarded po ng ating Rules of Court.

In any way, I will be forwarding a copy of this decision to the Honorable Chairperson of the Committee on Legal Matters and Properties for his information and guidance also.

Dir. Guzman: That would be all, Your Honor. Thank you.  
Tataas tiyak yung value ng property natin with that decision. That is my initial observation sa report mo.

DASS Savellano: Your Honors, the total budget needed for the conduct of the appraisal on the four specified properties is Php 1,135,000,000. When we were conferring with the Finance Department with regards to the availability of funds, our funding available to conduct these activities is limited precisely because we do not conduct regularly this intervening programs. We asked the Finance Officer what is the most feasible thing that can be done immediately.

His proposal is to conduct first the appraisal of Pugad Lawin, amounting to Php 185,000, and the rest for next year. We asked him why can't we conduct all of that? He replied, we have limited funds when it comes to that. The problem is we have to move other funds to satisfy that.

Our plan based on the discussions is that we will conduct the appraisal next year to be able to do that simultaneously. If ever for next year, we will be able to fund the entire amount.

But if we are to decide that we have to conduct appraisal on one or two properties, it depends on the prioritization that will be directed by the Board, and of course, also by our Administrator, on what will be our priority. That is why we are presenting this, for us to be properly guided on what to pursue.

DAOP Caselaa: But definitely, just like what DASS had said, all of that for next year, those will be included in our COB. So, it can be done simultaneously. The complexity of conducting the other activities like in La Union, and the two properties in Narvacan, there is an investment of NTA in the equipment.

So, we just cannot do away with determining the value of the land. We will also be disposing government property, particularly mechanical. So, there is also an undertaking that needs to be done. So, it should be done side-by-side.

That is why the cheapest property in Engr. Abe's report is the one in Las Pinas because we are only talking about land. As to the other properties, they are more expensive because there are buildings already built.

So, if we are going to pursue the avenue of disposing these properties, because of the investments made by NTA, we have to conduct due diligence and complete staff work so that all our activities are done above board so that we cannot go back. That is what we want to ensure to our members of the Governing Board.

DASS Savellano: To clarify, the quotation of the Dream Realty and Management is a lump sum for individual title, not considering all.

So, for example, the Fernando Amlang, its quotation is Php 350,000, it can be appraised for the given price.

Dir. Padayao: Actually, I have a question here. Because you said earlier that it is more expensive because it has equipment. Shouldn't we include the cost of construction and also the cost of purchase?

DASS Savellano: Yes, Ma'am, we will provide the appraiser all his needs to appraise the property correctly. All of that is on hand by the Asset and Inventory Team Committee.

In connection also with the concern raised earlier, that was also one of our concerns in case we are going to conduct this activity next year, if the same amount will still be availed of, but considering the inflationary aspects, it will be a bit higher.

That is what we are playing now, if ever. If we really want to do this, we suggest that we conduct one, if that is what our budget can afford. The rest, next year, we can afford because we already have other budgets for activities.

Considering that that is not the only amount that will be set aside by our Budget or Finance, probably a higher amount to consider the other factors in case there is a variation.

We also asked in general if the proponent for the said appraiser would change his proposed quotation since we will be conducting only one activity or two activities, if it might affect his rates? He said "No." We are banking on that, but as I said, Your Honors, if we try to pursue it now, our budget is a bit lacking.

DAOP Casela: Madam Chair, if I may also? I would like to mention a recent issue with respect to the property here at Sulvec, the Kadiwa ni Ani at Kita. TESDA is requesting NTA, a categorical decision whether to stop or to continue its operation. I think Ma'am Noralyn, will report on that. It has to be considered because a decision must have to be arrived at with respect to this.

Hopefully, management will give due consideration to this pressing issue to resolve. Aside from that, since there are buildings, I mean equipments, within the two properties we have, that is the Kadiwa ni Ani at Kita and the feed mill, wouldn't it be right if we compute the net value of these properties, meaning to say the acquisition cost or the

amount involved in the construction and the acquisition cost of all these materials, less the depreciation throughout the years so that you can come up with your net book value? Thank you.

**Mrs. Arrojo:** Actually, we have that, Sir. The accountants are submitting their lapsing of schedule quarterly. So those accounts are reflected on the books of their accounts. We have on hand as of March 31, 2024, the acquisition cost of the building and all the equipments thereon, the accumulated depreciation as of March, and then the net book value. We have that on hand, Sir.

**DASS Savellano:** In addition to what DAOP said regarding our TESDA schooling in the Kadiwa ni Ani at Kita, right now, we cannot conduct schooling since the power supply there has been cut off and it has been removed. In order to proceed there, we need to restore its power so that they can conduct schooling there. Actually, the office is being run by 220 volts.

But to operate the machineries of our Kadiwa ni Ani at Kita, we need 440 volts. And for now, it was damaged during the Typhoon Egay and has not been restored until now because the powerhouse where the 440 volts were built, tilted and about to collapse, including the perimeter fence. Its powerhouse tilted.

We removed it so that it will not be able to add up later on damages and we can save the other properties of the NTA with regards to the power supply.

If the board would also allow, Engr. Abe will be presenting also the status of the powerhouse and including what is the current state of the perimeter fence of the Kadiwa ni Ani at Kita.

**Dir. Padayao:** Sir, may I suggest that we have to make or prepare a communication address to TESDA to that effect informing them of the current situation so as to maintain our good relationship with them.

**DAOP Casela:** Yes ma'am, probably we will give Ma'am Noralyn the opportune time to present the letter of TESDA later on so that at least we know what TESDA wants to happen. We will discuss it thoroughly later. Thank you.

**Engr. Dela Peña:** This picture was taken during the aftermath of Typhoon Egay, our plant was strucked. Our perimeter fence collapsed due to flash flooding in the area. This is the affected area, and this is our powerhouse with the generator set.

The foundation was scoured by water so it tilted. During the Typhoon Egay, we ran to the Admin building to save our generator set and our powerhouse, our transformers, and other components of the electric power. Because it may continue to tilt in the creek.

So, that is the perimeter fence. It was totally scoured and structurally damaged. So, the Admin Department has a project to restore our perimeter fence.

There was a budget allocation of Php 3 million to restore this to include the demolition of the powerhouse so that we can restore the

perimeter fence. It is also a protection of our property. If we do not restore it, by this rainy season, it will be completely wiped out.

What we are worried about is that if it falls into the creek, it will block the flow of water. The flow of water will be diverted, and may go to other properties causing permanent damage.

Right now, the local government is paying attention to our movement there. Last week, we have discussed the infra-projects with the project committee, the PREC committee. The implementation has been approved.

Rehabilitation and restoration of our perimeter fence so that we can prevent further damage to our property and adjacent properties of private owners. Restoration is just a preservation of the property so that it will not be further damaged. Thank you.

The generator set, ma'am, we have saved. We put it in the higher area of the plant. It is here in front along the highway. We just put the generator in higher elevation so that it will not be hit by the flood.

DASS Savellano: So, to expedite matters, Your Honor, we have presented the updates and we will await further instructions of the Board, particularly from our Administrator on what to prioritize among the five. And of course, we will look for other ways also to raise funds to conduct other activities. It is respectfully submitted, Your Honor, for your information and further guidance.

Atty. Obusan: Any other discussions or comments? If there is none, we now move to our next Agenda.

## **2. REPORT UPDATE ON THE LAND UTILIZATION OF NTA ABRA AND THE POSSIBLE EXECUTION OF A USUFRUCT AGREEMENT WITH PRC ABRA**

Atty. Obusan: Madam Chair, may we recognize the same Resource Persons, Sir DASS, Engineer Abe, and Ma'am Zeny to present this Agenda.

DASS Savellano: Thank you again, Your Honors. Again, to render the report, we have Engineer Abraham C. Dela Peña.

Engr. Dela Peña: Good morning. With regards to the land utilization of NTA Abra and the PRC Abra, covered by Title TCT No. T-105 with an area totaling 1,763 square meters, this report was updated as of now. I will just give the reason why this topic blew up.

The reason why the Philippine Red Cross Abra communicated with the NTA is because of the letter they received from the former to vacate the premises in the year 2022. The reason for NTA to write is due to land development and land expansion of the NTA Abra branch office.

The response and movement of the Philippine Red Cross after receiving this letter from the NTA are as follows. First, the Philippine Red Cross Abra team claimed that they have visited the Central Office but was denied entry by the office by guards on duty. We have no records on file with regards to this incident. The second one is the Philippine Abra sent communication letter to the new Administration.

This letter was addressed to Administrator, Ma'am Belinda S. Sanchez, dated January 22, 2024, from the Chapter Administrator, Ma'am Jennifer T. Bernal of the Philippine Red Cross Abra. The letter's content was the request of the Philippine Red Cross Abra to continue operation and use of the land they have occupied, which is 604 square meters, and proposed to stay by means of usufruct agreement for 50 years. That was discussed before at the previous committee meeting.

Attachments to the letter are the following. A letter of recommendation from the Ilocos Sur Governor Jeremiah "Jerry" Singson. A proposal draft of the Usufruct Agreement with the enumerated benefits to be given by the Philippine Red Cross Abra to the NTA Abra employees.

Included also is a Board Resolution authorizing the Chairman or the Vice Chairman of the Board of Directors of the Philippine Red Cross Abra chapter to engage in a usufruct agreement with the NTA, and Declaration of Property as the local government of Abra as the first occupant to the NTA land property. Also, a sketch plan showing PTA occupying lot area of 1,159 square meters and for PRC Abra occupying lot area of 604 square meters.

This is the old property tax declaration that the provincial government was occupying our land before.

This is our lot under consideration. The whole lot is owned by NTA but unfortunately, they are occupying the lot below. The one in front is occupied by the Philippine Red Cross with lot area of 604 square meters. This is the title of our lot which shows that we owned that lot, and not the provincial government.

Because of that, there was a renewal of discussion. This is what the NTA gave as conditions to the Philippine Red Cross Abra. For the PRC Abra to secure letter recommendation from the Abra Governor. It was endorsed before by Ilocos Sur Governor Singson in their 1, previous letter. We now, asked the Abra governor to endorse it. The next one is for PRC Abra representative to personally appear to the Office of the Administrator and the Governing Board to present their request. They agreed and will go here to discuss that. The third one is to submit a proposal to satisfy both sides, the NTA Abra and the Philippine Red Cross Abra for land utilization. The fourth one is to derive a recommendation from the Deputy Administrator, the AIM Committee for the land utilization. These are the four that we are considering so that later on we can engage with a Usufruct Agreement with the Philippine Red Cross Abra.

This is the updated results of the communication with the Philippine Red Cross. Philippine Abra has secured a letter of recommendation from the Abra Provincial Governor, dated April 16, 2024, signed by Governor Dominic Valera. They already have the first criteria set by the NTA. The second is they have submitted proposal, repair for roofing and cost estimate using the same building area. And the third one is they have a Board Resolution for the building repair.

Upon review of their submissions, the team's recommendation, the DASS technical team rejected and disapproved the submitted



rehabilitation proposal because it was not beneficial to NTA. Their submission for repair is just considering the roofing system of their old building. So, the land utilization is still the same, they will still be using the same area of our land.

The recommendation of the AIM committee is to disapprove their proposal because we will not benefit from it. The NTA suggested to PRC to resubmit another proposal in which consideration for both the NTA and the PRC, land utilization shall be satisfied, limiting the PRC Abra to use a portion of the 604 square meters originally occupied, but unfortunately the PRC architect could not submit it as soon as possible.

So, the last time we conducted a visit to Abra, we decided with the approval of our team leader, our chairperson, that we engage in helping them instead.

The technical team of the NTA suggested in helping Philippine Abra to come up with a proposal for land utilization. The team clarified that no compensation shall be collected and limited to the design only. So that we can finish the satisfaction of item Number 3 that our land utilization will benefit NTA and Philippine Abra, we are the only ones in the technical team to move so that we can at least lessen our waiting time for their architect to finish the design. And we can also limit Philippine Red Cross to where it is.

This is the presentation. This was the original presentation.

This is the in-red shaded area. This is the Philippine Red Cross before. And then it grew in due time. This is its latest structure, the red one. When we went there, the yellow line is the boundary line as per title. But the actual land utilization had already moved. This is bounded by the brown line. Our perimeter fence has already moved as per actual.

This is the submission of PRC Abra to repair the roofing that we disapproved because we will not benefit from this. This is the same land that Philippine Red Cross will use. It has a budget as of now of Php 1.2 million for its repair.

This is our proposal that our technical team has engaged here at NTA. The red shaded part is the Philippine Red Cross. Half of it will be taken by NTA as an expansion that will be here in front of the road. We will make a parking area for the meantime that will be our entrance here in our area.

We also made them a design because we cannot wait for their technical team, so we made it. It is a two-story building. Philippine Red Cross is also conducting paid trainings to support their operation. So, the second floor is for their training centers. This is the design that our technical team has made. So far these are our updates regarding the lot area in Abra.

This design of their building was sent to the Philippine Abra for approval. As per their Chapter Administrator and some members of their Boards of Directors, our proposal that their building will be put aside is approved and appreciated.

So, this will be our land utilization. We will divide the half of the Philippine Red Cross so that we can occupy the other half. Based on the new positioning, they will only be occupying 289.2 square meters, as per our drawing. That will be engaged later on when we agree on the usufruct agreement.

They are very thankful that we are still giving them an area on our land. Thank you very much, that will be all for my report.

Dir. Elaydo: This is acceptable since mas malaki na yung area na magagamit natin.

Dir. Trongco: Engineer, kung demolish ba yung building ng PRC, kailangan pa nila ng permit from the National Historical Commission?

Engr. Dela Peña: Tingin ko po, hind na. Wala naman mga antiques or historical artifacts sa building nila.

Atty. Obusan: Any other comments or discussion from the Governing Board? If there is none, we move on to our next agenda.

**3. REQUEST FOR COMMENTS/ACTION, RE: TESDA LETTER ON THE STATUS OF SLAUGHTERING OPERATIONS (SWINE) NC II PROGRAM OF NTA KADIWA NI ANI AT KITA**

Atty. Obusan: Madam Chair, to present this Agenda, may we recognize Engr. Noralyn I. Idica, OIC, Project Officer for the Kadiwa ni Ani at Kita. Go ahead Ma'am Noralyn.

Engr. Idica: Thank you. Good morning to everyone, especially to our Administrator, Ma'am Belle, Members of the Governing Board, To the Deputy Administrators, Sir Nestor and Sir Benedict, to Sir Ben and to all the Managers of the different departments and the Branch Managers, Atty. Obusan and Atty. Parado, and to everyone who are joining this meeting, a pleasant morning to all.

I have endorsed a letter to the Administrator and I am very glad that this is included as one of the agendas in this meeting. This is an urgent issue regarding the potential closure of the Training School for Slaughtering Operations in our Kadiwa ni Ani at Kita complex.

To give a brief background to the Honorable Board, this training school is one of the components of the Kadiwa ni Ani at Kita, which is a special project of the National Tobacco Administration. This training school, is catering to 25 students per training session. That is provided by, of which the enrollment fees are provided by TESDA.

For the previous years, for those 25 students, we are given Php 625,000 worth of vouchers from TESDA for these NC2 II Swine or Hog Slaughtering because we have the facility. With this project, we needed the vouchers to manage this training school because we need someone who is a PM for trainer's methodology for butchers.

So now, since the training school is already not in operation because of several reasons, which I know the Honorable Board and the management is aware, TESDA is asking for compliance audit. We need a decision in black and white from the top management, which

speaks of, to be our basis to inform the TESDA on whether to continue or not to continue the training program.

And also, with this, if the Board would give us a Resolution, this would be our basis also to inform other organizations of which we are collaborating with. Like the DENR, also the Food and Drug Administration, NMIS, BIR, and other agencies.

So, that is why I endorsed the letter of Director Larry Dizon to the Administrator, to the Manager of the Administrative Department, to the DASS, and to the Honorable DAOP.

That is the situation that we need to be address as soon as possible.

Atty. Obusan: Thank you, Ma'am Noralyn. Any comments or suggestions from the Governing Board?

Dir. Guzman: Sir, may I ask on the status of the machinery, are they operational already?

DAOP Casela: No, Sir.

Dir. Guzman: If not, it is impossible to comply with the TESDA requirements regarding the agreement or whatever previous undertaking that we have with them. So, that is the status now. It is impossible to comply because it is not operational.

DAOP Casela: Madam Chair, to give a background of the project, since the start of the operation, it was always on the losing side. And every year, we are losing millions and millions of pesos.

Though the previous administration tried its best to make it operational, but unfortunately, it was all exercise of futility. And based on all these observations, and because of the present predicament of the facility, with permission of the Honorable Administrator, management is proposing for its closure of operation, considering all these situations of the project. That is the recommendation of management, which has been presented to the governing board of TESDA.

Consequently, in compliance to their request, I think it is congruent to what has been suggested by management. It is just coming up with an official communication from NTA regarding the closure of its operation. And of course, this will be signed by the Honorable Administrator.

Maybe the reason for us to reply to TESDA, like what Ma'am Luz said earlier, maybe we just have to reply in order to maintain our goodwill with them. So, I believe that is it.

We have to write a letter to them. Thank you. With the official announcement of the Honorable Administrator, I think the issue is open for deliberation or discussion from the Members of the Board.

Dir. Padayao: We must express our gratitude for working with them or giving us the privilege to be used as the school for this endeavor. Because there are a lot of graduates here who have been able to reach the level

where they can improve their living conditions as a result of this project. Thank you.

Engr. Dela Peña: With regards to our last visit to DENR, we need to have a letter informing them closure of the plant. Because without the letter, the expectation of DENR is that our plant is still operational. And we are not submitting them the report that DENR needs.

What will happen is that we will be penalized. And the penalty here is very big. Before, we received a letter amounting to Php 110,000. for the non-submission of a quarterly report of the plant.

And even BIR for our tax's dues, ma'am. And even the LGU also.

Engr. Idica: Yes, sir. That is correct.

That is the reason why we need a final letter to inform them that our plant is non-operational.

Atty. Obusan: Any other discussions? Madam Chair, having heard all the discussions, opinions of the Members of the Governing Board, I think a Resolution for the Closure of Kadiwa ni Anit at Kita or to that effect is in order. Thank you. Any motion from the Directors?

Dir. Guzman: From the manifestation and comment of our DAOP, move for the approval or passing of the resolution for the closure of the Kadiwa ni Ani at Kita, and its operations. I move. Also, that the closure request should be done as soon as possible.

And the corresponding communications to all agencies involved in the operation of the Kadiwa ni Ani at Kita will be delegated to Engr. Noralyn I. Idica, as instructed by the Administrator.

Dir. Elaydo: I second the motion.

**“REQUEST FOR ISSUANCE OF A BOARD RESOLUTION ORDERING THE PERMANENT CLOSURE OF THE NTA KADIWA NI ANI AT KITA AND DESIGNATING ENGR. NORALYN I. IDICA TO COORDINATE AND INFORM:**

1. ENTITIES WHICH THIS PROJECT HAS BEEN IN COLLABORATION WITH (TESDA);
2. ENTITIES NECESSARY TO FACILITATE ITS PERMANENT CLOSURE (SUCH AS BUT NOT LIMITED TO DENR, FDA, BIR, NMIS, ETC.)”

**Is hereby APPROVED.**

Atty. Obusan: With that matter settled, we now moved to our next agenda.

**B. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

1. **REPORT ON COMPARATIVE DATA ON THE EXPORTATION OF UNMANUFACTURED AND MANUFACTURED TOBACCO FOR YEARS 2021-2023**

**2. REPORT ON COMPARATIVE DATA ON THE IMPORTATION OF UNMANUFACTURED AND MANUFACTURED TOBACCO FOR YEARS 2021-2023**

Atty. Obusan: Agenda(s) 1 and 2 will be discussed together. Madam Chair, may we recognize the resource persons for this agenda, Mr. Nestor C. Casela, Deputy Administrator for Operations, and Mr. Rohbert A. Ambros, Manager, Regulations Department.

DAOP Casela: Ma'am, with your permission, may I please give a background on the agenda to be presented. The report on the importation, and exportation of manufactured and unmanufactured tobacco products. This issue crops up as a request of the Honorable Undersecretary DV Savellano because he wants to know the stand of Philippine tobacco as compared to the importation, exportation of finished product and unmanufactured tobacco.

Likewise, the prices of export and import, and also the chemical composition of Philippine tobacco as compared to the tobacco produced by other countries. And another one is the level of production of the Philippine tobacco as compared to other countries. And this will be discussed later on with other resource speakers.

For the report of Atty. Ambros, it will be focused on the importation, exportation of manufactured and unmanufactured tobacco products. And of course, included in the second part of his report is the update on the meeting of the Committee on Ways and Means, Technical Working Group on the Drafting of House Bill No. 10329 for the Anti-Illicit Tobacco Trade.

So, there will be two presentations to be made by Atty. Ambros. Thank you.

Atty. Ambros: Good morning, everyone. The data that I will be presenting to you are the data that we gathered from the issuances of the NTA of Import and Export Commodity Clearances.

kung may mga hindi man tayo na-capture na mga data, that means hindi po siya dumaaan sa atin or those were already considered as smuggled. So more on import kasi ang smuggled.

For the first slide, that will be the export of unmanufactured tobacco. So, for 2021, we exported 24.6 million kilograms of different types of tobacco. And that decreased by 1.6 million in 2022 and further decreased in 2023 to 20.7 million kilograms. So bumababa po ang export natin for the last three years Next slide.

Ito yung mga graphical representation ng table na prinisent ko sa inyo kanina. So, from 2021 to 2023, as you can see, pare-pareho lang yung percentage ng bawat tobacco types. So walang nag-overshoot or nag-undershoot of the previous data. So lahat ng mga classifications, they have the same trend from 2021 to 2023. Next slide, please.

Okay, so ito na po yung projection natin ng 2024. We are seeing that there will be further reduction of our export for 2024. So yung upper

confidence natin is 19.2 million kilograms. Yung middle confidence is 18.8. So medyo mas mababa yun ng konti lang sa current level. Yung 18.5 na lower confidence, that will be the worst scenario that we will be experiencing for 2024.

But if the conditions will improve, baka ma-retain lang sya sa 18.8 or it will go up by 19.2. But still that will be lower than this last year, of 2023.

Dir. Padayao: Yeah, lower sya pare-pareho. Kasi yung trend from the 2021 to 2023, nakikita natin talagang pababa ng pababa.

Atty. Ambros: Yes, Ma'am. So basically, the majority reason would be the demand from the foreign markets. Because these are locally produced tobacco that are being exported out of the country.

Dir. Sema: So ibig sabihin, kapag bumaba ba yung volume natin, yung demand sa market sa global, bumaba din ba sya? Ibig sabihin natin na sufficient na yung local yung production nila?

Atty. Ambros: I think it's with the demand on tobacco products, Sir. Ang nakikita namin na the reason for the reduction of global demand for tobacco, unmanufactured tobacco, is the proliferation of the big products. So worldwide na po, mas madami na po ang gumagamit ng vapes.

Kasi nga the health advocates were very insistent in maintaining that cigarette smoking is dangerous to health. So yun, natakot siguro yung mga younger generations now. So naghanap sila ng alternative, which is the vape products.

It is being claimed na mas safe daw siya. Pero it is still under scientific study. So medyo matatagalan pa yung result niyan, kasi fairly new pa lang ang vape products.

Dir. Trongco: Hindi ba, mas delikado yung vapes, mas mausok?

Atty. Ambros: Wala pang conclusive scientific study to prove that, Sir. Kaya sinasabi nila, mas mausok ang vape, it is because it is a vapor product.

Dir. Padayao: It is the by-product of the vaporization of the tobacco.

Atty. Ambros: No ma'am, kasi liquid siya, glycol yung base na component niya. If that is heated, nag-create talaga siya ng parang cloud.

Dir. Padayao: Pero hindi ba na-determine na siya?

Atty. Ambros: Yun pa yung hindi natin ma-determine kung dangerous talaga siya.

Dir. Padayao: Pero compared daw sa burned na tobacco, mas delikado. Kasi may burning, nagkakaroon ng carbon deposits, carbon monoxide. So yun yung basic na component kung bakit nagiging delikado ang cigarette smoking. It is the carbon monoxide.

And some say yung nicotine daw. And I am not really sure if the research group would confirm that nicotine is contributory in the effect on the health of the smokers.

Atty. Ambros: I am not promoting, but I already stopped smoking. And of course, as an alternative, nag-vape na rin ako. And you can do vaping anywhere you are. Pwede kang mag-smoke sa loob ng bahay mo, kasi walang amoy.

Dir. Padayao: Pero the satisfaction that it gives to the smoker? Mas okay ba siya?

Atty. Ambros: Hindi, ma'am. Ibang-iba, kasi may effect kasi sa nicotine doon sa cigarette, stimulant siya. You cannot get that from vaping. Based on personal experience.

Moving on, tingnan naman natin yung mga top 5 countries of destination ng ating export. Next slide.

So for 2021, the extreme left. Ang number one na destination ng export natin is Taiwan, followed by Dominican Republic, Indonesia, USA, and South Korea. So yung others, konti-konti na lang yan. Kaya, ni-lump na lang namin siya as other country of destinations. Pero yung top 5 is yan.

Number one for 2022 is USA naman, Dominican Republic is still there, Belgium ay napasok siya as number three. Indonesia, from number three, naging number four na siya sa 2022. And pumasok din na bago yung United Arab Emirates.

And for 2023, Dominican Republic ang number one, then Belgium, Indonesia, Philippines. You might wonder bakit nandoon ang Philippines sa export na iyan. That is what we call constructive exportation. Ibig sabihin, from the local market, pumasok siya sa exclusive economic zone. So exclusive economic zone is considered not part of the Philippine territory but separate entity from the national government. Once you bring in a commodity to exclusive economic zone, you need an export commodity clearance. It is treated as a separate territory. So nandoon pa rin yung USA at number five.

So maganda yung ating export countries and maintained ang USA, Indonesia and Dominican Republic.

Dir. Padayao: Ano yung mga others?

Atty. Ambros: Others, ma'am, mga maliliit na lang yan, pero kapag pinagsama-sama mo, marami din siya.

There are almost 20 to 23 countries of destinations. So, the rest, yung mga 15 to 20 countries, yan na konti lang na siya. Okay, next slide.

For the import naman ng unmanufactured. So yan, from 2021, 56 million kilograms ang na-import natin, in 2022, 61.9, tumaas siya. Pero bumaba uli siya ng 50.8 million kilograms sa 2023. So ano siya, fluctuating ang demand for imported na unmanufactured tobacco.

For, yung sa graphical presentation naman, next slide please. So just the same with the export kanina. Kung ano yung trend ng 2021, 2022 and 2023, pare-pareho siya with respect to the percentages of

each tobacco type. Pero yun nga, on the totality, yung total volume of import is fluctuating.

Now we proceed with the projected data for importation for 2024. For yung upper confidence natin, it will go up by 10, almost 10 million kilograms. So hopefully makuha natin yung 60 million kilograms upper confidence. Otherwise, we will stick to 50 million level. And the worst scenario would be 40 million level.

Kung hindi maganda yung ating situation for 2024, ang nagiging problem dito yung import kasi, hindi natin nare-record yung mga smuggled. So that is the reason why bumaba yung volume from 2022 to 2023.

Baka kasi yung reduction na yan, not really on the number of smokers, but on the increase of smuggled items. So, kung magtutuloy yung smuggling, yan po yung 40.6 million kilograms ang makukuha natin na data for 2024.

Dir. Serna: Attorney, with both presentations that you made, that is the import and export, it is evident that there is a significant trading balance between export and import.

If we will compare yung export and import, pareho siya. If there is reduction sa export, may reduction din sa import. Hindi siya yung magkabaliktad. Hindi inverse. Pero the figures, is relatively higher yung importation?

Atty. Ambros: Yes, net importer parin tayo, Sir.

Dir. Trongco: So ibig sabihin, marami pa rin halong kailangan?

Atty. Ambros: Yes, Sir. Well, as we have stated earlier in the previous meetings, ang usual na claim kasi ng mga manufacturers is that the tobacco being planted here do not equate to the quality that they are importing. So, we have to debunk that claim.

Dir. Padayao: Pero lugi tayo kasi we are buying, we are selling at a lower price than import.

Atty. Ambros: Pero ang kagandahan kasi, Ma'am, yung export natin tumaas din siya. Ay, bumaba din pala. Sorry.

Thanks to the Honorable Members, hindi ako nakapag-print ng PowerPoint presentation ko but I will provide this one to the Secretariat para mag-print ng copies po ninyo, para ma-appreciate nyo na mabuti yung mga data natin based on graphical presentations. Okay, so next slide.

Dir. Padayao: Sorry, Atty., nakalimutan ko. Yung smuggling ba ay both for unmanufactured and manufactured tobacco?

Atty. Ambros: Hindi, Ma'am. Imported tobacco lang ang smuggled.

Dir. Padayao: Kaya nga, I mean, yung manufactured and unmanufactured tobacco importation? Based sa mga claim ng ating mga friends from the industry.



Atty. Ambros: Pareho, ma'am.

Meron po. May mga smuggled din, tulad ng mga cutrags. Cutrags are ready for manufacture ng cigarettes. Hindi siya yung leaf na cured or parcel in process but it is in the form of cutrags. Hindi na ma-determine siya na tabako, hindi lang siya dumaan sa mga ports natin.

Dir. Padayao: Paano ba yung exportation processing fee na sinisingil natin?

Atty. Ambros: Yung clearance, Ma'am? We issue commodity clearance. Ang sinisingil natin is local traders, 12 centavos per kilogram. Pero pagka nag-import naman sila, mas mahal naman, Php 1.20 per kilogram.

Sa import-export, in totality, ma'am, sa collection namin, siya ang pinakamalaki, sa regulatory fees sa export-import, which is around Php 68 million.

Dir. Padayao: Pero Php 168 million whole yung binili natin sa importation?

Atty. Ambros: Yes, ma'am. *(Made an explanation off the record.)*

Yan din yung naging problem namin, ma'am, sa COA. Kasi may mga fees na hindi binabayaran ng mga PTI members. Based on dun sa mga previous approval ng Board.

Ano yung PTI? Yung Philippine Tobacco Institute or PTI members is an umbrella organization ng mga local manufacturers.

If you are buying local tobacco and you are paying competitiveness enhancement fee (CEF), you are exempted from paying the monitoring fees for the importation. Although they are still paying for the processing fees and of course the license fee on an annual basis. Pero yung monitoring fee, yun yung hindi nila binabayaran.

So, it is a different case kapag ikaw ay local manufacturers na hindi ka naman bumibili ng local tobacco. So yun yung, those are the reason why they are being charged with monitoring fees. Yung mga hindi bumibili.

Dir. Padayao: So that will serve as incentive for the local to buy it?

Atty. Ambros: May sinisingil din kasi tayo sa CEF, Ma'am. Siguro it depends on the volume that they will want? Lahat ng mga binibili nila, it is being charged with Php 1.20.

Dir. Padayao: So, there is an equivalent discount if they will have to import?

Atty. Ambros: Yes. And the good thing is that local manufacturers are required to purchase at least 15% of their raw materials from local sources. That is indicated in the amendments of the National Internal Revenue Code. So that is a deviation from the World Trade Organization WTO General Agreement on Tariff and Trade na nililimit mo yung importation nila.

So, it is a good thing that they agreed to buy at least 15% from local sources.

Dir. Serna:  
Atty. Ambros:

Do we have data on that particular transaction?

Wala pa, Sir. Doon sa nakikita namin yun, sa import data nila. As against doon sa binibili locally. So, we have to segregate ilan yung gagamitin. Kasi sir, hindi siya yung total na import.

Tobacco manufacturers import raw materials, dalawa yung magiging destination niyan. It is either local market or re-export in the form of finished products. So, dapat segregate mo yung in-export.

Medyo complicated yung process sa pag-determine. Pero doon sa local production, nakita namin, sir, compliant naman sila more than pa sa 15% as provided by the local.

Dir. Serna:

I ask this, Sir, because I remember one time you submitted a report that the volume of local purchases of one cigarette manufacturer was declining through the years.

Atty. Ambros:

We gave notice on that and we are waiting for them and encourage them to buy more in terms of volume from the local produce. And that was the result, Sir, yung amendment ng batas.

Dir. PadayaO

Para interesado lang, doon sa re-export nila, na finished product, may deduct sa imported nila?

Atty. Ambros:

Yes, ma'am. Deduct natin yun doon sa determination kung nag-comply sila sa 15% meaning. Maraming computations.

May I proceed, Ma'am? So, let us look another data for the import naman yung mga countries of origin. So, number one is yung galing sa India, followed by China, Brazil, Bangladesh, and Belgium. All others... Sorry, hindi ko nailagay yung yung data label niya, kung anong tobacco product. I will revise this one with the corresponding figures appearing on the tables. So, yun yung sequence natin.

So, sa 2022 naman, ganun pa rin, parang ang napalitan lang yung number five. Instead of Belgium sa 2021, si USA ang nag-replace.

For 2023, pumasok na bago ang Dominican Republic, then, Belgium, Indonesia, Philippines, at USA. Nawala na din si India and China. So, ibig sabihin hindi na tayo nag-export from those countries. Or kung meron mga products coming from those countries, again, it is presumed they are smuggled already.

Pero, tingnan niyo yung trend ng mga graphic. From yung mid-level, medyo tumaas dito sa 2022. Pero pagdating ng 2023, all of them bumaba na. Talaga, bumaba din yung production natin. So, yung USA, ang majority component niyan is yung export natin ng Burley at saka yung Native Broadleaf.

Yan yung in demand sa USA ngayon, used as marijuana wrapper kasi, legalized ito sa some part of the US territories, legal na kasi ang paggamit ng marijuana.

So, as long as hindi natin alam kung saan nila gagamitin yan, it is still in a legal form yung native broodleaf natin. So, there is no way na i-block natin yung exportation sa kanila. So, we will still allow because they are still in wrapper form. Pero kung may kasama na siyang illicit component, syempre hindi na tayo mag-issue ng clearance. Kasi doon naman sa country of destination na yan ginagamit kung saan nila gustong gamitin.

Dir. Trongco: Yung sa broadleaf, is that exclusively for export?

Atty. Ambros: Yes sir.

Dir. Trongco: Wala siyang local purchases from our tobacco manufacturers. Can we check with the report, export vis-a-vis on the record of the production?

Atty. Ambros: Yes sir.

Dir. Trongco: How about the Batek?

Atty. Ambros: Yung Batek po walang export, it's only for local market.

Dir. Trongco: May demand kasi siya. Kasi talagang malaki ang production natin, and low consumption.

Atty. Ambros: Wala kasi kami na-document na Batek na lumabas from the Philippines.

DAOP Casela: Attorney, moving forward, with the trend of trading right now, the prices have been so evident that it's increased significantly. Would that improve the possibility of increasing our export? Because the increase in prices triggered inadequacy of production from other countries?

Atty. Ambros: Yes sir. What we are seeing right now is that the demand on the global market really decreased for the past few years. If there is reduction in demand of legal tobacco production, then the demand for the exportation will worsen for the next years if we will not improve.

Especially in our regulation of these illicit activities. So, kung yung global market ay hindi nag-improve at dumadami ang illicit tobacco, definitely yung demand ng ating local tobacco will decline.

Gaya nyan sir, bumaba na. Dati makikita mo, nasa level pa siya ng mid. Tapos nag-high siya. Ngayon, nag-abrupt siya. Okay, so that will be our presentation for the unmanufactured tobacco.

So, let us proceed with the manufactured tobacco naman. So manufactured tobacco comprises of cigarettes, heated tobacco products, cigars, and other, like snus, chewing, snuff, pipe tobacco, and cutrags.

For 2021, we have a total of 36.5 million exports. And then, nag-increase siya sa 88 million on 2022, and bumaba uli ng 52 million in 2023.

So tingnan naman natin yung projection for 2024.

So ganyan din. From high to low to high. So yung upper projection natin, tutuloy-tuloy siya sa 82.4. But if normal conditions will continue, 44.5. Bababa ng konti, but based dun sa fluctuating trend, baka bababa tayo sa 6.6 million kilograms na ina-export natin for this year. So hopefully hindi mangyari yan. Although yung projection kasi natin is 3 years lang yung kinuha namin, hindi namin sinama pa yung data from 2020 and earlier. Baka pag sinama namin yung 10 years na data, this might change also. But worst scenario, sana magtuloy-tuloy sa 82.4. Okay, next.

So, ito yung data natin for export ng cigarettes. We exported 4 million cases in 2021. Biglang bumaba ng 2022 sa 1.054 million cases.

Yung kulay pink, yung mas mababa, yung heated tobacco. So nagkaroon lang tayo ng konting data sa 2022 sa HTPs. But in 2023, tumaas ang export natin in terms of cases. So, from 22 thousand cases, naging 5.3 million cases. So maganda yung ating data for the cigarette exports.

Dir. Padayao: Kasama na ba sa projection yung facilities ng PMFTC, yung bagong facility nila?

Atty. Ambros: Hindi pa, ma'am, kasi wala tayong previous record ng kanilang purchases. Hindi pa sila kasi bumili. And wala pang record of export.

So yung next slide naman natin is with respect to other manufactured products. So, i-disregard nyo na lang yung far left natin, yung kulay pink. Kasi sa heated tobacco products yan, kanina pareho doon sa pinag-present ko.

So, let us concentrate dito sa middle graph. This is with respect to cigars naman, snus, and other tobacco products. So ganoon din ang trend. From 3.4 million, bumagsak sa almost 682 thousand, tapos tumas uli siya ng 2023 sa 4.8 million.

Dito sa cutrags, ganoon din yung trend. Pero very prominent lang yung 2023 kasi dumami na yung cutrags na ina-export natin. So that is a good indication that our cutrags production are gaining global demand from, gaining demands from the global market. Next slide.

Tingnan naman natin yung import ng manufacturer. So medyo maganda yung trend ng ating record ng import kasi bumababa, siya. Sa import naman natin from 2021, 10.5 yung ating recorded na volume, nagging 9.2 in 2022. And further reduced by almost half. Yung sa 2023 ay 4.772. So maganda yung data natin.

Hopefully, this is with respect doon sa demand naman sa local. Para mabawasan din yung pagiging net importer natin.

Pero yes, I have said earlier, baka ito yung result ng smuggling pa rin. Kasi manufactured tobacco na. Mas lalo sa cigarettes. From 9.9 in 2021, naging 2.3 na lang ang in-import natin in 2023.

So, we are not really sure kung saan, what is the reason behind bakit ganun ka abrupt yung reduction ng volume. But in HTPs and cigars,

na-maintain nila yung level nila. Actually, yung sa HTPs, nagdoble rin sya ng 2023 from previous 2021 and 2022 data. Yung cigars, medyo flatline with the 300 kilograms level. And for our projection for 2024 sa import, bababa din sya. Next slide.

Ang upper confidence natin is 2.2, middle is negative 763. So magne-negative tayo sa import. Paano magne-negative? It should be zero. Meaning, expect more smuggling? Partly, baka yun yung effect ng mag-proliferate po uli ang smuggling. So, kung magne-negative tayo sa lower confidence ng 3.7, yung average for the past 3 years, 3.982, so mga 6. So magre-reduce tayo sa 6 million.

Pwede na ba ito? Okay naman ito kasi importation po ito. It is a welcome development kasi nababawasan yung in-import natin. Magkakaroon ng demand sa local production natin. Ibig sabihin dumami yung local production.

Dir. Padayao: Pero magandang data ito sa GDP. Bumaba ba yung net importation percentage natin? Kasi dollars yan. And the other way around, detrimental to the economy.

Atty. Ambros: Yes, ma'am. And we are trying our best also to combat illicit trade. Mamaya pala, i-discuss ko yung pending bill sa House on the regulation of illicit trade. Next slide pa.

Dito naman sa comparative data natin sa cigarettes and heated tobacco products, bumaba ba yung import talaga? So, from 4.1, naging 1.054, and then naging 5.3 in 2023.

Pero pagdating sa cigars, yung snus ang tumaas. If you will see yung violet na mataas sa 2023. Yung snus is the kind of tobacco in small pouches na nilalagay lang sa gums. May laman siyang grated tobacco. Directly kasi pag na-absorb ng gums natin yung nicotine, may epekto kaagad sa ating nervous system. Malakas siya. I have tried once, mahihilo ka kaagad. Paglagay mo palang, siguro in a matter of 10 seconds, mahihilo ka na.

Kasi sa gums natin may mga sensitive nerve endings. Kasi doon nilalagay yung may high blood pressure. Ito na rin yung isang alternative aside from yung vapes. Kasi ito hindi ito sinusunog eh. Directly nilalagay mo sa gums.

So, yung sinasabi ni ma'am kanina na bagong facility na Philip Morris. It is dedicated sa production ng snus.

Dir. Serna: So, do we have the raw materials?

Atty. Ambros: Hindi pa po natin sure kung ano yung particular type ng tobacco na gagamitin nila. But they already made a commitment that they will be buying local tobacco. If not on the existing type that we are planting now, baka mag-introduce sila ng bago. And that will be subject po ito contract growing system natin.

Part din yung mga chewing kasama yan. Mga different type ng non-combustible na mga tobacco products, ito yung snus, chewing and snuff.

Yung snuff naman is parang paste. Ganun din nilalagay din sa gums. Yung snus kasi meron siyang bag, small bag. Kaya hindi mo siya malulunok. Yung juice lang niya ang ma-absorb mo.

Pero yung snuff is talagang paste kasi siya. So, mararamdaman mo yung mga leaf. Pound leaf actually.

So, for sa cutrags naman, yan maganda rin. Pero just like sa export, tumaas yung export, at tumaas din yung importation natin ng cutrags. Ito yung sinasabi ko kanina na this is ready for cigarette manufacturing na. They are in the form of chopped tobacco. Ipapasok na lang siya sa cigarette making machine. Magiging finished product na siya immediately. So, medyo biglang taas siya for 2023.

Dir. Trongco: So, in the process of ordering, is this a matter of specifying yung kind, I mean the composition of the cutrag?

Atty. Ambros: Hindi mo na ma-te-trace, Sir. Kasi this is already a mixture of Virginia, Burley, and other components.

Dir. Trongco: From the supplier, ano na siya?

Atty. Ambros: Pre-mixed na siya.

Dir. Trongco: So, we need to say it depends on the brand, maybe?

Atty. Ambros: Yes, sir. May particular brand na particular mixture din yung ipi-prepare. Depending on the requirement of the buyer or yung local manufacturer. Kasi diba yung each brand has that standard taste.

Okay. So, again, my apologies. Hindi ko naisama dito sa presentation ko yung mga countries of origin and destination due to time constraints.

Pero yung ibibigay ko na data to the secretariat would already include yung countries of origin and destination. Para makita niyo rin kung saan pumupunta yung mga export natin, or kung saan nanggaling yung import natin ng manufactured tobacco. So, that will be my report for now.

Thank you very much. And once again, good morning, or good afternoon na pala.

Atty. Obusan: Any other comments from the members of the Board? If there is none, as directed by the Administrator, let us suspend the meeting for 30 minutes to have our lunch. Thank you.

*(Committee Meeting is suspended for 30 minutes.)*

Atty. Obusan: Good afternoon, everyone. Let us now resume. Next agenda. To render his report, Madam Chair, may we recognize once again, Atty. Rohbert Ambros, Manager, Regulations Department.

**3. REPORT ON THE MEETING OF THE COMMITTEE ON WAYS AND MEANS-TECHNICAL WORKING GROUP (CWM-TWG) MEETING ON THE DRAFTING OF HOUSE BILL NO. 10329 (ANTI-ILLCIT TOBACCO TRADE)**

Atty. Ambros:

So, I will be reporting to the Honorable Members of the Board on the status of the meetings of the TWG for the drafting of House Bill 10329. So, we have conducted two meetings with the other government agencies invited during the meeting of the Committee on Ways and Means. This was the result of the second draft that we formulated. Next slide, please.

So, as explained by the authors of the House Bill, particularly the principal author is Representative Joey Salceda. The reason why he proposed the proposed bill is to strengthen the tax administration and of course minimize revenue losses due to illicit trade.

This will now cover the sale and importation of tobacco products, heated tobacco products, novel tobacco products, and vape products. So, lahat ng mga ito is either sinisigarilyo or vape, isinama na po siya doon sa proposed House Bill.

So, these are the covered tobacco products under the proposed law. Number one is cigarettes, of course, cigars under the tobacco products category. HTPs, novel tobacco products, these are the snus, snuff, etc. And vapor products, these are the vape using the electronic juices.

And as we have proposed to the committee to include tobacco manufacturing related items. It was adopted by the committee secretariat.

So, ano ba yung mga manufacturing related materials? Of course, the processing machineries, rolling equipment, and machines for producing HTPs and vapor products, filters and papers are already included in the list. Although we are already regulating the importation and exportation of these other tobacco related materials. Next is flavorings, ingredients, packaging materials, and of course, machinery for the printing of packaging for covered products. And any other machinery or component of that machinery for the manufacturing or packaging of covered products.

So, the proposed bill classifies illicit tobacco into three items. What are these? They are counterfeit, contraband, and illicit whites. What are counterfeit tobacco products? We consider an illicit tobacco when somebody uses the registered mark of others without the consent of the trademark owner. It is considered as contraband when genuine products enter into the supply chain without payment of domestic tax. There are several kinds of illicit whites. Those being manufactured or imported which are not registered with the BIR. Next is another kind of illicit whites are those not included in the BIR list of brands. Those excise taxes were not paid, those without graphic health warnings, no excise tax stamp indicated in the packaging, and of course, there are no DTI product standard marks or ICG stickers. So, those are the different kinds of illicit whites.

Now, we go to the salient provision of the proposed bill. Number one in this list is the tracking and tracing system. The proposed bill now proposes to adopt a unique, secure, and non-removable identification markings for each tobacco product. It should be readable by quick response (QR) codes. Just by using your cell phone, you will already know if the product is illicitly manufactured or they are legally

manufactured tobacco. And all those identification marks are stored in an electronic database to be maintained by the Bureau of Internal Revenue. And this can be accessed by anyone who wants to determine if the product that they bought is illegal or legit.

So, number two on the list of salient provisions is the mandatory registration of tobacco manufacturing equipment and machineries. So, all existing manufacturers are now required to register their equipment. Any existing or new equipment that they will purchase, they have to register that with the BIR. And not only the registration of existing or new, but when some of our local manufacturers sell their old equipment, the transfer of those equipment should also be reported to the BIR.

So, what are the punishable acts under the proposed bill? So, there are 14 actually, but in summary, these pertain to the importation of products without the BIR necessary permits or using fake or fictitious or fraudulent import permits. Of course, it is also punishable for owners of import permits to allow others to use their permits by other persons.

Another one is organizing dummy corporations. These are rampant. There are fly-by-night corporations which are created just for acquiring import permits to make them legitimate.

Of course, misclassification under valuation and misdeclaration to evade the payment of rightful taxes. That is one of the punishable acts under the proposed bill.

Next, 7 and 8. Of course, when ports or fish ports, resorts and any warehouse owner allow the use of their facilities by illicit traders, they are also part of the crime, so they are also punished by the law. And in case the trucking businesses or those who are in the shipping industry, if they knowingly know that they are transporting illicit tobacco, they are also part of the criminal charges.

Number 9 is, of course, those unregistered equipment and machineries which are not registered with the BIR.

Another one is declaring products for export but in fact sold in the domestic market to evade taxation. Because tobacco products intended for export or transshipment are not imposed with excise tax. One of the ways that this would be perpetrators is that they will declare it for export but eventually, like what Ma'am Luz said earlier, there are boats that are just waiting in the middle of the sea and then they are approached by small boats. So those are one of the punishable acts under the proposed bill.

Number 11 is, of course, if you knowingly sell, distribute or store illicit products, you can be prosecuted.

Number 12, this is selling below the floor price or the minimum price because we have the excise tax imposed on each tobacco packs. If you sell below that price, you are also subject to prosecution. Of course, if you sell those illicit products in the digital platform or online marketplaces, you are also required to take down those advertisements in your website. So otherwise, if you will not be able



to take down those illicit tobacco posted in your website, the DICT will order the taking down of your website.

And lastly, the number 14 for the Punishable Act is, of course, the counterfeiting of markings, tax stamps, digital markers and so on.

So, it is not only the tobacco products that will be penalized. If ever this House Bill will pass through the process and it will be signed into law, it is not only the tobacco products that will be penalized but also the other components of the products itself.

After we have identified the Punishable Act, what are the penalties that are included in the proposed bill? Of course, if you are the principal perpetrator, you will be punished by reclusion perpetua or equivalent to 20 years and 1 day to 40 years imprisonment plus a fine of double the market value of illicit products and the unpaid taxes. If you are merely an accessory, the penalty is lower, imprisonment of 12 years and 1 day to 20 years with additional fine equivalent to the market value of the product plus the aggregate amount of the unpaid taxes. And if you will turn out to become the state witness, your penalty will be reduced only to imprisonment of 6 years and 1 day to 12 years. If you are a public official, the penalty will be the same as the principal perpetrator plus perpetual disqualification to hold public office.

This is also a major feature of the law proposed by USec DV Savellano, which we communicated to the Committee on Ways and Means. He also stated that when an illicit product is confiscated, it will be destroyed or disposed of in a rendering facility. But we will still have to propose an amendment of this particular provision because rendering facility should be a government-owned or supervised facility.

USec DV said that there are rendering facilities owned by private persons. Government agencies only commission those facilities. So, we are not sure if the confiscated product was really destroyed or disposed of in accordance with the law.

Maybe the confiscated tobacco products were recycled. We will still propose to put an identification of the facility that it should be a government-owned or supervised rendering facility.

One of the salient provisions is about the digital platform. Only the illicit tobacco cannot be sold in the online market. If your product is a legit tobacco product, you can post it on the digital platform. For the first violation, you will only be given a show-cause order and you voluntarily take down those advertisements.

If you are a repeater, the DICT will block or restrict the access of the public to your website or online market.

Another salient feature of the proposed bill is the creation of the Interagency Tobacco Illicit Trade Council. This is chaired by the Department of Finance with DTI, DA, DOH, Department of Transportation, and DICT as members.

They will oversee the implementation of the act and supervise the enforcement group. The NTA will be included as part of the

enforcement group, together with the BIR, BOC, Philippine National Police, Philippine Coast Guard, DTI, and other government agencies.

What are the powers of this enforcement group? They will be empowered to effect searches, seizures and arrests, conduct inspections, and secure documents. It is good that the NTA is already part of the enforcement group. The usual problem of not being able to implement our rules and regulations to the full extent because we do not have police power, this will already answer those predicaments.

DASS Savellano: Where is the Interagency Tobacco Illicit Trade Council? Isn't it already existing?

Atty. Ambros: It is different, sir. It is just for cigarettes. Here, it already covered vape and other novel tobacco products.

DASS Savellano: But the NTA should be a member of the Council, right?

Atty. Ambros: Yes, sir. For the I-ACT for cigarettes.

But here, we are not involved in the Council. The Council is at the Department level. Before, NTA was included, but DA was not. So, the Council members have the same level, it is at the Department level. The representative from the DOF recommended that instead of NTA, it should be the DA that will be included in the Council. And then, the NTA will be part of the enforcement group.

There is already an existing Interagency Tobacco Illicit Trade Council. It is just for cigarettes. The membership includes DA, chaired by DTI, and DOH. It is the same composition, but the NTA is included in the Council.

DASS Savellano: The previous one will not be removed, right?

Atty. Ambros: It is a different law, actually. The R.A. 9211 is a different law with this one. The 9211 is with respect to cigarettes only, particularly cigarettes. And only the sale and advertisement are being monitored. It is not involved in illicit activities.

These are the implementing guidelines. The Department of Finance will formulate the guidelines within 90 days from the effectivity of the law. Of course, that is in consultation with the DTI, DOH, and other members of the Council.

That is the update of our draft, then the committee chair said that we will again meet on July 15 before the SONA of the President. Hopefully, the final draft will be agreed upon. Then it can be submitted for the first reading in the House. We are not sure if there will be a parallel bill in the Senate. I think it is only here in the House that we heard that there is a proposed bill.

But it would be better if there is a parallel bill in the Senate so that it can be discussed in the bicameral conference. I hope the proponents of the House Bill can have coordination with one or two members of the Senate to propose a Senate bill covering the same provisions as

contained in House Bill 10329. So, I will report again after the July 15 meeting to the Honorable Members of the Board.

Thank you very much. And once again, good afternoon.

Atty. Obusan: Thank you very much, Atty. Bob. The floor is now open for comments or discussion from the Governing Board. If there are no more comments or clarifications, we now move on to the next agenda.

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT ON COMPARATIVE VOLUME OF PRODUCTION OF PHILIPPINE TOBACCO VIS-À-VIS OTHER TOBACCO PRODUCING COUNTRIES**

Atty. Obusan: To report on this matter, Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP) and Ms. Evangeline C. Cabigan, OIC, Farm Technology and Services Department (FTSD).

DAOP Casela: Good afternoon. The report on this matter will be delivered by Ma'am Vangie. Go ahead Ma'am.

Ms. Cabigan: Good afternoon to everyone, to everyone in the boardroom, headed by our Administrator, Ma'am Bel, and also to everyone who are participating through the virtual platform like me.

First of all, what I did actually is not the volume of production, but it is the level of production or the average production per hectare. So, I would like to share this data from my internet research last week on the average production levels of the different tobacco types and subtypes in the Philippines and comparing this to the other tobacco-producing countries.

So, I tried to get as many sources as possible to get the average yield per hectare. Although it was quite difficult to get community data from some of the countries. For the Philippines, I used our data for the last three years from our active operations report of our TCGS project.

So, based on my internet research, there is one common issue in tobacco production. And this is yield variability from year to year. And this is due to these factors like weather conditions, there could be drought or excessive rainfall, soil quality, farming practices, fertilization, irrigation systems, pest and disease management, and the variety used among others.

So, we now go to the yield levels, first for flue-cured tobacco. I looked at the different countries based on their yield, the range of yields they attained. So, I focused on the top 20 tobacco-producing countries based on volume of production.

So, we can see here the yield level of the Philippines, and what are its equivalents. So, for the last three years, our yield is from 1.5 tons to 2 tons. So, this already includes both neutral and improved flavor.

In the Philippines, both neutral and improved flavors, up to 2,000 kilograms is the highest average yield that we get.

So, our equivalents are Mozambique. For Malawi, Kenya, Zimbabwe, Argentina, and Pakistan, this is the yield level of their neutral tobacco. But their improved flavor is higher.

So, in the 2 to 2.5-tons range, these are Pakistan, Tanzania, Zimbabwe, Vietnam, their neutral flavor, Turkey, Indonesia, USA and Nigeria.

In the 2.5 to 3 tons, these are the top tobacco-producing countries like China, India, and USA, Bulgaria, South Africa, Nigeria, Thailand, Tanzania, Turkey, Brazil, Indonesia, and Argentina's improved flavor.

There are four countries, I was able to say, that have attained above 3,000 kilograms. These are India, Thailand, Kenya, and Vietnam.

So, let us go to the specifics of each country. So, as you can see here, the data for Philippines 2021 to 2023, in the neutral flavor, we attained almost 2 tons. Likewise, with our improved flavor.

We can see that the top tobacco-producing countries like China, India, and USA, they all attained more than 2 tons. As for India, for example, in the different regions, they get as much as 3.5 to 4 tons on the average. And for China, it is 2.5 to 2.8 tons. With these figures, we could presume that the yield will not go below 2 tons in China.

Likewise, with the USA, there are States that attained more than 3 tons. Next is Brazil. Its yield from 2015 to 2020 is from 2.5 to 2.9 tons in the neutral flavor. In the improved, it is almost the same, although there are states that attained 3 tons.

Indonesia is a little bit like us, although their yield level is 2.5 tons. on the average.

For Argentina, in the neutral flavor, 1.5-1.8 tons but in the improved flavor, they attained 3 tons.

In Turkey, similar to the Philippines, although we can see that their improved flavor is always higher.

With Vietnam, all of their produce in the improved flavor averaged 3 tons or more. It ranged from 2.5 to more than 3 tons.

And Zimbabwe, this is one of the countries that is almost the same as ours, African country. Although, we still lost in the improved flavor type.

For Kenya, our neutral flavor is the same, but their improved flavor is higher, up to 3.5 tons. For Malawi, just like us also in the Philippines.

Tanzania is higher compared to us. Mozambique, 1.8 to 2. There are 2.1, so also just like the Philippines.

Thailand is higher, higher than ours, both in neutral and in improved flavors. In the improved flavor, they get as much as 4 tons.

Pakistan, similar to us also, likewise in Bangladesh. This is the country with the lowest average yield compared to us in both neutral and improved flavor.

In South Africa, it is also high. Nigeria and Bulgaria are also high, for all of them, more than 2 tons. So that is for the top 20 tobacco producing countries. So again, looking at it, we are among those with the lowest average yield.

Now, we go to the Burley tobacco. Here, our average yield is higher. For the last 3 years, it reached 2.5 tons.

China and India are the same in neutral flavor. For us, it is the same, neutral and improved. Indonesia also, Malawi, Pakistan, Tanzania.

For 2.5 to 3 tons per hectare, we have here USA, Bulgaria, Brazil, Indonesia, Argentina, Turkey, Vietnam, Zimbabwe, Mozambique, Thailand, and South Africa.

For above 3,000, we have improved flavor produced from China and Nigeria.

So again, we have here the specifics. We notice here that for the neutral flavor, more or less, we the same amount as that of China and India.

But for USA, they do not get less than 2 tons per hectare average yield. All of them are higher, almost more than 2 tons. But for the improved flavor of USA, we notice here that it is almost the same as the neutral flavor. For Brazil, more than 2 tons always.

For Indonesia, the average yield is from 2.5 to 3 tons. And they say that in their best practice farms, they get as much as 5 tons per hectare. And for the improved flavor, just like us, it does not go beyond 2.5 tons per hectare.

For Argentina, I was not able to search for their neutral flavor but for the improved flavor, it is from 2.2 to 2.3 tons per hectare. And for both types, the average is from 2.5 to 3 tons per hectare.

For Turkey, it is also more than 2 tons per hectare always, on the average.

For Vietnam, it is the same as the neutral flavor. I was not able to search for their improved flavor. But for their whole Burley tobacco production, their average is 2.5 to 3 tons, which would show that they have a higher improved flavor for tobacco production yield per hectare.

For Zimbabwe, their neutral flavor is also less than 2 tons. It reaches 3 tons, almost 3 tons for their improved flavor. For Kenya, there is no separate data for each type. It is 1.8 to 2 tons for both.

For Malawi, the average is 1.5 to 2.5 tons per hectare. And again, they are saying that in their excellent farming practices, they get as much as 4,500 kilograms per hectare. In their improved flavor, it is almost 2.5 tons per hectare.

For Tanzania, it is less than 2 tons. And for improved flavor, it is more than 2 tons.

For Mozambique, it is 2.5 to 3 tons per hectare. And with a very high yield level, they sell their high-yielding farms to top-yielding farms, it reaches 3,500 to 6,000 kilograms per hectare.

In Thailand, it is also from 2.1 to 2.6. They do not reach 3 tons per hectare in their neutral flavor. It is the same with improved, it is from 2.5 to 3 tons.

In Pakistan, I only got one data for neutral flavor, it is 1.9 tons. For improved, it is more than 2 tons. In Bangladesh, again, it shows low average yield level, it is only up to 1.5 tons per hectare.

In South Africa, also more, almost 3 tons. We can see the increase from 2015 to 2020, which proves that they are improving in the many factors that affect tobacco production. Their average yield is from 2.5 to 3.5 for the improved flavor.

Likewise, in Nigeria, and also in Bulgaria, all of them are showing 3,000 kilograms or more per hectare yield average.

So again, here is where we stand for Cigar Wrapper Tobacco. This is the worst data we have, below 1000 kilograms per hectare average yield level. We have to take note that under the TCGS, the only producer of this tobacco type is La Union. And for the last 3 years, we have not produced more than 1,000 kilograms per hectare. China, Brazil and South Africa, are getting above 3,000 kilograms per hectare.

In Cigar Filler, our production is high. Our average yield level is 2.5 to 3 tons. Here, we can see that their performance is poorer. In fact, Argentina and India, their average yield is lower compared to us, so is Tanzania, Vietnam and Mozambique. So those above 3,000 kilograms are Brazil, USA, Indonesia and Kenya.

Here are the specific details. China is the top producer, coming up with a very high average yield per hectare for Cigar Wrapper. It reaches 4,000 to 5,000 in one source and 4,500 in another source. For Cigar Filler, it is less than 3 tons per hectare.

For India, the Cigar Filler that is 1,500 to 2,500. And 1,500 to 2,000 in Cigar, it probably encompasses all the Cigar Types.

For USA, I am sorry, I do not have the data for Cigar Wrapper. They are in the Cigar Type, and for the yield, it averages 2,200 to 2,700 kilograms per hectare, and up to 3,300 kilograms per hectare for the Cigar Filler.

In Brazil, all rates of yield averages are not the same. Both in their low yielding and their top yielding farms, it ranges from 1.5 to 5.5

tons. In their small-scale farmers and the large-scale farmers, it ranges from 1.5 to 3.5 tons.

In Indonesia, more than 2 tons, for both Cigar Filler and Wrapper. Argentina, 2 to 3 tons of Wrapper and 2.3 tons of Cigar Filler.

In Turkey, 1.5 tons of Wrapper and 2.5 to 3 tons of Cigar Filler. And Vietnam, again in their Cigar, 1,000 to 1,500 kilograms per hectare. In Zimbabwe, in their Cigar Filler, almost 3 tons, and 1.8 to 2.2 in Cigar Wrapper.

In Kenya, all rates of averages are the same. In their ideal growing conditions, up to 3.5 tons of Cigar Wrapper. But on the average, it is from 1.5 to 2.5 tons, and their Cigar Filler is higher.

In Malawi, it is not segregated but it is 1.5 to 2 tons. In Tanzania, less than 2 tons. In Mozambique, less than 2 tons also. In Thailand, 1.5 to 2 tons in Cigar Wrapper, and less than 3,000 in Cigar Filler.

In Pakistan, 1 to 2.5 tons for Cigar Wrapper, and 2.5 to 3 tons in Cigar Filler. In Bangladesh, 1.8 to 2.2 tons in their Cigar.

South Africa, it is always higher in South Africa for Cigar Wrapper, 2.5 to 3.1 tons, and 2.5 to 3 tons in their Cigar Filler.

In Nigeria, Cigar ranges from 1.8 to 2.5 tons. In Bulgaria, 1.5 to 2.2 tons for Cigar Wrapper and less than 3,000 in Cigar Filler.

Lastly, in the Native Broadleaf, Philippines is also somehow in the middle range, up to 2.5 tons average yield level. It is the same as India, Brazil, Thailand, Bulgaria and Pakistan.

Zimbabwe is the lowest and South Africa is the highest. So, 2.5 to 3 tons in China, India, USA, Vietnam, Mozambique, Bangladesh and Nigeria. So, that is the present outlook.

I think I do not have to go through all of the specifics. So, that's all for my report. Thank you.

Atty. Obusan: Thank you very much, Ma'am Vangie. The floor is now open for any comments or discussions from the Members of the Governing Board.

Dir. Padayao: Ma'am Vangie, thank you so much for the very comprehensive report. I know you do not have the varieties that they use or they planted? That is the basic parameter or factor.

Ms. Cabigan: Yes, Ma'am. That is a big consideration. So, we have to factor in the variety used. I did not get the basis here. Most of our data, does not show the varieties that they planted.

So, we just get a general overview of the performance of other countries. But I am presuming and I believe, all of us, we would presume that for those very high yields they are getting, I think it is a hybrid type.

Because I do not think there is an open pollinated variety that can reach 3.5 tons per hectare. But that is what I am assuming of the hybrids. And I am presuming that these top producing countries, they

are already growing their farms in plantations, very large areas, and highly mechanized.

So, it would be no wonder that that is what they will get. There is also, I think, their predetermination of whether there is a basis, they are already doing it. Computerized as well, that is also being done in highly advanced countries,

As for us, we are getting, this average yield that I am showing. Actually, we have higher than that. There are a lot of farmers whose yield is higher. But the thing is, there are a lot of farmers whose yields are lower. I think, one possible reason for this is, these farmers are not really dedicated. We are continuously convincing farmers, and we give subsidies.

So, that could be one reason that we are not able to achieve our desired yield.

DAOP Casela: Good afternoon to everyone. Madam Chair, may I? Thank you so much for your presentation, Madam Vangie.

Now, in the Philippine context, as you try to compare the performance of the Philippines compared to other countries, what are the areas of improvement which you think could make the Philippine tobacco more competitive than with other tobacco-producing countries?

Ma. Cabigan: Basically, the variety that we are using, we cannot control the weather conditions. The Philippines is always visited by typhoons or droughts. So, in most other countries, there are a lot of bad climate conditions where the yields are low.

DAOP Casela: So, that is where we are having a hard time. So, the question is, how can we be competitive? As I said repeatedly, it is an important thing, in terms of following the agricultural management practices, the best practices. I do not know how to say this, but our extension workers will have to be more conscientious in really guiding, assisting these farmers in their planting from planting until post-harvest.

It is not like, what we are doing is in the interest of the collection of fees only.

I do agree when you said that developed countries are now using the hybrid varieties.

Here in the Philippines, for the two companies who have been planting, experiencing planting hybrid varieties, they brought their yield level reaching as high as 2.5 up to 3 tons for Burley and Native. So, those are challenging areas where we should concentrate our efforts. And likewise, I do agree on you, it is because of the unpredictable weather conditions.

But my question is, in the performance targets of NTA with GCG, how did you arrive at the high level of production per hectare? Because the source of your data is what you said, the after-operations report?



Ms. Cabigan: Yes, sir. In our GCG, Sir, we used purposive sampling to reach the required targets. I do not want to say this, Sir, I know that you knew what I am referring to. Because, we are given the data, and we have to come up with this average yield for us to reach the target. We have to do something with the data so that we can get what we want.

DAOP Casela: It is like this, Madam Vangie, because in TCGS, the implementing guidelines for obtaining data, 30% of the total farmer cooperators are the ones you are obtaining. You are choosing the ones that are high and good. So, meaning to say, the term that Madam Luz said is purposive sampling. Meaning to say, you want to select the farmer na mataas ang level ng production.

But for proper presentation of not only on the level of production but also quality, you should always be on the middle or the average to have a true representation.

Kaya maybe there is a need as to the gathering of data for GCG. Dapat kunin natin ay yung nasa middle, ano eh, babagsak na tayo kapag yung mababa. But I think it should be rather wiser for us, because NTA is the authority in terms of data, in terms of information regarding tobacco. Dapat yung mga data natin is realistic.

Ms. Cabigan: Realistic. Not only on the yield level but also on the quality. Yes, sir. Doon naman po sa ating target sa GCG eh. Kung kami yung nandoon na dapat tumingin, hanggang doon lang tayo sa tama, hindi namin sinosobrahan.

DAOP Casela: Nakikita ko na din yung other reasons. Yung other countries, developed countries, they are using mechanized farming. If you use mechanized farming, definitely you'll be decreasing the cost of production. And decreasing the cost of production would mean higher productivity and income.

And also, with use of hybrid varieties, it is more or less sure that if you use the hybrid varieties, you will have higher level of production as compared to human traditional natin.

Yung sa improved flavor natin sa Virginia, ilang taong na yung NC2326, kasing tanda ko na ata yun eh? Kasi NC yun eh, same as my initials. So, being with research, I think you should focus on the challenges in terms of improving the yield and of course the quality. You are conducting a lot of researches with respect to this.

And if you come up with mature technologies and this improving technology, let us adopt that. And that is the thing we want our farmers to utilize or to use in their farming.

Ms. Cabigan: In fact, I am finishing the proposal you have instructed me to do, Sir. Yung pag-purchase po natin yung pag-evaluate ng new, pure varieties muna sa ngayon.

And hopefully, we could purchase before the end of the year and we will evaluate it this year. Kung pwede siyang maging kapalit o kasama ng NC2326.

- DAOP Casela: Yeah, okay. It is good you realized the dynamism of technology. And that we can, we realize, I mean, we can come up with new technologies by way of research. Research is dynamic, so, we keep on researching. Di ba?
- Ms. Cabigan: Yes, sir.
- DAOP Casela: May I please ask you, kumusta na yung profitability level? Are you done with that?
- Ms. Cabigan: As of this time, sir, hindi pa. Hinihintay pa naming yung final submissions ng kanilang mga reports.
- Meron pa rin hanggang ngayon ay nagbebenta. Kasi monthly, they are required to submit monthly reports. So, we will finish it on time, Sir.
- DAOP Casela: What's your on timeline? June.
- Ms. Cabigan: Trading operations will be until July. So, by the end of this month, I hope they will be able, to submit all their data.
- So, from that point, we will analyze, consolidate all the data given. May be some siguro but hopefully, majority ay mag-submit na by end of this month.
- DAOP Casela: Now, well, this is for all the types of tobacco, is it not?
- Ms. Cabigan: Yes, Sir.
- DAOP Casela: For Burley, that is only until June. Now, per trading rules and regulations, the end of the trading operations for Virginia is also up to June only. So, meaning to say, thereafter, and by this time, they have already acquired or secured already the PIPs of your farmer cooperators. And I want to have the result of this as a way of guiding me, in coming up with the communication with the LGUs later on.
- Because according to Engineer Maloom, yung survey natin sa actual area planted to tobacco by the use of drone will be submitted at the end of June. So that there will be corresponding communication to all LGUs that the area to be, I mean, area determined per LGU or per municipality is one of the determining factors in the certification of the volume of production per area. We can only be certain with that upon knowing the level of production per hectare per type of tobacco.
- So, can you make it middle of July? Okay, that is your timeline. Thank you, Madam Vangie.
- Ms. Cabigan: We will try our best, Sir. Middle of July, we will be able to finish analyzing the infos gathered and submitted. Best effort.
- Atty. Obusan: Are there are any other queries from the Members of the Governing Board?
- Dir. Padayao: Sir, hindi ba previously, there is suggestion to the research studies to purchase hybrid varieties to be studied? If I am not mistaken, may na-purchase ba na hybrid varieties?

Ms. Cabigan: None po, Ma'am. We did not purchase. Yung sinasabi ko po noon na nag-try kami gumawa kami ng hybrid. We made crosses.

I used a bacterial-wilt resistant variety. And so, nakaka-create kami ng mga crosses na yun. So, meron tayong F1 hybrids.

Dir. Padayao: Yung Virginia, ano yung PMS? Kasi nagkataon na nasa Research ako noon. May K326 and RG11 which is highly resistant to bacterial-wilt.

At saka yung binili namin sa ULPI, hindi ko maalala yung name, but this is also highly resistant to bacterial-wilt. So, I crossed this to our own varieties, their recommended varieties na nagkataon na itinanim namin sa germplasm na yun. So, Virginia, Virginia Neutral Flavor? Or BNF?

Ms. Cabigan: Hindi po ba, K326? They used it sa, or ginamit nila noon sa, Virginia Improved Flavor. Ang neutral is Golden Harvest, 100 leaves, yun po ang alam kong Neutral.

Dir. Padayao: Our challenge right now is, I'm receiving a lot of damage report due to black shank and, what do you call that, bacterial wilt?

That should be the area we focus our effort in terms of researches in coming up with more resistant varieties. Kasi andami eh. And, um, this is in line with assuming that our budget will be approved.

DAOP Casela: It is expected daw ng DBM that we will know up to the end of June if DBM will approve our proposed budget of 700 million. And, based on our meeting last week, we have to make the planning or the submission of project proposal earlier. Siguro pag alam na natin kung approve or disapprove, we can proceed already with our submission of project proposals. Kasi dapat come August, September, we are ready with all these operational projects as well as researches. Yun ang timeline natin.

During that meeting with the Private Sector Advisory Council sa Malacanang, the Honorable Secretary of Finance was there in the person of, former Senator Recto. Siguro hindi kaya just to bolster yung claim natin sa budget, can we write him a letter mentioning that one concern of that meeting was, under tobacco, was improvement of the quality and yield of tobacco. And one way of doing that is, of course, increase the budget for our farmers, that is to increase the area and the number of farmers.

Kung pwede, Ma'am Bel, baka sakali lang na makatulog ito, just to remind him of the commitment. Kung pwede, to prepare ni Atty. Parado? I think we still have time, kasi up to June pa yung decision, baka ngayon negative, baka kung mabasa niya yung sulat, pwedeng maging positive na, hopefully.

Atty. Obusan: Yes sir, thank you po Sir DAOP and Ma'am Vangie. With that, we now move on to our next agenda.

## **2. REPORT ON COMPARATIVE CHEMICAL COMPOSITION OF PHILIPPINE TOBACCO VIS-À-VIS CHEMICAL CONTENT OF TOBACCO FROM OTHER COUNTRIES**

Atty. Obusan: To report on this matter, Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP) and Mrs. Myrna O. Lozano, Manager, Industrial Research Department.

DAOP Casela: Thank you very much, Atty. This is again one of the requests of our USec DV Savellano. I think the main reason why he is requesting all these comparative studies is he just wants to be aware where Philippine tobacco stands on all these parameters. That is the production, importation, exportation, and now here comes the chemical composition of Philippine tobacco in contrast with the chemical content of tobacco produced from other countries. And may I please request Manager Myrna to do the presentation.

Mrs. Lozano: Thank you. Good afternoon po sa ating lahat. Ma'am Bel, mga Apo Directors, ating lawyers, Sir Nestor, Sir Benedict at Apo Ben.

Today I am going to report to you the nicotine content of the imported tobacco that we collect yearly from the premises of the cigarette manufacturers. But actually, ang aming assignment today is yung prices of tobacco of other countries. However, the IRD under the Market Research Division has no available data on this.

But the subscription for the magazine Statista was already approved by Ma'am Bel, so with this subscription, we can extract as many as information about tobacco producing countries in Asia, USA, and the European countries. This is one way how possibly we can explore the export market of the Philippine tobacco.

And from the slide, this report covers merely the chemical component of imported tobacco, that is the percent nicotine in particular. As the samples collected were in the form of treshed tobacco, hindi na po siya leaf, and it can no longer be physically evaluated for the elements of quality.

The staff of the Quality Assurance Division collected samples from Japan Tobacco Inc., La Suerte Cigar and Cigarette Factory, and the Philip Morris Fortune Tobacco Corporation, and we have this Techno Laboratory Services and Instrumentation Division who conducted and measured the nicotine content of these samples.

In our slides, we can see that there are countries who have nicotine content as low as 1.21% to 1.6%, and in this manner, maybe these are the neutral type of tobacco. The Philippine Virginia Topped Tobacco has 2.46% and that is comparable to that of China, USA, Italy, Japan, Zimbabwe, and Spain, which ranges from 2.34% to 2.87%. The highest in here is the tobacco from Brazil, that is 3.79%. We all know that Brazil produces tobacco in bulk, talagang marami silang napo-produce na tobacco.

We will see later the cost, the cost of that, how much they sell to us. Next slide. Eto naman po yung imported Burley tobacco, wherein China has the highest nicotine content, at 4.26%, and lowest in Mozambique at 1.11%. The Philippine Burley Neutral and the Philippine Burley Topped Tobacco ay medyo magkalapit, at 3% nicotine.

Okay. Katulad nung sinabi ko kanina, wala kaming data on price of tobacco from other countries. So, ang nasa isip namin kung magkano yung mga price na ibinenta sa atin, yun na lang muna ang ating gagamitin. Next slide.

So, dito, pinag-plot namin yung importation ng every company. So, the first table is from JTI Philippines.

Nakita natin dito na parang ang dami pala nilang iniimport na Virginia tobacco, which is more than 9 million kilos. Nakita din natin dito na ang nicotine content nung kanilang iniimport ay comparable sa atin. Like for example, for Bangladesh is 1.35%, Thailand 1.21%, and Brazil 3.79%, meron din po tayong napoproduce na ganitong level for Virginia topped tobacco.

Yun nga lang po, nakalagay dito, yung USA (Php 512 per kilo), and Italy (Php 385 per kilo) ay parang sobrang mahal ang bili ng JTI. Maybe because of the difference of the tobacco regulation policies of European countries. Makikita natin sa lahat ng companies na ang pagbili nila ng tabako from USA ay mahal. Next slide.

We go to the PMFTC. Ang Philip Morris kasi, as far as I know, yung kanilang formulation, yung kanilang blend ay hindi nagbabago. Parang ito ay dinidikta. Meron kasi silang committee, I think abroad, na nag-test nung blend ng kanilang sigarilyo. So, ang ginagawa lang nila ay bumili ka dito, bumili ka doon, kasi talagang naka-template na ito.

Hindi yung pwedeng walang tabako dito, bumili ka sa ganito. Kasi kung ganoon ang gagawin nila, malaking adjustment ang gagawin din ng smoke chemistry team nila, kasi maa-alter ngayon yung lasa ng sigarilyo nila. But then nakita natin dito na they import much from Brazil, ito yung mataas na nicotine, it is less than what other companies bought from Brazil.

Kunwari, they bought Php 252 lang per kilo. Pero yung Telengtan, bumibili also from Brazil also, at Php 313 per kilo. And suki sila ng China because they import almost 3.8 million kilograms of their tobacco at a lower cost, Php 214 per kilo.

So, yung tabako ng USA talaga ay hindi nila makakalimutang bilhin. Maybe there is something in the quality of U.S tobacco. And we know that the harmonized grading is based po dito sa USA, and ang tabako nila ay high nicotine din.

Punta naman tayo dito sa mga local cigarette manufacturers, the Anglo-American, Associated Anglo-American Association. And nakita din natin na they import almost 5 million kilograms of Virginia tobacco. Dito makikita din natin na comparable din naman yung Philippine tobacco sa mga binibili nila sa other countries except for Brazil. Pero meron na rin tayong napro-produce na ganito.

So, as a summary, low-level nicotine of imported Virginia tobacco is priced as low as Php 129 to Php 234. And imported Virginia at average 2.5% nicotine, prices vary from Php 214 to Php 299.

As I said a while ago, yung galing European countries, that is Spain, Italy, Serbia, and the USA, medyo mas mahal ang bili natin. So, ang tanong dito ay talaga ba silang bumibili, nag-import talaga sila ng tabak? Bakit kaya? Ayaw nila yung ating Philippine Virginia tabako? No, it is not naman siguro. Pero very unstable kasi ang production ng Philippines.

Before kasi nasa 80 million tayo, eh, ngayon 40 million na lang. Kung ikaw ang businessman the next year wala kang mabibili, malaki ang lugi mo. So, kung nagsusurplus ang Brazil or China, they took advantage of that na bumili sila.

We go to importation of Burley tobacco. Again, the PMFTC ay talagang bumibili ng Burley abroad, around 4 million kilos. It ranges from the lowest average price, yung low nicotine, is Php 153. And the Argentina, 2.42% nicotine at Php 212.

We go to the JTI Philippines, at makikita natin dito, they are also buying from Brazil at India. Kasi ito yung highest producer in the world, yung India. Something like 780 million kilos annually. At kung napapansin natin, napaka-mura pala itong imported Burley.

So, mas mabilis sa kanila na bumili na lang ng Burley kasi mura nga sa market. So, yun. They always resort to importing Virginia and Burley. Kasi sa kanila, mura ang bili nila sa imported tobacco. Next slide.

Ito yung exported Virginia tobacco per country of destination. So, kinuha natin ito from the data of the Regulations Department. Nakita natin na parang mura din lang pala itong ating binibenta na Virginia tobacco. It ranges from Php 136 to Php 259.

Meron tayong mga market on Virginia tobacco. Kahit yung other companies dito hindi bumili, may market din pala tayo outside. And mostly, ito yung mga European countries.

Kasi siguro gusto nila yung ating Virginia tobacco. From here, these are Germany, Greece, UAE, and USA. Ang ating mga kapitbahay na countries ay bumibili din sa atin.

Next, we go to the exported Burley. At nakita natin dito na we can sell our Burley tobacco sa European countries at medyo mahal. Kaya this is a reminder or maybe positive to our farmers na pwede tayong mag-expand. Kasi meron tayong market talaga ng Burley abroad. Parang nakalagay nga dito, kung babasahin mo, they like our Philippine Burley tobacco. And so, with the Virginia.

That ends my report for today. Thank you all for listening.

We are exporting tobacco, but according to Atty. Ambros, meron silang obligation to buy at least 15% of the raw materials here. So kahit mababa, yung Virginia, kahit binibili natin ng Php 153, medyo mas mahal pa rin ito compared to the price of our local produce.

Dir. Padayao:

Yes ma'am, kasi yung rate dito na Php 153 pesos, yun ay ready for ano na yun, babalutin na lang siya ng cigarette wrapper.

- Mrs. Lozano: Yes ma'am. Kaya mas mura, dahil nakalagay doon, yung treshed tobacco and is considered unmanufactured tobacco pa rin.
- Dir. Padayao: Kaya siguro yung India, yung the highest volume.
- Mrs. Lozano: Yes ma'am, opo. Nakalagay kasi dito, mura po yung India. For the imported Burley it is Php 153 per kilo.
- Kasi yung exporter natin usually hindi naman yung mga manufacturers natin eh, mga other traders. Pero dito po, dahil ang sampling namin is from the premises of the cigarette manufacturer, so yun lang po yung discussion namin.
- Hindi pa tayo sure kung talaga yun, galing sa ibang bansa, maraming andun sa isipan ko. Pero, hindi pala yung first basis here, yung sa pricing is yung nicotine. Kasi tingnan mo yung galing Argentina atsaka India, atsaka Malawi, iba-iba siya.
- Dir. Padayao: Hindi pala yun ang best. Kahit medyo mataas yung nicotine, pwede rin mas mura. Depende sa country of origin.
- Mrs. Lozano: Yes ma'am, kasi sa India talaga malaki yung production nila eh. So they have to sell outside, kahit mura yung price. Opo.
- And then yung Malawi naman, mahal siya, na mababa pa ang nicotine. But then may quality siguro yung Malawi Burley, na ever since na nag-manufacture tayo, ay talagang meron silang binibili from Malawi.
- Dir. Padayao: Actually, if you want to go to Spain or Malawi, medyo magkalapit ito.
- Mrs. Lozano: Yes ma'am. May data na tayo na, pwede ipakita. I observed that the higher the nicotine content, the higher is the price per kilo. This is true, except for the USA.
- Dir. Serna: Kasi sobrang mahal yung USA. Ito yung data na gustong malaman nung mga farmers during the tripartite. Kasi tingnan mo yung price, convert mo yan, as compared to the prices they are getting for their produce.
- Mrs. Lozano: Pero ito sir, sabi ni Atty. Bob talaga, ready to manufacture na talaga. But then, sabi kasi ng private sector, mas mura kaming mag-import kasi mas mahal yung dito sa local.
- Pero hindi nila alam na meron tayong ibang market din. Dito sir, yung ating country of destination sa ating mga exports na usually ay sa Europe. I want to share an observation, because I am countersigning yung mga commodity clearances.
- Yung mga cigarette manufacturers, I think they are maintaining also business relations with all these tobacco producing countries. And maybe because there is a distinct quality of their particular tobacco which they need in their manufacturing.
- Dir. Padayao: Nakikita ko, paiba-iba eh. And I am also computing yung value, yung value per kilogram. Yung sa tobacco dust, meron din nakiki-export, ang value dun eh ano, four dollars per kilo. I am taking down notes

dun sa mga presyo, kaya nakikita ko yung mga cigarette manufacturers, one is they maintain business relations with other countries as to the requirement of tobacco.

Maybe because of the specific qualities of the tobacco they are buying from them as needed in their cigarette manufactory.

Mrs. Lozano: When I asked them before, since mga global corporations sila, parang may separate silang purchasing department na sila yung nag-identify kung saan bibili ng mga tobacco nila. Maybe that would simplify their buying operations of many imported tobaccos that they need.

May ibang departamento sa kumpanya nila that is engaged only on the transaction for importing or exporting. Nakikita ko sa PMFTC, kasi marami silang bumili sa Brazil eh. It is more than 2 million kilos, pero kung titigan mo yung price nila, it is Php 252. Sa iba, umaabot ng Php 313. So ibig sabihin may first-hand orders na sila. O kasi talagang naka-fixed yung bibilihin nila sa ibang countries.

Dir. Padayao: Siguro hindi natin maalís yung volume discount.

Ma'am, may I know how to associate that data of yours, yung sa China at Php 33?

Mrs. Lozano: Yes ma'am, yun po kasi yung, ano, we got from the Regulations Department. Yung nga po eh, Php 33, baka meron po, typographic error. Atsaka 111,000 kilos lang yung volume. Bakit, yun lang? Considering China, one of the biggest producers. Yun nga po, hindi ko tinulugan ito kagabi kasi hindi din kasi ako makapaniwala na Php 33 per kilo lang yung price.

Eh kung totoo ito, siguro matagal nang, mag- suki ito. Or, mayroon siyang vast area na pataniman sa China. Baka there is something wrong lang dito sa data.

DAOP Casela: It is a very glaring, very highly significant in the difference in prices. For the filler type. But then yung kanilang blend for the Marlboro, Winston, ay maganda siguro yun ang combination.

For Virginia, Burley, and ano pa, Oriental, and other tobacco for blending?

Mrs. Lozano: Ah, yung ano po, communication from the Malacanang, Sir? Yung sa extraction po ng nicotine for vape? Nag-hire na po kami ng chemist.

Kasi yung sinasabi nga nila po sa e-cigarette, hindi daw from tobacco yun. But then, sa amin pong mga chemist, mahirap pong mag-synthesize ng nicotine sa lab. So, kaya naging ano yun ng tobacco, kasi extract na siya eh.

You can never see tobacco dun sa mga e-cigarette kasi extract na po yun. So, yun nga, kung titingnan natin talaga, ay galing din talaga sa tobacco yung nicotine. Now, which is, alam ko, ginagawa ng ibang countries.



DAOP Casela: Like China, kasi siya yung maraming products on vape, and e-cigarettes. Kaya nakakatakot din baka mamaya yung pinag-extract nila pala ay mga organic compound or acid. Sinasabi lang nila itong safe.

Mrs. Lozano: Oo nga po, Sir. Pero hindi pa naman na prove na yung HTPs and e-cigarettes are safer than the conventional, traditional cigarettes. Kasi kung titingnan mo, yung cigarette talaga, bini-burn mo. Pero yung e-cigarette, hini-heat.

Iba kasi yun na-buburn sa heated. And kung maglalagay sila ng flavor additives, tapos mag-heat, may mga changes na mangyayari. Now, which is, baka kapag nalanghap nung smoker, ay carcinogenic pala yung mga ganito.

Dir. Padayao: Yung presentation ni Atty. Bob kanina dito sa vape. Nung 2023, very abrupt yung pagdami nung gumagamit, yung importation ng vape. Tapos tignan mo naman yung previous years, mababa.

DAOP Casela: So siguro vape na yung, I mean, smoking craze already. And siguro, it is just timely to regulate also yung paggamit ng vape. In which DTI is now embarking on, DTI has the regulatory powers with respect to this.

NTA is involved already in this endeavor. May mga pumupunta na dito. And that is a good prospect as far as revenue for NTA is concerned.

Mrs. Lozano: Yes po, ang kulang nalang natin yung equipment for HTPs. Kasi yung aming equipment ngayon is for cigarettes only. And ka-energize lang po ng ating laboratory.

So nagahantay po kami ng mga product engineers from Cerulean. Bago tayo makapag-oo sa DTI, sir. Pati po yung pagpunta po ng ITDI, kasi they are into e-cigarettes also.

And the NTA for HTPs, medyo preno din kasi sila. The fact na, bakit, dapat kayo NTA ang mag-regulate ng HTPs, hindi DTI. So sabi ng isang chemist, parang may politika yata sa gagawin natin.

Okay, off the record po. So yung pagpunta namin sa ITDI, medyo may delay na. Kasi ayaw nila na pumunta tayo doon, kasi ayaw nilang masangkot sa politika.

DAOP Casela: Ang kumikita naman ay ang DTI sa atin. After examining, and evaluating our facilities, I think with some rehabilitation that we are going to undertake, pwede sa testing yung facility natin. At tayo lang ang gagawa sa kanilang sample subject to testing, doon ang revenue generation ng NTA.

Mrs. Lozano: Sana sir, bigyan din tayo ng pangbili ng equipment.

Or kung may pera yung DTI, sila nalang sana. I mean just to consolidate their authority na regulatory body. Dapat sila nalang may facilities. Pero Sir, matagal na silang nag-request from the Senate for the equipment, pero 2 years na daw hindi daw binibigay ng Senate sa kanila.

So, they resort to other laboratories po. Kaya siguro sir, baka pag tayong humingi, baka bigyan tayo.

DAOP Casela: So, hindi binibigay ano? Ilagay din natin ito doon sa sulat kay Secretary Recto na nasabi ko kanina, itong panganga-ilangan natin na ito.

Mrs. Lozano: Sir, isama natin doon kung sakali ma-approve tayo for the Tobacco Research and Grading Institute. Kasi yung pag na-approve tayo may pang-bili tayo ng lupa. And then the Php 10 Million is for the preparation of design. Ang sabi po ng procurement ay dapat lahat ng equipment ay ilagay po natin doon.

DAOP Casela: Okay.

Atty. Obusan: Any other comments or discussions from the Governing Board, if there is none, thank you very much Ma'am Myrna. We now move on to the next agenda on Other Matters.

**1. PRESENTATION OF PROJECT PROPOSAL ON THE RECOGNITION OF TOBACCO GROWER OF THE YEAR FOR LOCAL GOVERNMENT UNITS (LGUs)**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Nestor C. Casela, Deputy Administrator for Operations to render his report on this subject matter.

DAOP Casela: Thank you very much Atty. I will do the brief presentation of the most outstanding tobacco-producing municipality of the year.

This is again an offshoot of the presentation of the TGY or the Tobacco Grower of the Year Contest. In this case, the Hon. USec DV Savellano made mention of the possibility of recognizing also outstanding performance of Municipalities with respect to the tobacco production.

He wanted to include this as a part of the celebration of the upcoming NTA anniversary. But because of the so many parameters to be evaluated and to be established, we prepared the proposal for next year's implementation. This would be for CY 2024-2025.

This is just the gist of the proposal. As I have been evaluating the prices of tobacco in the province, because this is also municipality concern, in relation with the amount they're receiving from their share. So, this is subject to improvement later. Of course, suggestions coming from the Members of the Board after the presentation will be incorporated. Next slide, please.

This is the reason why we're going to embark on the awarding of the Outstanding LGU in terms of tobacco production, and this will be at the municipality level.

These are the objectives: To acknowledge and reward outstanding tobacco growers at the municipal level; To promote best practices in tobacco cultivation across different regions; To foster healthy competition among tobacco growers and encouraging higher

productivity and quality; and To enhance the overall quality of tobacco production in the country;

Participating provinces will be practically all tobacco producing provinces in the country, including Mindanao, that is Misamis Oriental. You could see here the different categories and the provinces that will be competing. Next slide, please.

### **These are the Implementing Guidelines:**

#### Contest Overview

1. Recognize and reward outstanding performance.
2. Period is calendar year 2024-25.
3. Open to all municipalities within designated provinces.

#### Technical Working Groups

1. Established National Technical Working Group and Provincial Technical Working Group.
2. The responsibilities will be coordination, scouting data, data collection and evaluation. Next, please.

#### Cooperation and Coordination

1. This will need, of course, dialogue or coordination with Provincial Governors.
2. Once the project is accepted by the provincial government, there will be Memorandum of Understanding to be undertaken detailing the roles and funding obligations for each participating parties.
3. Branch Managers to coordinate project obligations.

#### Data Compilation and Validation

1. Compile and secure data on various parameters.
2. Ensure data accuracy and reliability.
3. Submit documents to National Technical Working Group.

#### Evaluation Process

1. The national technical working group evaluates compiled data.
2. May include site visits, interviews and documentation review.
3. Aggregate parameter scores to determine overall score.

#### Selection of Winners

1. Based on highest overall scores.
2. One winner per tobacco type in each province.
3. Tie-breaking criteria if necessary.

Now, as mentioned this morning, I think we're going to include also as a provision for the runner-up, second runner-up prizes for this.

#### Recognition and Awarding

1. Ceremony organized by Provincial Office of NTA.
2. Prizes funded by Provincial Government.
3. Awards include certificates, plaques, cash prizes or other incentives.

#### Publicity and Promotion

1. Promote through NTA's website, social media and press releases and local communications.
2. Encourage participation and awareness. Monitoring and evaluation.

#### Monitoring and Evaluation

1. Regular monitoring and evaluation by the Provincial Technical Working Group and the National Technical Working Group.
2. Solicit feedback for future improvements

#### Dispute Resolutions

1. Address disputes and complaints fairly and transparently.
2. Clearly outline procedures to all participants.

Now, these are the initial parameters to be evaluated. We have the "Area". But I think the area is very subjective because this municipality is limited only to the available area planted to tobacco. We also have "Farmers' Cooperation (FC)"; "Volume of Production"; "Quality Index"; "Funds Provided/Disbursed to Farmers for Tobacco Production"; "Receptiveness/Participation in NTA's Program/Projects"; "Percentage Contribution of Production to the Total Production of the Province". These are the preliminary parameters to be evaluated. Next please.

This is the implementation timeline. As you can see here, starting July this year up to September 2025, that will be the announcement of the winners. Next please.

This is the also under implementation timeline also. Awarding Ceremony, Post-Contest Review, Report Preparation, Monitoring and Support, and Public Relations with the corresponding Start/End Date and Duration.

These are the components of the project proposal. And we appreciate very much if there are suggestions or recommendations that can crop up from the Members of the Governing Board.

Siguro yung prices ang titingnan natin. Kasi nakalagay lang initially yung Municipal level, I think it's only Php 30,000.

Now, more or less, we're going to constitute first the provincial technical working group and the national technical working group. And by then maybe, anyway this will be, we have enough time for the preparation because this will be implemented for crop year 2024-2025.

Next time, siguro, maybe this coming committee meeting will present a more comprehensive presentation of the project proposal. Thank you.

Atty. Obusan: Thank you very much, Sir DAOP. Any comments from the Members of the Governing Board?

Dir. Elaydo: Question, Sir, on the part of the LGU, what funding will they use? Are you saying that they will use their funds from R.A. 7171? I think on the guidelines, they are not allowed to disperse cash, unless otherwise, you can talk to the Mayor and he will source some other funding for this project.

DAOP Casela: Yeah, we know the flexibilities of our LGUs on the use of funds. It's not circumvention but rather in consideration of the importance of the significance of the project. I think they can come up with some financing for this. Maybe through cooperatives.

Our Mayors and Governors have a wide latitude of discretion on the use of funds.

Dir. Trongco: Sir, what is this, one contestant per province? Also, one winner?

DAOP Casela: As proposed here, but knowing the significance of the project, we're going to have also first runner-up, second runner-up, and third runner-up.

Dir. Trongco: Which municipality will have their own contestant?

DAOP Casela: I think the interest of each municipality will be signified upon submission of the interest or the application for the contest to the provincial government. Because here, sir, it is stated in the grants and the number of contestants.

For example, 23 municipalities, 23 contestants in Ilocos Norte. So, it seems, yes, like there will be one contestant per municipality. Because each municipality will be a contestant.

- Dir. Padayao: So, you mean to say, in all the municipalities in a particular province, all municipalities will participate in their contest, except those who are not planting tobacco. Because then, our municipalities are not planting tobacco. Of course, there will be no contestant.
- Let's go to the parameters, Sir. The farmers' cooperation will be difficult.
- DAOP Casela: Yes, they are very subjective. Yes. I agree.
- Dir. Padayao: So, we will have to consider. If we can make these all quantifiable, so, it's easy to measure.
- Even the receptiveness, because we know that there are many projects. But maybe, related to farmers' cooperation due to receptiveness. So, if you're receptive, you're cooperating.
- DAOP Casela: As I have mentioned, Madam Luz, we will be presenting a more comprehensive proposal after two meetings, maybe, so that we can improve the contents of the project, including the prizes. There are still a lot of areas for improvement on this, because this is just sudden.
- Dir. Padayao: I understand, Sir. I'm also supporting the documentation of tobacco. This percentage contribution of production, will it be given to the to the farmers, or documented?
- DAOP Casela: Documented. Because once DBM will release the Memorandum Circular as to the volume and amount provided per R.A.s, the percentages of each municipality have a computation as to their contribution to the total production of the produce. Computation of that is Total Production of the Municipality over the Total Production of the Province. You get the percentage contribution of the volume of production of that particular municipality.
- That's why we're talking of the documented, as certified by DBM.
- Dir. Padayao: Thank you, Sir. But still, I'm thinking, one limiting factor here is, the "Area". It should be different. The area should be different.
- DAOP Casela: Sure. As I have said this morning, we will try to come up with a deeper method of measuring performance. Deeper meaning to say, like the subjectivity, because subjectivity is hard to measure. So, it depends on the person evaluating. We'll be studying the contents of the proposal, especially on the parameters to be established.
- For Area, I think it should be by range.
- Dir. Padayao: Yes, by range is better. By range, and corresponding percentage. Also, the number of farmers may in that municipality may be considered.
- DAOP Casela: Yes, in that municipality. As I've said, my Dear Directors, I will be presenting a more comprehensive project proposal next time. And in this case, we're going to incorporate all your suggestions. Thank you.

Atty. Obusan:

Thank you, Sir DAOP. If there are no more questions or comments, we now move on to our last Agenda for today.

Madam Chair, actually this is a series of requests from the Finance Department, requesting for approval and issuance of separate Board Resolution for each item as stated. To better discuss this matter, may we recognize Mr. Reynaldo R. Aquino, OIC for the Finance Department. Go ahead Sir.

Mr. Aquino:

Thank you. Good afternoon po sa ating lahat. Eto po yung aking mga request:

1. Approval and issuance of a Board Resolution, in relation to request of the management to implement the availment of the LBP WE ACCESS Banking Facility for the electronic remittances of GSIS and Pag-IBIG contributions and to authorize the following personnel from the Finance Department for this purpose.

This stemmed from the letter that we received, a letter for Ma'am Bel from the GSIS informing us the utilization of electronic collection channels for agency remittances effective October 1, 2024. So that's it.

I am requesting that the following personnel from the Finance Department be authorized for this purpose:

- a. Ms. Milagros C. Tiu – Chief Accountant
  - b. Ms. Russel R. Rutab – Financial Analyst III
  - c. Ms. Marjorie Ann P. Tabije – Cashier II
2. Issuance of a Board Resolution and Secretary Certificate granting general authority for the Administrator and Chief Executive Officer of the National Tobacco Administration to perform general administration and/or routine functions such as but not limited to the following:
    - a. To sign agency report to other government agencies; Because there are government agencies like GCG that require board resolution, so this is the Secretary's Certificate and the Board Resolution.
    - b. Sign verification and/or certification of Non-Forum Shopping in all cases wherein the NTA is a litigant;
    - c. Sign demand letters;
    - d. Sign application forms for all types of public utilities, (water, electricity, telephone, etc.)
    - e. Request for documents and/or actions from other government agencies requiring Board Resolution and/or Secretary's Certificate;
    - f. Such other analogous cases.
    - g. Resolve further that the Administrator and Chief Executive Officer is hereby permitted to delegate aforesaid general administration and/or routine functions to any responsible

Senior NTA Officials thru a Special Power of Attorney without the need of further approval by the Board.

Our record on file of this similar document is dated May 2022 with the corresponding Board Resolution dated July 2020. It was signed by the previous Administrator Seares Jr.

This time, mag-update po tayo, papalitan po natin ito, and this time it will be signed by Ma'am Bel already.

3. Issuance of a Board Resolution making it a policy of the agency that 70% and 30% of the agency actual expenses be allocated for operations and administrative expenses respectively. This is to be used in the filing of Income Tax Return in compliance with COA AOM No. 2020-08 (2019), dated July 14, 2020.

Under this AOM po, ang finding is the non-filing and non-payment of minimum corporate income tax. So, the 70-30, ito po na po ito.

The NTA is subject to regular income tax rate which is equivalent to regular corporate income tax of 30% of the taxable income or minimum corporate income tax of 2% of gross income whichever is higher for a particular. This is the assignment only of 70% of actual expenses to operation and 30% to administrative para hindi na po tayo magbabayad ng income tax.

If we can comply po of this Board Resolution, hindi na po tayo magbabayad ng income tax.

4. Issuance of a Board Resolution approving the release of salary differential brought about by the GCG approval of CPCS Salary Step Adjustment in the amount of Php 13,644,893.80 (Tentative Computation.)

This is relative to the previous request of the Board through Director Serna for us to submit the total number of employees and the amount to be considered for the said expenditure.

DAOP Casela:

Of course, with the guarantee that from the Finance Department that there are available funds readily for said expenditure, for the consideration of the Board. I think we should comply with that. Since the issue on the availability of funds has been resolved, I think it will just be reasonable and just for all those qualified to avail of the differential for them to receive.

Mr. Aquino:

Yes, Sir DAOP and to the Members of the Governing Board. May pondo po tayo allotted for this, coming from the PS.

I will continue with the last item on the list.

5. For the information of the Honorable Members of the Board: Attached is a copy of COA Resolution No. 2021-044 dated December 28, 2021 with the Subject: "Guidelines Governing the Audit of Traveling Expenses of Personnel Hired Under Job Order (JO)/Contract of Service (COS).



The copy was provided by Manager Randy I. Abella, Department Manager III of NTA Batac, Ilocos Norte Branch Office thru a letter addressed to the Honorable Administrator and Chief Executive Officer thru the Deputy Administrator for Operations. The copy is still under discussion by the Support Services Group headed by Deputy Administrator for Support Services.

DASS Savellano: With the permission of Madam Chair, for one, this is an internal resolution by the Commission on Audit. So hindi po ito basta-basta natin mahahanap doon sa mga regular issuances ng COA. This is an internal resolution po. So parang personal consumption po nila. Pero that does not stop us from adopting also kung meron pala nito. Pwede natin gamitin din po ito.

One of the, considerations being discussed is the limitations din po nito. Kasi kung hindi po natin limit yung applications nito, this is prone to abuse also. That means na hindi porke meron ganito, ia-allow na po natin.

Ang sabi po dito under the general guidelines, personnel hired under JO/COS may be allowed to go on official local travel for the purpose of (a) undertaking official missions/tasks which cannot be performed by/or assigned to any other regular/permanent official and/or employee of the agency, and/or (b) performing tasks/ activities necessary to be able to fulfill the obligations as contained in his/her contract of service.

Ibig pong sabihin kung wala pong available na permanent na employee or regular na employee, dun po natin pwede silang gamitin at saka lang po pwede po silang makapag-charge. Yung po yung isa sa guidelines. So, kunwari po, kung support lang po sila, ide-determine po natin kung essential po yun.

Kunwari, meron naman pong regular na mag-attend tapos kasama po sila, yung po ide-determine po natin yung ano po yung extent talaga nung pagko-comply nila. Second is yung mga offices po na wala pong talagang mag-perform, kulang po talaga. So ang nakikita po namin nung mag-meeting kami with Finance and Admin, andoon po si Sir Rey, si Ma'am Miles, si Ma'am Zeny, dini-discuss din po naming ito.

So ang nakikita lang po namin is yung sa Drivers, dahil yung sa drivers po, kulang po tayo sa drivers at saka limited po tayo dun sa pag-hiring kasi may limit po yung bilang ng permanent po na driver. So yung po ang isang nakikita namin na talagang pwede po. As to the other Job Orders po, kailangan po natin i-review maigi para baka mamaya this would open a lot of na pwede pa lang Job Orders.

So yung entitlement po, yung mga guidelines, yun po ang ina-ayos po natin. So as to the limitation kung magkano, may computation na po and i-provide kung magkano at saka paano po, and sino po ang mga kasama dito.


- Sa TEV po, it should not exceed what was provided under E.O. 77. Hanggang doon lang po. Yung Driver natin sa branch kung nagpunta dito, ang ina-allow po ng E.O. 77 ay P2,200 per day. So established na yun?
- Dir. Serna:
- DASS Savellano: Yes sir, under E.O. 77, in the absence of our internal policy.
- DAOP Casela: Who are qualified? Many say policy and the selection, is prone to abuse. Who are those qualified under the circular? If I may say, J.O. Drivers mentioned a while ago that each branch office has only one regular plantilla position for driver.
- And the fact that there are 2 or 3 vehicles in a particular province so there's a need for a Job Order Driver. They can only be provided with TEV when they travel outside the area of responsibility or jurisdiction.
- Second, on the part of research. We hire research assistants. And the establishment of different trials in each province, in each area, requires traveling.
- So that's qualified under hiring of J.O. under research. So isang consideration siguro yun in selection. Then third is yung mga J.O. TPROs and Agriculturists.
- This can be easily determined because they only travel outside the jurisdiction if they accompany their farmers in the delivery of their tobacco produce, and I say, they are allowed to avail of the TEV. Yun lang muna ang naisip ko.
- DASS Savellano: So at least na-clarify po na we are on the same page kung sino po yung kasama dito. So, thank you for that clarification, Sir.
- Siguro we will be submitting po a proposal na lang to the Office of the Administrator for consideration as internal guidelines muna kung sino allowed para hindi po ma pro-prone to abuse ito. Binabantayan din po natin yung paggamit po ng per diems po.
- DAOP Casela: As mentioned by Sir Benedict, we will be specific on the policy on this, if not, this will be subject to abuse. And we have to consider the limitation of our agency, that is limiting factor in terms of funding for this. Thank you.
- Atty. Obusan: Any other comments? Hearing none, for the record, can we have a motion approving the requests of the Finance Department as listed. Thank you.
- Dir. Serna: Madam Chair, I move for the approval of the issuance of a Board Resolution, based on Memorandum dated June 7, 2024, with the following items, number 1, 2, 3 and 4, as stated. Thank you.
- Dir. Guzman: I second the motion.
- Atty. Obusan: With that, Madam Chair, the next agenda will be adjournment. Likewise, can we also have a motion for adjournment.
- Dir. Serna: I move that today's committee meeting be adjourned.
- Dir. Trongco: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 4:25 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**ISO 9001: 2015 QMS CERTIFIED**

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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**25 JUNE 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 25 June 2024 (Tuesday), 9:00 AM, at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City. May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Trading Operations and Regulation  
Board Audit and Finance  
Legal Matters and Properties

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer.

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorables Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Sema, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; and Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector who will be joining us online via virtual platform; *Good morning, Directors.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all*.

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda(s)."*

Dir. Guzman: On Other Matters, Madam Chair, may we include discussion on the possible issuance of a Board Resolution instructing the AIM Committee to proceed with the appraisal of NTA's Pugad Lawin property located at Las Pinas City. Thank you.

Admin. Sanchez: Granted.

Atty. Obusan: That is duly noted Dir. Guzman as approved by the Presiding Officer. We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under Committee on Trading Operations and Regulations.

**A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REPORT UPDATE ON TOBACCO ACCEPTANCES (AS OF JUNE 15, 2024)**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Nestor C. Casela, Deputy Administrator for Operations, together with Atty. Rohbert A. Ambros, Manager, Regulations Department. Go ahead, Sir.

DAOP Casela: Good morning again to everyone. The agenda is the presentation of the updated report as to the volume of tobacco acceptances per type and subtype, and this will be reported by the Manager of the Regulations Department, Attorney Rohbert A. Ambros. Attorney, please. Thank you.

Atty. Ambros: Thank you, sir. Good morning to the Honorable Members of the Board, headed by the Presiding Officer and Vice-Chairman, Belinda S. Sanchez. I will be reporting to you the updates on the local tobacco acceptances as of June 15, 2024.

The last report that we had was as of May 15, and this report already includes the report from the Universal Leaf Philippines, Inc. or ULPI which already submitted its electronic acceptance reports.

For our trading operations, there are still 34 buying stations who are under operations as of date. But we have already received two notices of closure, effective June 30. So, two buying stations will close by June 30, but they are still trading as of date.

With respect to our tobacco acceptance performance, we already have 80.88% accomplishment for this year.

Based on purchase commitment, the buyers committed to buy 40.2 million kilograms for this year. The total acceptance as of June 15 is already 32.5 million kilograms, valued at Php3,218,619,507.32. So that's 80.88 percent with an average buying price of Php98.97 per kilogram with, of course, the Batek or Morada type having the highest average price for this year at Php313.43.

As to volume Virginia and Burley has already attained a positive increase of percentage in terms of volume difference compared to last year. In my previous report, the difference was negative, but now, Virginia and Burley have a positive increase of 21.60% and 16.67% respectively. Except for the Native Type, which is still below 4.44% as of last year's data of June 15. But overall total is, we have already attained a positive increase of 9.79%. As compared to our last reporting, which was negative 31.43% then. So that is a big increase. The same is true with the value, there is also 9.94% increase.

DAOP Casela: Reaction on these. We might have that negative percentage for Native because its trading operation has just started. So, we expect that there will be positive figure after the trading operation for native tobacco.

Atty. Ambros: Yes, Sir. I just want to clarify that this is the periodic reports compared to last year. Our last year was higher as of June 15 on the same date.

As to buying prices, our average buying prices now is Php95.08 per kilogram. That is higher than the Php94.60 per kilogram last year. But as of May 15, in our last report, our average price is higher, Php117.83. Maybe because the more volume that we accept, the lesser the buying price would be on the average.

For the Virginia type, we already accepted 14.9 million kilograms, valued at Php1.4 billion, with an average price of Php96.38 pesos per kilogram. Vigan has the highest buying price for Virginia, with an average of Php111.83.

Dir. Serna: Again, in terms of area planted tobacco and approximating also the number of farmers, Ilocos Norte, Vigan, and La Union comparatively have more or less the same area planted and number of farmers. How come in terms of acceptances, Vigan has registered the lowest?

- Atty. Ambros: Sir, this report is only with respect to the acceptances by buying stations. With respect to municipalities that will be reconciled after the trading operations.
- Dir. Guzman: Are there not buying stations situated within the area covered by Vigan?
- Atty. Ambros: There are buying stations at Vigan, Sir, but there are only two buyers presently. So, most of their tobacco deliveries went to Ilocos Norte or Candon.
- DAOP Casela: Okay. Thank you, Attorney. I will look into it. I will call the Branch Manager of Vigan.
- Atty. Ambros: Yes, Sir. For the Burley type, okay, so we have already accepted the total of 5.6 million kilograms at a value of Php426 million with an average price of Php75.72.
- The highest buying price for Burley is at Candon with Php87.99.
- Atty. Obusan: Attorney Bob, if I may interrupt. Director Padayao and Ma'am Noralyn are raising their hands. Before we continue, Madam Chair, can we recognize them and get their reactions, respectively.
- Dir. Padayao: Good morning, Madam Chair, may I ask Attorney Ambros, why is the Abra's buying price of Virginia suddenly dropped, because last time that he reported, Abra has the highest average buying price. Now, it is the opposite. So, what is the reason, Attorney?
- Atty. Ambros: Well, one of the factors that affected the average buying price among those is that the volume of acceptance has already increased at Abra. Maybe the low grades were already recorded as part of the reports. That is why the average buying price per kilogram has already decreased.
- Unlike before that, we only had around 300,000 kilograms as of my May 15 report. Now, it already reached 1.7 million kilograms, since then.
- Dir. Padayao: It is Php106.36 as of May 15. So, the price is really dictated by the quality and quantity of the tobacco in the market?
- Atty. Ambros: Yes, ma'am. Partly, that is the presumption.
- Dir. Padayao: And especially that the tobacco prices are very high during the early onset of the trading. But during the mid or during or approaching towards the end of the trading season, the prices already go down. So, the prices are already fluctuating.
- Atty. Ambros: Yes, ma'am. It is because the deliveries were already low grades during the last period of the trading operations. Maybe the first classes were delivered ahead of the others.
- Dir. Trongco: Because what Atty. Ambros said was right, in his first report, the highest average price of Virginia was in Abra. But now, it is the exact opposite, it has the lowest average price.

Atty. Ambros: Yes, sir. Maybe the first classes were delivered ahead of the others. I think we should look into the volume of tobacco acceptance. Because in the earlier report of Abra, the deliveries would have been high grades, so correspondingly, it has high average price. But since we are ending, I mean, we are towards the end of the harvest season, we are now receiving the low grades tobacco. So, that would considerably or significantly decrease the value, the average price per kilo. Because prices for the lower grades, of course, will be lower. So, that will decrease the average price per kilo.

And the other factors that affected the price before was that the acceptance report was only at Abra. But now, there are already reports coming from the other trading centers. So, it seems like the average value has decreased. And especially, ULPI has already submitted its electronic reporting.

Dir. Padayao: How about now? How much is the average buying price per kilogram?

Atty. Ambros: It is Php78.53 per kilogram, Ma'am.

Dir. Padayao: What is the average floor price?

Atty. Ambros: The average floor price for all types is Php70.86. It is still a bit higher than the average floor price for all the types. But if we compare it further, the average buying price for all types is Php98.97. It is lower than the average buying price, by almost Php20.00.

But for June 15, the price went down. So, we will be checking on this. Because if you look at it, when the ULPI report was not yet released, the price was really high. Maybe it was affected when the report of ULPI was posted. We will look into this matter. Particularly, the volume of acceptance per grade, for the total of 1.6 million kilograms.

Dir. Padayao: Okay, Sir.

Atty. Obusan: Go ahead, Ma'am Noralyn.

Engr. Idica: Thank you, Atty. Obusan. Good morning to everyone. Good morning to the Honorable Administrator and CEO, as well as the Members of the Governing Board and Sir DAOP, and to all who are joining this meeting.

I will to react on the report that there was only small recorded volume of acceptance of Virginia tobacco for Vigan, around 1.6 million kilos only as compared to other provinces with almost the same area planted.

It is because the record of the Regulation Department is the acceptance only of the ULPI VTC No.88. We only have two buying stations, but as I have been saying during the previous meetings, the acceptances of TMI buying stations in San Juan is recorded in La Union.

I have already requested the acceptances of the different buying stations in Ilocos Norte, Candon, and La Union, and I am very thankful to La Union and Candon branches, they have already provided us the acceptances in their respective branches. Once we



have updated the recording of Ilocos Norte, I will provide the Honorable Members of the Board and Sir DAOP the recorded acceptances of all the trading centers which accepted the produce of tobacco farmers in the 1st District.

DAOP Casela: Thank you, Madam Nora, for that qualificatory statement. Atty. Ambros, I would like to ask, the reported volume of each branch, would that include tobacco acceptances coming from other branches?

Atty. Ambros: Yes, Sir.

DAOP Casela: Meaning to say, this is not the final data yet because there will be reconciliation. Reconciliation would mean, each branch offices will now report to respective branches what is the volume they accepted from their respective branch offices.

So, that will be reported to us by Atty. Ambros after the reconciliation of the final data of the total acceptances of tobacco per type and sub-type. Thank you. Please continue.

Atty. Ambros: So, to continue, after the Burley type, we will now proceed with the Native type. Okay, so the Native-Batek/Morada has a very good average buying price for the season.

Mindanao still has the highest, Php394.89 pesos per kilogram, followed by La Union, Cagayan, and Pangasinan. I think we have a very good prospect for this Batek/Morada type of tobacco.

Next is the Native Broadleaf, the average buying price for Broadleaf in Isabela is now Php85.41. And we already have surpassed the 7 million kilos mark as to volume of acceptance.

For the Native Cigar Filler, Isabela and Cagayan are the only one's planting Cigar Fillers for now. But the average buying price is still high as compared to the average buying price for this particular type. We already have a 220,449.50 kilograms acceptance for this type.

For the traditional type, our total acceptance as of June 15 is now 3.02 million kilograms, valued at Php221.5 million with an average price of Php73.30 per kilogram. Pangasinan, still has the lowest average buying price per kilo at Php39.00. The same average buying price we reported last May 15. So, all other branch offices, they have more or less close average buying price with Candon, having the highest at Php78.42. I think Pangasinan has not yet updated its tobacco acceptance report because our report is still 332.90 kilos, same as that of May 15 report.

So, may I request Manager Roger to update the report for this traditional type.

Atty. Obusan: Madam Chair, may we recognize Sir Roger of NTA Pangasinan?

Engr. Madriaga: Good morning, everyone, most especially to the Honorable Administrator and CEO, Ma'am Bel.

Sir, that report is under ULPI APC No. 6. We only received yesterday the notice from ULPI that we can now reopen their trading report and upload our latest data.

Now, as to the reported one, I do not know what this Traditional type is. This is the one we received from ULPI. This is the one we reported to them that we have an average buying price of Php100 plus per kilogram.

This is the one shown in the previous slide. That includes our shipping from different viajeros. Those are the ones that were paid by R&R fees.

Because as they trans-ship their produce to Mindanao and Cordillera, they receive permit to transport and certificate of inspection. We are asking them to pay for R&R fees. So, that is the only one we are reporting.

As to the traditional, that is already included in the previous report. As shown in the last slide, Atty. Ambros. This 332.90 kilograms is already included there.

Atty. Ambros:

Okay, Sir, Manager Roger, noted on that. We will just verify on your submission. By the way, this report was taken from the cutoff report as of June 21. Your input on June 21, that is what we picked up for June 15. Okay, Sir. So, if you just received the ULPI report as of yesterday, it was not included in the ES manager.

Okay. May I request everyone, especially the Branch Managers who are monitoring buying stations, with the permission of the Honorable Board, to constantly update the report every 15th and end of the month, immediately after receipt of the reports from the buying stations.

So, may I continue, Madam? So, that is our volume of acceptance. Let us go now to the grade distribution. For the Virginia type, more or less, it is similar to our previous report as of May 15.

For the highest grade of AA, it increased to 12.74% from 12.59%. So, for grade A, it went down from 12.45% to 10.56%. For grade B, it increased from 13.69% to 14.59%. It went down or maintain from grades D to R, more or less. It is good that the reject, percent distribution wise had lowered from 19.52% to 18.26%. So, the other grades improved.

So, for the Burley type, for grade A, it went down from 37.22% to 31.67%. But for grades B, C, D, E, and R, it went up.

And for the Native type, there is no change, actually. Even if we have increased our volume, the percent of grade distribution is the same as what is reported last May 15 for each native type. So, it is still the same, 30.22% for Batek/Morada, 44.78% for NAB, 1.61% for Cigar Filler, and others.

So, it is very constant. It means that we will be seeing this trend up to end of the trading season. By the way, what Sir DAOP said is right, that it is not the peak season of acceptance for our Native type. So,

we will see the trend or the changes on this percentage of grade distribution by mid-July or early August. That is for the native type.

Next is the total grade distribution for all the types. So, there is still no change. Our combined high to medium grades are still 87.40%. That is still higher than the GCG target of 83% for crop years 2023-2024. The percentage for the reject is still below the 10% threshold, at 9.48%. We hope that this trend will be sustained until the end of the trading season.

So, that will be my last slide. And thank you very much to the Honorable Members of the Board.

Atty. Obusan: Thank you, Attorney Bob. The floor is now open for discussion or further comments from Members of the Governing Board. Hearing none, once again, thank you Sir DAOP and Atty. Ambros, we now move to our next Agenda.

## **B. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

### **1. REPORT UPDATE ON THE APPROVED BUDGET FOR CY 2025**

Atty. Obusan: Madam Chair, to report on this Agenda, may we recognize Mr. Reynaldo R. Aquino, OIC, Finance Department. Go ahead, Sir Rey.

Mr. Aquino: Good morning, everyone, to Madam Chair, and to the Honorable Members of the Governing Board, Mayor Ben, Deputy Administrator for Operations, all the Managers joining the Committee Meeting. Good morning po sa lahat.

My report is about the action taken by the DBM regarding the NDA's budget proposal for Tier 2, as evidenced by the confirmation letter issued by the DBM.

As presented on the screen, this is the confirmation letter dated June 14, 2024. So, as we can see, the DBM only recommended a budget of Php550,504,000.00 only.

This budget is exactly the same during 2023-2024. So, the basis for the evaluation is:

1. Implementation readiness of programs/projects;
2. Assessment of absorptive capacity of the agency, that is obligation vis-à-vis allotment, using as basis the FY 2023 budget utilization;
3. Consistency of NTA's programs and projects with the expenditure directions for FY2025 as indicated in the Budget Priorities Framework, the Updated Philippine Development Plan 2023-2028, the Results Matrix, the Public Investment Program, as well as the NTA's Strategic Plan;
4. Submission of indicative annual procurement plan.

The recommended budget was summarized as follows.

The PS is Php218.919 million. So, this is the same for 2023-2024.

MOOE is Php271,585,000.

Capital Outlay of Php60 million for a total of Php550,504,000.

Another basis of DBM for recommending the budget is that they consider the tight resource outlook of the FY 2025. So, this is what we refer to as fiscal space.

So, the budget recommended is already final as stated in No.1. The budget recommended herein shall be your final budget level to be submitted to Congressional review.

No. 2, states that request for reconsideration entailing incremental adjustments to your recommended budget level will not be entertained anymore. So, even if we appeal, they will not be entertained.

No. 3 states that proposals for reallocation within your recommended budget level will be evaluated and may be favorably considered if found meritorious. For example, if the reallocation sought will increase the impact and enhance the efficiency and effectiveness of NTA's delivery of services; no adverse effect on the programmed targets and commitments; and consistent with the NTA's mandate.

So, last June 18, 2024, we have submitted these five documents. Corporate Strategic Measures, Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Uses of Funds by Expense Class. We were able to submit these documents on time.

Our locally funded project is Php200 million. So, this Php200 million is divided into two. Tobacco Farmers Production Assistance and Curing Barn Assistance Project with Php100 million each. So, for this one, this is the legal basis of our fund from R.A. 4155, which is also known as Tobacco Fund with a balance of Php98,090,781.00.

The revenue here for 2025, under the proposed 2025, this is just an estimate. The actual revenue here is Php6,336,374.00 with expenditures of Php550,504,000.00 that was recommended by the DBM.

This is what was recommended by the DBM last year for 2025. So, this is what we proposed to the DBM, a total of Php709,923,000.00 additional budget for 2025.

So, what was removed from our budget is additional fund for TCGS of Php286,000,000.00; Improved Tobacco Seedling Production of Php20,000,000.00; Rice Production Php804,000.00; Vegetables Php3,731,000.00; Chickens Php4,243,000.00; Corn Production Php8,800,000.00; Livestock, Goat Php11,245,000.00; Cattle Php19,078,000.00; Four-Wheel Drive Tractor and Accessories Php27,400,000.00; Drilling Machine Php16,000,000.00; Village-Level Tobacco Handmade Paper Production Php145,428,000.00; Stand-up

Capital for Livelihood Php100,000,000.00 and Capability Building of Php5,960,000.00; and Tobacco Research and Grading Institute of Php150,000,000.00; So, a total of Php709,923,000.00, this is what was disapproved.

If this was approved, it will total Php1,260,427,000.00.

Dir. Trongco: Sir Rey, the drilling machine was disapproved also?

Mr. Aquino: Yes, sir. It was included in the Tier 2.

Dir. Trongco: That is important, for us to produce quality tobacco. We need the drilling machines.

Mr. Aquino: It is disapproved, Sir. We cannot do anything about it. It was removed by the DBM.

Dir. Trongco: The first thing that we need is a stable water supply, which the drilling machines will be of use.

Mr. Aquino: I do not think, we can fund this through our corporate fund because we need Php16,000,000.00 for this, that is the reason why I included it in the Tier 2.

DAOP Casela: May I comment, please? It is really disheartening for all of us for the DBM not to approve the requested budget for Tier 2 projects or for the year 2025. NTA, really worked hard for this. I am an integral part of that working team who worked for this. We all know that we really did our best in trying to justify to DBM, why we need the budget.

We went through the seeking of assistance from the Regional Branch offices. We went through meetings with the attendees, and we did our best up to the time that we met with the panel of DBM in the presence of Madam Bel, the OIC of Finance Department, Sir Benedict, and many others. We did our best to justify this, but maybe as far as I am concerned, this is already an exercise of futility.

We did our best. It is really disheartening. I am really frustrated to be honest with you all. In that panel with the assistance of the other members from NTA, we did our best to justify that NTA could only manifest the extent of its services to all stakeholders, its special requirements if we have this fund. Now that we do not have this fund, we contend with what is given or approved that is the same budget given by DBM to NTA for year 2004, and that is Php550 million.

Now, I share the sentiment of Director Danny on this, because with this proposal, the drilling machine is really a component of a good compliance with technology for tobacco. It is really needed. But I think this is an exercise of DBM on us, but let us not lose hope.

Earlier, Rey said that we can make recommendations, but within the approved budget. What for? What is the use? Within the recommended budget, it means we can change the project, but it should be within the approved budget of Php550 million. What for? So, I do not know what will now be the next move of management with respect to this. But I think there are still other avenues where we

could seek support from other maybe from legislators, or maybe through Malacanang.

So, I think that is the last hope we can have right now. And as I proposed last time, we will come up with a letter addressed to His Excellency President Marcos. Let us explore all avenues.

Director Danny, I know you have been spousing, this drilling machinery for so many years already. That is why we have a production level. If we do not meet, of course, our farmers will suffer. These are all the implications of our limitations. We do not have much fun to all of this. We are very, very objective in making all these proposals because we want to provide services.

But this is the irony of all these things we have done. So, Sir Rey, during the Senate hearing, what we are going to discuss with them is the total budget of P550,504,000.00?

Mr. Aquino: That is the subject of the discussion Sir, as recommended by the DBM.

DAOP Casela: What is there to discuss further with the Senate, sabihin natin, yun na din ang program natin, same as in 2024, what is there to discuss?

For the information of the Honorable Members of the Board, out of the Php550,504,000.00, there will still be Php100 million to be provided as subsidy to our farmers. And this is a continuance of what we did last year, I mean this year, giving Php6,000.00 to 16,000 plus farmers a subsidy, and this will be repeated.

Unless, is there a hope for realignment?

Mr. Aquino: We can request, Sir, from the DBM for realignment. That will happen after the approval of the Senate in November.

DAOP Casela: Now it is like this. We should learn our lessons. I hope I am wrong with my analysis, because as far as DBM is concerned, the use of the word utilization differs from NTA's interpretation of appropriation.

The word used by DBM is utilization. Funds allocated for all projects should be expended up to the end of the year. But what we are doing here is we appropriate, meaning to say appropriation is just an appropriation, meaning to say that money is allocated for a certain project, but it is not expended yet.

So, meaning to say, they are questioning our observability. So, this is now a proposal that as early as August, the latest may be September, all projects should be in place already, meaning in place. All projects deliberated in terms of implementation as well as budget requirement.

So that at the end of the year, we can always report to DBM that the Php505 million is fully expended, so that we will comply with what they mean with full budget utilization.

So, let us hope beyond hope that still there is a hope. Because we are working for our stakeholders, instead of trying to be motivated to

work harder, they are trying to demotivate us. So, how about our productivity improvement programs? If we meet the basic needs of the farmers, we do not have to give them? Maybe, lessons learned, we should realign and expend according to the policies of DBM.

Otherwise, it is just like this. It will be repeated. So, Sir, with respect to operations, I am trying my best that all projects under the full budget, all will be in place in terms of implementation and budget requirement.

It will be in place, the latest by September. Lalo sa TCGS, dapat na nandyan na yung cost requirement, nandyan yang material inputs, para then it will appear fully expended.

Mr. Aquino: Yes, Sir.

DAOP Casela: So, we will work towards that arrangement.

Mr. Aquino: Sir, in addition po, yung mga programs and projects na mayroong overlapping sa DBM, baka pwede po natin ito isama sa program convergence budgeting? Nabanggit po ito sa kanilang sulat sa atin.

In line with the Administration's thrust to rationalize similar, overlapping, and/or redundant government programs and projects, the Program Convergence Budgeting (PCB) approach has been emphasized through NBM No.150. As such, the DBM afforded priority to the Department/Agency's budget proposal for P/A/Ps that form part of the PCB programs and were duly submitted through DBM Form 708. Nevertheless, the inclusion of DBM Form 708 does not include the proposed P/A/Ps from the aforementioned evaluation criteria, which were also outlined in Item 3.2.2. of NBM No. 151.

Consequently, PCB program proposed to the DBM with incomplete or non-submission of supporting documents and/or low priority ranking accorded to the P/A/Ps, among others, were not included in the herein recommended budget level.

Ito po kasi yung sinasabi po nila dito, program convergence budgeting. Ito po kunyari gusto po natin magpatanim ng rice, mag-submit tayo, ng complete proposal, including number of farmers, hectares, number of fertilizers and insecticides sa D.A. for their inclusion sa Rice Program nila. May ganoon po na budgeting sila.

Dir. Elaydo: So, you mean to say D.A. ang mag-propose nun instead of NTA?

Mr. Aquino: Yes, Sir. Sa D.A. po mang-gagaling ang proposal. Para po maiwasan ang overlapping na activity natin with that of D.A. Yun po ang pagkaka-intindi ko dito, pero, hindi ko pa po kasi natatapos basahin yung guidelines ng Program Convergence Budgeting.

Kaya lang po, may right timing din po kasi ng submission. Kung magsasubmit tayo ngayon sa kanila, it will be included in their budget for 2026. Kasi tapos na po ma-discuss yung sa 2025.

Pero, hindi ko pa po kasi masyadong kabisado yung Program Convergence Budgeting. Parang ganoon po siguro. That is why, hindi ko rin alam kung ganoon po ang nangyari sa N.I.A. na nakuha sila ng budget para sa rice production.

- DAOP Casela: Pero alam ko parang binigay daw yata ni Presidente. Kasi ang N.I.A., hindi naman talaga sila nakakuha ng rice subsidy. Pero narinig ko sa news na out of the 103 million hectares each na na-irrigate nila, magbibigyan nila ng Php50,000 per hectare na rice assistance each farmer.
- Mr. Aquino: Yes, sir, mabibigyan nila.
- Dir. Guzman: So dapat, mag-request tayo ng pondo sa D.A. Halimbawa, sa ating, Gulayan at Manukan, Cattle, Goat, Drilling Machine, mga projects na yan, hihingi tayo ng pondo sa kanila?
- DAOP Casela: With all the proposals that we presented to DBM, yun na rin ang i-submit natin sa D.A. for 2026 budget. Anyway, andoon na sa proposal natin, yung corresponding budget, yun na rin submit natin sa kanila, consistent with the guidelines under convergence budget. All things related to tobacco, sa NTA na lang na budget.
- Mr. Aquino: That is what I understand about convergence budget.
- Dir. Guzman: So, Sir DAOP, yung na-reject, ibigay na natin sa D.A. para hindi naman masayang yung effort natin, i-submit na natin yung cattle, goat, etc. Just now we are submitting to DA our requirements on these projects for 2026.
- DAOP Casela: Yes, that should be the case. For 2026 budget hearing, anong schedule noon Rey?
- Mr. Aquino: Ganoon din po Sir kung ano yung ginawa natin for this year. We will have to submit to D.A. yung requirements natin prior to April of next year. Para included na nila sa 2026 budget hearing.
- Dir. Guzman: At least, delayed for one-year lang ang mga projects natin.
- Mr. Aquino: Nakalimutan ko lang po kanina banggitin, alam din po ni Ma'am Nini itong program convergence na ito. Nababanggit din niya ito kapag nag-uusap kami.
- Dir. Elaydo: Okay. If that is the last recourse and it has a better chance of being approved by the DBM, why not?
- Mr. Aquino: Yes, sir. Para yung programs natin, regarding sa tabako na lang.
- DAOP Casela: Pero how sure are we that all the budget required by other projects implemented by NTA will be funded?
- Mr. Aquino: Malalaman natin sir by 2026. Siyempre isasalang naman tayo sa Senate hearing na yan. Isipin nalang natin for 2026. Hindi na po natin mababago yung 2025.
- Unless na mayroong operational insertion, Sir, na makakuha tayo katulad noong one time, nakakuha tayo ng Php50 million ata iyon or Php100 million. Pero yan yung emergency cash assistance program natin sa mga sinalanta noon ng freak rain. Pero yung binigay po sa atin noon na budget is hindi po nanggaling sa R.A. 4155. Galing po ito sa general fund ng government.



May programa din po ng D.A. na quick response fund na kung may calamity, doon kinukuha. Kagaya ng sa atin, noong 2022 na mayroong lindol.

DAOP Casela: We will be at the mercy for the other fund requirements. We will make good of whatever funds we have for 2025. I think that will be all for this Agenda.

Atty. Obusan: Any other discussions or comments? If there is none, we now move to the next Agenda.

## **2. REQUEST FOR APPROVAL OF THE PROPOSED SALARY INCREASE FOR JOB ORDER HIREES**

Atty. Obusan: Madam Chair, to present this agenda, may we recognize Ma'am Zenaida T. Arrojo, Manager, Administrative Department.

Mrs. Arrojo: Good morning po sa ating lahat. Good morning, Ma'am Bel, and to the Honorable Members of the Governing Board, Sir DAOP, and everyone joining us on this Joint Committee Meeting.

Your Honors, we are proposing to give a wage increase to our Job Order (J.O.) hirees effective this second semester of 2024, July 1 to December 31, 2024.

This proposal is a joint effort led by our team together with our Internal Audit Department Manager, Ma'am Dina E. Pichay, Attorney Rohbert A. Ambros, our Department Manager for Regulations, the OIC of the Finance Department, and yours truly. We thought of this proposal since our rates to our J.O is the 2017 Salary Tranche. So, this time we adopted the 2019 Salary Tranche.

For this semester, for the second sem, we have 153 job order hirees. We need a budget of Php2,542,335.00. Comparing this second sem po, na request, with that for the old rate, we need an increase of P260,924.00 po per month.

With the 153 J.O. hirees, anyway, as per Sir Rey, naman po, pasok pa naman po ito sa ating MOOE.

Dir. Elaydo: Do we have available funds for this?

Mrs. Arrojo: Yes po, Sir. Kasi for the second sem po is 153 na J.Os. na lang compared to first sem na 165 po ang ating J.O.s.

The decrease is due to some of our J.O.s got a permanent position na po. Yung iba naman po ay natanggal na dahil tumigil na ang operation sa Tobacco Dust Plant at sa Kadiwa. So nabawasan po ang ating mga job order hirees po, Sir.

Dir. Guzman: So, with this, magkano ba yung additional?

Mrs. Arrojo: Ang increase po ranges from Php1,000-1,500.00. We have provided the copy of the master list of our J.O. hirees, just like yung number 1 po natin, si Albano, from Php13,378 to Php14,847 po. So, he will be

receiving an increase of Php1,469.00 per month. So more than Php1,000.00 naman po ang increase in a month.

Dir. Elaydo: Ito lahat ng J.O.s?

Mrs. Arrojo: Yes po, Sir. Kasa, a na rin po yung ating mga project-based, yung salary grade nila based on their position, in-adopt po natin sa Salary Tranche ng 2019.

Dir. Elaydo: Madam Chair, since there is a budget for this, and I think the request is justified, I move for the approval of salary increase for these J.O.s as listed.

Dir. Guzman: I second the motion.

THE REQUEST FOR APPROVAL OF THE PROPOSED SALARY INCREASE FOR JOB ORDER HIREES is hereby **APPROVED**.

DAOP Casela: Madam Chair. There is a motion, that was seconded already. It might be more than academics, but because there is an approval of the motion.

May I please ask Madam Zeny here, all the budget allocated, I mean the extra money fund for all this, that will be all expended for this purpose?

Mrs. Arrojo: Sir, as per Sir Rey, meron kasi tayong sinusunod doon na not more than 30% of the MOOE kasi nakalagay doon na it will be allocated for this. So malayo pa po sa 30%, pasok na pasok po yung kailangan nating additional amount.

DAOP Casela: I am sorry Madam Zeny for this, but I am just anticipating things. Suppose we will be needing services of other J.O.s later on, can we absorb them because of the necessity? And that will be covered of course for budget requirement?

Mrs. Arrojo: Yes, po sir, according to Sir Rey. Kasi nakalagay po doon, actually we have the guidelines for the hiring of the J.O.s. Nakalagay din po po kailangan din in the exigency of the service, we can still add or hire aside from this.

These are our requirements as of date. So, in case just like the project-based, kasi we will be expecting for the hiring of trading centers clerks again for this July. So that would be an additional for this, which is project-based na po. And siguro na-anticipate mo Sir, for the increase in areas in some of the branches. So again, there will be a need for additional J.O.s for that purpose.

DAOP Casela: Exactly, yan ang iniisip ko. Thank you, Ma'am Zeny.

Atty. Obusan: Madam Chair, with your permission, I would like to ask Ma'am Zeny if it is common to suddenly change the position and job responsibility of a job order hiree during the renewal of his contract?

I am referring to Mr. Balmaceda, one of the J.O.s currently detailed at the OGB. Yung position po kasi niya before, ay Administrative

Aide (Clerk III). And then nakita ko po dito sa bagong position na isa-submit natin sa D.A. for renewal of contracts, ay naging Administrative Aide (Utility).

Mrs. Arrojo: Kung minsan po, nangyayari talaga ito. Si Mr. Balmaceda po ay, we just assigned him to OGB. So, since we are now in need of utility, kukunin na po sana namin siya.

However, if you still need him as clerk, kasi practice na isa lang ang J.O. sa OGB.

Atty. Obusan: Yes ma'am, I understand. Pero hindi pa po finalized yung kung mag-request ako ng another clerk.

Na-alarma po ako kasi during sa evaluation na pinirmahan ko, Jericho is doing clerical works, same as sa recommendation ko for renewal of his contract. Then all of a sudden, sa justifications nitong sa renewal, nakita ko dito, utility na siya. Kasi ang hirap din po naman ipaliwanag sa kanya yung sa first semester, hired sya as Clerk and then sa second semester of this year magiging Utility po siya.

Mrs. Arrojo: It is just a matter of designation po. So as of date what you want is for Jericho to be retained to the OGB?

Atty. Obusan: Yes, Ma'am.

Mrs. Arrojo: Okay. Ibabalik na lang sa dati yung position at responsibility niya.

Atty. Obusan: Thank you very much, Ma'am. Also, in a short span of time, he was included in the proposed salary increase.

Dir. Trongco: By the way Ma'am Zeny, on the scope of work for the drivers, could we insert something on drivers that is being assigned to us? I just want to add on item no. 108 for Mr. Joel Pambid to also insert the Board of Directors just in case Jason Flojo is not available.

Mrs. Arrojo: Alternate drivers? Mr. Pambid? Yes, Sir. I will just include the Board of Directors if in case our official driver is not available. Anyway Sir, nakalagay naman dito alternate driver of the office.

So, in case the J.O. driver assigned to the Board is not available, Mr. Pambid will take his place. Kasi alternate driver naman siya aside from doing messengerial or clerical work.

Dir. Trongco: Also, kindly communicate it to the concerned branch office. Thank you.

Mrs. Arrojo: Okay, Sir. I will just coordinate it with the Admin Officer.

Atty. Obusan: So, if there are no other comments, we will move to our next agenda.

### **C. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO

Dir. DANILO C. TRONGCO

## 1. REPORT ON LOGISTICAL REHABILITATION PLAN FOR KADIWA NI ANI AT KITA

Atty. Obusan: Madam Chair, to present this Agenda, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP), Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department, and Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD);

DAOP Casela: Before Manager Benosa will report on the Assessment of the Project, and also the report of Engineer Dela Peña on the Logistical Rehabilitation Plan, I would like to make mention that this concern was an offshoot of the instruction or the directive of the Honorable USec DV during the last meeting that we had, the Governing Board attempted to make a motion already as to the closure of the Kadiwa ni Ani at Kita project, but per instruction of the Honorable USec, if we are going to close the Kadiwa ni Ani at Kita, this will be contrary to the national government's direction of the Kadiwan system. So, he requested the operations group and the corporate planning group to prepare a rehabilitation plan.

So, what we did was, actually we met, I convened the members of the Project Evaluation Committee to evaluate the request of the Honorable USec. And what cropped up was, to provide him and of course the Members of the Governing Board, especially the new Members, for a brief description or situational analysis of the project. In which case, this will be the first part of the report which will be reported by Manager Nini Benosa.

And the second part will be the logistical rehabilitation plan, specifically for the property and of course the facilities. This information to be provided will give a clear vision to the Members of the Board as their basis in coming up with a decision later what to do with the project. Because definitely, we will present all the situations for the predicament of the project to the Honorable USec.

Then maybe, once we are through presenting to him the budget needed for the rehabilitation plan, because definitely, with what Engineer Abe will be presenting later, it entails huge amount. So, we will be presenting to USec DV this amount as needed prior to coming up with a comprehensive rehabilitation plan.

Comprehensive would mean, if we decide to make it operational by way of adopting the original plan of the project. We will be, we are capable to do that. But, first thing first.

The purpose of this presentation is to give you an idea of the project, when it was established, how is it going, I mean those limitations or those challenges met by the project as basis for decision making. So, that is the preview of the report.

But definitely, we will be requesting, we will be expecting a reaction from the USec tomorrow. If he can assist NTA as to the provision of the funds needed for the rehabilitation plan. So much so that if he can help us provide or seek financial assistance from NDA, so be it.

So, we need to say, we let him know the situation of the project, which include importantly the budget meeting. So, this is the purpose of the presentation right now. And, this is guidance for everybody to come up with the decision making.

So, for the first part, that is the historical assessment or narrative report of the project to be presented by Manager Nini Benosa. Ma'am Nini, please. Thank you.

Mrs. Benosa:

Thank you Sir DAOP. Good morning, everyone, to Presiding Officer, Administrator and CEO, Ma'am Bel, to the Honorable Members of the Governing Board, to our Executive Assistant Sir Ben, and all others who are present today, our Department and Branch Managers.

So, I would just like first acknowledge Ma'am Noralyn Idica, the acting manager of Kadiwa for providing all the necessary data for this report. Likewise, the COA audit report, which were provided to the Honorable Members of the Governing Board.

For the assessment report of the Kadiwa ni Ani at Kita covering 2013-2023, first for the rationale of the project, so the Kadiwa ni Ani at Kita Food Processing Plant, formerly known as the Agri-Pinoy Tobacco Farmers Food Processing Plant and Trading Center (ATFFPPTC) located at Barangay Nanguneg, Narvacan, Ilocos Sur, which was inaugurated on October 30, 2013.

The project was envisioned as a comprehensive production and marketing intervention that will provide assistance to the tobacco farmers in the production of raw materials, hogs and poultry, which the processing plant will buy, process and sell, into either fresh meat and poultry and other Ilocos well-known products such as bagnet, longganiza, and other processed meat products.

As to the goals and objectives, the general goal was to improve the economic and living conditions of the tobacco farmers, as one of the NTA's mandate.

And for the specific objectives, the integrated and comprehensive assistance scheme for our tobacco farmers; as an alternative marketing system and business model; and for the development of the farmers' capabilities and dynamic rural enterprises.

The issues that were supposed to be addressed were the absence of marketing outlets, unstable prices of farm produce, and market and price control by middlemen.

For the vision, the farmers are expected to be small entrepreneurs, and for the provision of affordable and nourishing food for Filipino consumers.

For the organizational structure, the Kadiwa ni Ani at Kita was headed by the General Manager, represented by the Administrator or Chief Executive Officer, (then Administrator Zaragoza), the Project Operations Manager for the Overall Plant Operations, (then Ms. Minerva Mizal), then the Executive Management, Administrative and Finance Services, Sales and Marketing Operations, and Project

Operations, composing of Raw Material Production and Purchasing, and Food Processing and Plant Operations.

For the facilities, which will be shown later by Engineer Abe, are the slaughterhouse, meat processing plant, and the poultry dressing plant.

And these facilities are accredited by the NMIS as the plant is AA-Accredited and GMP certified. Then for the beneficiaries, the registered tobacco farmers are again the producers of raw material requirements for hog fattening and poultry production, and this was covered under the contract growing scheme, which the beneficiaries mostly came from the 2nd district of Ilocos Sur and some from Abra. We assisted about 4,000 farmers way back in 2013. Then the support provided were production assistance, the income of the farmers who sold the hogs and poultry, and they were likewise provided with training and technology transfer by the concerned branch offices.

As to the product lines, the plant produced pork, whole carcass, fresh cuts, and processed meat, and the poultry, whole dressed chicken liver, gizzard, and others. The processed meat varieties were tapa, barbeque, tocino, bacon, and ham, nuggets, and bagnet.

As to the marketing of products, we had then for the local market a showroom in Narvacan, and likewise in the old NTA Central Office, we also had a showroom. Then the provincial branch offices then had a marketing outlet. For the target, we also targeted wholesalers, retailers, end-consumers and some supermarkets. Then we also had some markets from the schools and some from other establishments, including government establishments.

Way back in 2015, Kadiwa was tapped by the TESDA as a training school for slaughtering operations for those who wanted to be trained under their NC II program, and the plant was accredited center for the training. But to this day, the training was stopped due to the pending business permit and NMIS accreditation as the plant is not yet rehabilitated.

For the operational history then, the last activities that were conducted in 2019 were contract growing, hog poultry, and processing and wholesale marketing, but the hog component was stopped due to the occurrence of the ASF. Then the retail marketing also stopped in 2017, and the last partnership with TESDA was stopped in 2022.

For the financial and operational status, the activities that were done by the remaining staff of Kadiwa in 2023, since there was no operation then, includes renewal of permits and licenses, sale of remaining inventory, and compliance with regulatory agencies.

For the issues and concerns, these were provided as a result of the training then, the assessment done by the Kadiwa itself. For the market challenges, there was a low demand for products like processed meat as the market was dominated by the branded products. And another, a limited market coverage and sales to cover up for high operational costs and expenses, and marketing strategies

were not sufficient or aggressive to create the demand. On the operational challenges, there was an inefficient utilization of facilities and manpower, high fixed costs regardless of production quantity as the operational capacity was not met during the time, and the frequent leadership changes and lack of continuity.

Also, again, as I mentioned, the occurrence of African Swine Fever (ASF) in 2019. As to the effects of natural calamities, which will be the subject of the next report, there were damages in the plant and equipment as a result of Typhoon Maring in 2021, and these were aggravated during the Typhoon Egay in 2023. The agency had some actions done, it reported to GSIS for insurance claims, and facility inspection and damage assessment was done, and there is a rehabilitation plan for the plant and equipment which will be reported next.

For the COA observations and recommendations that were submitted to the agency dated March 27, 2024, we are presenting here the net income or loss from the year 2013 to 2023. As we can see in the table, the Kadiwa incurred a total loss from the years mentioned, a total of Php 169.4 million, and all the years that were presented were negative because of the high cost of goods sold in the second column.

The high expenses, the cost of goods, which is composed of the production assistance that we provide to the farmers and other expenses.

The expenses are higher than the net sales, and so the Kadiwa incurred a negative. As per COA, the main causes of the loss were poor planning and execution and the halting of operations from 2019 to 2022, due to COVID-19.

The reasons for the decline, as reported by COA, are the decrease in production and non-collection from farmer-contract growers, and there were also uncollected receivables amounting to Php1.56 million as of December 21, 2023. The agency fund transfers that were provided to Kadiwa, amounted to about Php31 million.

This is the representation of the income from the tuition fees for our training arrangement with TESDA. The income totaled about Php5.8 million.

As per the report also, about 99% outstanding receivables totaling Php8 million are inactive for about 1 to 10 years. And the collection effort is only about 4%.

Dir. Trongco: Who is still in debt now?

Mrs. Benosa: Aside from the employees, there are also outside creditors because in the branches, the products were also distributed before.

For the recommendation of the COA is for the matter to be brought up to the NTA top management and they are recommending for its closure. Then there is also a requirement for the accountant to continuously update its financial statement, especially on the receivables.

So as to the conclusion of COA, the project did not achieve its mandate. Then the government funds were not effectively utilized resulting into wastage and the decision on the project closure and further actions for the receivables.

For the key recommendations, a permanent Project Manager must be appointed. Also, the management must focus on smooth implementation and problem mitigation and explore funding options for the facility rehabilitation.

That would be all on my end. Thank you very much, Madam Chair.

Atty. Obusan: Thank you very much, Ma'am Nini. For the second part of the report Madam Chair, may we recognize, Engr. Abraham C. Dela Peña, OIC, General Services & Procurement Division (GPSD). Go ahead, Engr. Abe.

Engr. Dela Peña: Good morning, everyone. I will be rendering the status report of Kadiwa ni Ani at Kita for the infrastructure aspect. To give you an idea, po, this is the layout of the Kadiwa ni Ani at Kita wherein we can see the main building concerned with the processing.

The two main buildings over there are the slaughtering house and the chicken dressing plant, and then the rest is the support to the dressing plant and slaughtering house.

The design concept for Kadiwa during the time of the design in the year 2012 for the slaughtering house, chicken dressing plant, and the food processing building were elevated to 1 meter in height due to the following reasons:

1. The 1-meter elevated design is to make the unloading of raw materials easier, the same with the loading of outgoing processed products. This is to ensure that the delivery trucks flooring, and the building flooring will be having the same height elevation to make it easier for the delivery.

2. The next parameter is the elevated design to compensate the history of flash flooding in the area.

The support building, the administrative building, staff house, canteen, water treatment, boiler house, holding pen, etc., were also elevated for 1 meter due to the history of flash flooding also in the last 5 years since 2012.

This is the design concept. The elevation of the truck flooring will be the same with the elevation of the building. The reason is to make it easier for the transfer, for the loading and unloading of raw materials and finished products.

This is the present status of the plant, its operation temporarily stopped due to the following reasons. The first one is the effect of the African Swine Fever outbreak in the year 2019. This was the start of the hardship in the collection of raw materials that will be delivered to the plant. The second one is the structural damage on the plant when it was hit by natural calamities.



But before that, before the pandemic, the flow was okay for the collection of raw materials and for the outgoing finished products, there was no problem. The hardship started when there is outbreak of ASF, there were many deaths. At the same time, the closure of the border was the hardship for the collection of raw materials and for the transport of our hogs. And then the next one is the structural damage.

The plant was hit by natural calamities. Typhoon Maring in the year 2021, the whole province of Ilocos Sur was under state of calamity and the Kadiwa ni Ani at Kita processing plant was submerged in rainwater runoff and the level of flash flooding reaches 1.3 meters above the ground level. All equipment, machinery, and blast freezer, cold storage, and service vehicle outside the plant were under flash flood rainwater runoff. All office equipment, IT, and furniture resting on the building flooring were also damaged due to the 0.3-meter level of flash flooding water from the building flooring.

This is the representation of Typhoon Maring, the blue line is the level of flash flooding 1.3 meters above the ground level and 0.3 meter inside the building flooring. Our building and all equipment were submerged below 1.3 meters.

In this illustration, we can see that the equipment's powering the cold storage and the blast freezer at the back of the plant were submerged due to the 1.3-meter level of flash flooding. The elevation during the design is 0.6 meter above the ground.

Here are some of the effects of the Typhoon Maring. We can see the sliding windows and ceiling eaves were damaged by the strong winds. Same is true with our service vehicle that was submerged in water in 2021 and at present, remains at the mechanic shop and left untouched.

In the year 2022, the plant was again hit by a major earthquake with a magnitude of 7.0 magnitude. The epicenter was located at Abra with a 7.4 magnitude and Vigan City recorded a 7.2 magnitude. Infrastructure projects to restore and repair the damages caused by the natural calamities were suspended for implementation. This is due to the effect of continuous aftershocks hitting the area.

In the year 2023, the plant was again hit by Typhoon Egay. The whole province of Ilocos Sur was under a state of calamity. The level of flash flooding reached 0.8 meter from the ground level.

All machinery installed outside the plant was submerged again due to rainwater runoff. Due to the effect of the flash flooding, the perimeter fence along the creek side collapses. Water current flowing along the creek scoured the soil protection of the powerhouse foundation resulting in misalignment and making the structure unstable and the possibility of collapsing to the creek side. Before the structure's total failure, action was taken to save the powerhouse accessories which includes the transformer powering the operation of the hog and chicken dressing and processing plant, cutting and dismantling from the powerhouse and transferring to higher grounds for safekeeping which include the secondary power, the generator set.

This is the approved Provincial Resolution stating that Ilocos Sur is under a state of calamity during that time. The level of water for flash flooding for Typhoon Egay is 0.8 meter, lower than that of Typhoon Maring. Again, the installed equipment lower in elevation was submerged due to flash flooding.

These are the pictures taken during Typhoon Egay. We were not able to get pictures during Typhoon Maring because it happened in the night time. This is the situation in front of the plant and the pull out and transferring of the accessories of the powerhouse.

After the water subsided, this is the damage. The powerhouse is completely misaligned. It tilted and possibly will collapse to the creek side.

This is the fence and this is the powerhouse. Now, we have approved infra project to restore the perimeter fence to protect the further damage of our property. First is to dismantle the powerhouse before we can dismantle the perimeter fence.

Dir. Guzman: Do we have funds for that already?

Engr. Dela Peña: We have, sir, for this year of 2024.

Another matter that causes the temporary stoppage of operation is the application for 2023 renewal of business permit with the LGU Narvacan was submitted but was not acted upon. Also, permit to operate with the DENR and NMIS was not submitted due to lack of supporting documents which is the business permit. Application for TESDA as a learning center was submitted using the unapproved business permit but was put on hold.

Next is due to losses as reported and recommended by the Commission on Audit for its closure under AOM 24-006 dated March 6, 2024. The net loss incurred was Php169,442,431.28 since the start of its operation on June 13, 2013.

The agency has allocated budget for its repair and restoration. During 2022, it has an approved budget amounting to Php2.7 million for the repair and improvement of the Kadiwa ni Ani at Kita due to Typhoon Maring but was not implemented.

We forwarded this budget to 2023 but was not again utilized due to suspension of infra projects due to major earthquake that hit the province and the continuous aftershocks. What was approved before is the repair and improvement for Php2.7 million and repair and restoration of machinery and equipment for Php3,201,500. In the year 2024, the approved budget for restoration of the Perimeter Fence was Php3,000,000 and we have programmed this Php3,000,000. We arrived at an ABC of Php2,998,076.46.

The budgetary requirements to restore the plant operation. This 2024, we have the restoration of the damaged perimeter fence for Php2,998,076.46, construction of the new powerhouse and restoration of power supply for Php7,500,000.00, repair and maintenance of other buildings, the costing before in 2022 was

Php2,677,867.92. If I will be updating this costing, it will increase to Php3,000,000.00 plus. Replacement and repair of machinery, the same costing in 2022 totaling to Php6.5 million.

And then if we are going to restore the plant, we need to renew the permits, licenses, and insurance. Costing was done in 2022 amounting to Php1,355,735.83. The manpower requirement per month in average during full operation of the plant amounting to Php338,750 per month. And then the same for the electric consumption and water consumption average of Php112,619.56. And of course, if we are going to restore the operation, we need operating fund for the purchase of raw materials. I do not know how much it is, but the total infrastructure and other requirements totaling to Php21,381,649.77.

That is all for the updates, Madam Chair. Thank you very much.

Atty. Obusan: Thank you Engr. Abe. The floor is now open for discussion or comments from Members of the Governing Board.

Mr. Sarmiento: Good morning, everyone. With the permission of Madam Chair, if I may share lang po my observations in the operation of Kadiwa ni Ani at Kita. Simula po ng mag-operate ito, every year ay lugi ito and the losses accumulated up to Php 169 million to date. Sa tingin ko lang po, kung muli natin itong bubuksan at itutuloy ang food processing operation nito, patuloy pa din itong malulugi. Mahihirap po tayong makipag-compete sa mga local and branded meat shops. Sa kanila po, lahat pwede ibenta, whereas sa Kadiwa po, usually itinatapon na yung ibang parte tulad ng maskara at mga paa ng baboy.

Ang suggestion ko po ay gawin na lang natin itong training center, for butchery and other related courses. Maghanap po tayo ng tie-up na placement agencies for deployment abroad of future graduates. Thank you.

DAOP Casela: Thank you, Sir Ben. Ito po ang presentation natin tomorrow kay USec DV Savellano. We are hoping that kapag nakita niya kung gaano kalaki ang magagastos to rehabilitate Kadiwa ni Ani at Kita, he will reconsider his earlier pronouncement. That will be all, I guess for this topic.

Atty. Obusan: Thank you Sir DAOP, we now move on to our last Agenda, on Other Matters, the request for issuance

Madam Chair, may we recognize Dir. Gerry Virgilio V. Guzman to discuss this subject matter.

Dir. Guzman: Earlier today, Atty. Purisima, the representative of Former Ambassador Yujuico, the supposed interested buyer of NTA's Pugad Lawin was here at the Central Office. He again reiterated their intention and even offered to shoulder the appraisal cost of the property, which I refused.

I moved for the issuance of a of a Board Resolution instructing the AIM Committee to proceed with the appraisal of NTA's Pugad Lawin property located at Las Pinas City.

Anyway, according to Mr. Aquino, we have the available funds to conduct the appraisal activity, amounting to Php185,000.00.

Dir. Elaydo: I second the motion.

Dir. Guzman: This will help us to decide later on if we are going to sell the said property as we will now have basis for the approximate selling price of the same. Thank you.

REQUEST FOR THE ISSUANCE OF A OF A BOARD RESOLUTION INSTRUCTING THE AIM COMMITTEE TO PROCEED WITH THE APPRAISAL AS SOON AS POSSIBLE OF NTA'S PUGAD LAWIN PROPERTY LOCATED AT LAS PINAS CITY IS hereby **APPROVED**.

Atty. Obusan: With that, Madam Chair, the next agenda will be for the adjournment. Likewise, can we also have a motion for adjournment.

Dir. Serna: I move that today's committee meeting be adjourned.

Dir. Trongco: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 12:25 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**09 JULY 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:20 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 09 July 2024 (Tuesday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Legal Matters and Properties  
Board Audit and Finance  
Research and Extension  
Trading Operations and Regulation

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector.

*Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*; Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator, *good morning, Atty. JV*;

I would like also to recognize the presence of the representatives from the Philippine Red Cross Abra Chapter, headed by its Chapter Administrator, Ms. Jennifer T. Bernal and the Vice Chairman of its Board of Directors, Ms. Bernadette Cardenas Barona.

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan: For the information of everyone, Mr. Irwin Ang of ULPI will not be able to join us today as he needs to attend to an equally important meeting, but he promised to attend our next Committee Meeting. Hence, Agenda D-1 will no longer be tackled today. Thank you.

Dir. Serna: Madam Chair, on Other Matters, may we include the **"Request for Approval That Grant of Communication Allowance to Qualified NTA Officials be Thru Payroll/Cash on a Monthly Basis Effective July 2024."**

Admin. Sanchez: Granted.

Atty. Obusan: This is duly noted Madam Chair and Hon. Dir. Serna.  
We now proceed with the discussion of the respective Agenda(s).  
We start with our first agenda, and so as not to keep them waiting, under the...

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE LAND UTILIZATION OF NTA ABRA AND THE POSSIBLE EXECUTION OF A USUFRUCT AGREEMENT WITH THE PHILIPPINE RED CROSS ABRA CHAPTER**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mrs. Zenaida T. Arrojo, Manager, Administrative Department; Engr. Abraham C. Dela Pena, OIC, General Services and Procurement Division (GSPD); together with Ms. Barona and Ms. Bernal of the Philippine Red Cross Abra Chapter.

Mrs. Arrojo: Good morning, everyone, for this agenda of the Philippine Red Cross (PRC), and for the possible execution of a Usufruct Agreement with them, I will be turning the microphone to our OIC of the GSPD for the presentation.

Engr. Dela Pena: Thank you very much Ma'am Zeny. First of all, good morning to all of us. On behalf of Sir DASS who is the Chairman of the Asset and Inventory Management Committee, and the one leading us in this project, who currently is not feeling well, I will be making this presentation.

We already presented this request for a Usufruct Agreement of the Philippine Red Cross (PRC) Abra Chapter in the previous Committee Meetings.

Because of this request, NTA listed Four Requirements that PRC Abra needs to comply before the drafting and engaging in a Usufruct Agreement with the former.

First requirement is for PRC Abra to secure Letter Recommendation from Abra Governor. Dahil po, yung kanilang letter before is supported with a Letter Recommendation from Provincial Governor Jerry Singson of Ilocos Sur. To date, meron na po silang na-submit na Letter Recommendation from Gov. Dominic Valera of Abra, so compliant na po sila sa ating unang requirement.

Second requirement is for PRC Abra representatives to personally appear before the NTA Governing Board to present

their request to continue using a portion of our property. Ito po ang dahilan kung bakit andito sila ngayon sa ating harapan. Third requirement is to submit a proposal to satisfy both sides, the NTA Abra and the Philippine Red Cross-Abra Chapter for land utilization.

The fourth one is to secure recommendation from the Deputy Administrator for Support Services (DASS) and his team for land utilization.

Compliant na din po sila sa third and fourth requirements.

Ngayon po nagkaroon na po ng prior na agreement na ito na yung bagong magiging land utilization natin.

From 604 square meters na originally ino-occupy ng PRC Abra, ito po ay ibababa natin sa 289.2 square meters, at ang 314.8 square meters ay magiging provision for NTA Abra Parking. Ito po yung nasa left side.

Yan po yung proposed land development natin na sumang-ayon naman po si PRC Abra. So nagkaroon po ng planning. Tumulong na rin po ang technical team natin dito para makapag-come up tayo ng design nila. So yun pong kanilang area ay mayroon pong allotment na dalawang parking para doon sa kanilang ambulance.

Yung kanilang plano po ay two-story building. Ito po yung plan para sa kanilang ground floor. Tapos ito po yung second floor, mayroon siyang training room at saka Governing Board of Directors room kung saan gaganapin yung mga meeting din nila katulad po nito sa atin. And then ito po yung kalalabasan ng kanilang frontage na design na po.

So, for our recommendations from the AIM Committee, first we engage po in 25 years Usufruct Agreement. Then after the signing and approval of the Usufruct Agreement, immediate commencement of land securing activities for the NTA kung saan mayroon po tayong budget ngayon for land development doon. And of course, kapag mayroon na tayong Usufruct Agreement, then the Philippine Red Cross-ABRA can proceed with their own construction, ng kanilang building. Yan po yung napag-usapan ng AIM Committee para i-present po sa inyo.

So here are our volunteers from Philippine Red Cross-ABRA. We have Ma'am Bernadette and Ma'am Jennifer.

Ms. Barona:

Good morning po kay Administrator and sa lahat po ng mga Directors. We came here to tell everyone that we are so grateful, maraming maraming salamat po for allowing us to present today. At ipaalam po kung ano po ang meron sa Red Cross.



*(Ms. Barona and Ms. Bernal proceeded on discussing the leadership of the Philippine Red Cross, its fundamental principles, international accreditations, the services it rendered, including the trainings that it offered and many others.)*

Ms. Bernal: We are actually requesting for a space for our training center and of course Philippine Red Cross for us to continue our services for humanity and we promise to respond to all the needs of the people with zeal and compassion. That is all. Thank you so much.

Dir. Trongco: Sabi nila na pagtayuan ng training site, nakasama ba ito Engr Dela Pena?

Engr. Dela Pena: Yes po, Director. Yung first appeal nila is to use the 604 square meters, yung buong portion. But then we need expansion for our branch office also.

So, we decided to utilize half of it. Tapos yung half, yun lang ang ipagamit natin kay Philippine Red Cross.

Dir. Trongco: Yung half, okay na ba sa inyo, 289.2 square meters?

Ms. Barona: Yes sir. Basta meron lang po kami pag-tayuan ng aming training center at yong office ng manpower po.

Dir. Trongco: Ito ay approved na. Hindi na, kailangan ng extension? Okay na ito sa inyo?

Ms. Bernal: Kasama na po, pataas po yung extension. Inilagay lang po sa ayos ni Engineer para maximized yung space.

Engr. Dela Pena: Before po yung drafting namingng proposal plans natin, ay sumang-ayon naman po si PRC Abra for the proposed plan. Kasi tayo na po sa NTA ay gumawa ng plano para sa kanila, para lang ma-fastrack natin itong usapin po na ito. Pero hanggang dito lang po tayo sa pagtulong sa design. We did not ask for any payment for our assistance dahil bawal naman po yan.

But as to the approval and signature, signing ng mga plano po before, will be shouldered by the PRC Abra. Kasi po magkakaroon po ng conflict kapag pinakialaman po natin yan.

So itong design po natin i-adopt na lang po later on ng kanilang architect and technical personnels.

Dir. Trongco: Para sa akin, para may legacy tayong lahat during Sanchez administration, i-approve natin. Hindi naman lang Abra ang nanga-ilangan niyan eh.

I respectfully move for the approval of the Usufruct Agreement between NTA and PRC Abra. So that they can build a new building, and also for them to provide a better service to our province.

Dir. Guzman: First of all, we should have the copy of the Usufruct Agreement. Before the approval, the agreement must be in existence.

Engr. Dela Pena: Actually sir, they have the proposed Usufruct Agreement before. But that is subject for revision again according to kung ano na po yung mapag-kasundoan natin. Of course, the recommendation of the AIM Committee headed by our DASS, it should be 25 years lang muna. Kasi in their proposed Usufruct Agreement na binigay po nila, is they are asking for its use for 50 years.

Mrs. Arrojo: Kasi po yung building estimated useful life is 25 years. It is deemed that after 25 years, salvage value na lang ang halaga ng building.

The recommendation lang po for now is to submit the final draft of the Usufruct Agreement and then later on we will submit it for review and approval of the Governing Board.

DAOP Casela: First, I'd like to thank you for the comprehensive presentation of the mandates of Red Cross and definitely this is for humanity. And we do appreciate that. Now, assuming that there is already a Usufruct Agreement and I hope that will be soon. My question is, is there a timeline or plan already of Red Cross as to the construction of their building?

As mentioned by Engr Dela Pena, we have heard a while ago, we have plans already for the improvement of NTA building. Of course, that would include the construction of an access road entering the main road going to the Branch Office. So, assuming that there will be a Usufruct Agreement, is there a plan of Red Cross as to the construction of their building? Thank you.

Ms. Bernal: Yes, Sir. We have already an approved plan by our Board of Directors. If ever, hopefully, then we can also plan when to start its construction since we have mentioned that already at the National Office.

DAOP Casela: Thank you very much, Ma'am. Everybody should be thankful of the convincing power of Director Danny. That this is a legacy for the Members of the Governing Board.

Of course, NTA recognizes also its obligation with respect to, you know, enhancement of the information of humanitarian values. I

think what is needed now is for you to come up with the final provisions of the Usufruct Agreement. Thank you.

Ms. Bernal: We will do that as soon as possible.

Dir. Padayao: I just have one question, what are the exceptional benefits of the NTA's national and provincial employees? You have mentioned vaccination, donation of blood. Will they be given preferences? Because there are many requirements when you need blood.

Ms. Barona: Yes, Director. They will be prioritized. Actually, it was stated in the previously submitted Usufruct Agreement that Premier Bronze Membership with Accident Insurance Benefits will be given to NTA employees. And with the blood, they are the first priority for the blood if they needed it.

Rest assured that we will prioritize all the ABRA NTA personnel. And of course, you too, if ever. We will endorse it right away.

Dir. Padayao: Thank you.

Engr. Dela Pena: Ito pa po yung mga ibang ipinangako ng PRC Abra Chapter if ever we go forth with the Usufruct Agreement:

1. Free Blood Typing.
2. Free Annual Basic Life Support and Emergency First Aid Training for Employees.
3. Free Semi-Annual Earthquake Drill.
4. Appointment of one (1) Emergency Medical Service Volunteer from PRC Abra Chapter to act as Safety Officer in NTA Abra, in compliance with the DOLE Regulations
5. Free Training for Basic Disaster Orientation
6. Provision of other Medical Services such as BP Monitoring, especially during emergency situations.
7. Grant 20% discount on ambulance services for emergency medical transportation for employees and their first-degree relatives.
8. Grant 10% discount on each blood bag request per patient.
9. Any other services deemed appropriate by the PRC and ratified by the Chapter Board of Directors.

We will be waiting for the final draft, Ma'am Bernadette and Ma'am Jennifer.

Anyway, with all the programs that the Philippine Red Cross is handling, they can still use our parking area for their extra vehicles that they will use later on. And just in case that they need bigger space for the conduct of their trainings, they can communicate with NTA Abra Branch Office, so that they can use our training center.

- Mrs. Arrojo: For a minimal fee of course, to shoulder the electricity. We should maintain our good relationship between the two agencies that are there.
- Ms. Bernal: Thank you very much Ma'am Administrator and to all the Directors for accommodating our request and presentation today. We will send the Final Copy of the Usufruct Agreement very soon.
- Admin. Sanchez: Maraming salamat din sa inyong lahat. Sino ba naman kami para tumanggi sa isang organization na alam namin na malaki ang naitutulong sa humanity. Sana ipagpatuloy ninyo ang mga programa na nakakatulong sa ating mga mamamayan.
- Atty. Obusan: Once again, thank you very much for finding time to be with us today. After the photo op, we will now move to our next Agenda.

**2. REPORT UPDATE ON NTA'S OUTSTANDING LOAN WITH PDIC REGARDING GOLDEN LEAF VILLAGE LOCATED IN SAN ISIDRO, RODRIGUEZ, MONTALBAN, RIZAL**

- Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mrs. Zenaida T. Arrojo, Manager, Administrative Department; Engr. Abraham C. Dela Pena, OIC, General Services and Procurement Division (GSPD); together with Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator.
- Mrs. Arrojo: Good morning, once again. Our focal person here is Attorney Jun Fred V. Parado. So again, may I request Attorney Parado for his report.
- Atty. Parado: Thank you very much, Ma'am Zeny. Good morning to each and everyone.

I am honored to report the updates on the status of the NTA Housing Committee, as per instruction or directive of the Honorable Undersecretary DV Savellano, during the occasion of last board meeting of the NTA Governing Board.

To start with, the NTA Housing Committee was created by virtue of Special-Order No. 0606, dated February 23, 2021. So that was 2021, three years ago. The purposes of which are the following, number one, to study the viability of the NTA housing project in relation to the NTA's outstanding loan obligation with the Philippine Deposit Insurance Corporation, and number two, to address all other pressing issues related to the NTA housing project. The composition of the original NTA Housing Committee is headed by our Deputy Administrator for Support Services as the Chairperson, Sir Benedict Savellano, and then the OIC of the Admin Department as Vice Chairperson, and all other Department Managers as members. Together with the President of NTAEA

and Ma'am Zeny, then the Supply Officer and Chief of the GSPD, and Engineer Abe Dela Pena.

So, since 2021, or for periods starting 2022 onwards, the NTA Housing Committee was no longer reconstituted, but the powers and functions were already absorbed by the Asset Inventory Management Committee, and the NTA Composite Team, then created under Resolution No. 086 Series of 2023, with authority to negotiate with the Philippine Deposit Insurance Corporation, or PDIC, for the final settlement of the unpaid loan of the NTA real property located at Barangay San Isidro, Rodriguez, Rizal. The Chairman is the Deputy Administrator for Support Services, Sir Benedict, the members, Ma'am Zeny, Sir Ray Aquino of the Finance Department, Attorney Rohbert Ambros, the Manager of the Regulation Department, and yours truly as the Attorney V and Acting Board Secretary V. At that time, with the Board Representative in the position of Director, then Director, Wilfredo C. Martinez, in his capacity as the Chairman of the Committee on Legal Matters and Properties.

The subject matter of this report was already reported during the Board Meeting in March 2024, but then again, it was instructed to be reported again by the Hon. Undersecretary DV Savellano.

I will be presenting the Executive Summary/Briefer Report on the Status of the NTA Real Property known as the Golden Leaf Village Housing Project. Background or History. We have the MTA Real Property known as the Golden Village.

It is located in Barangay San Isidro, Rodriguez, Rizal, mainly situated on flat terrain with 24-hour security and the proposed housing project for the agency's employees. The total land area is 83,879 sq.m. The total saleable area of the property after deduction for the provision of roads, alleys, facility lots, parks, and playgrounds will be 54,136 sq.m. A total area of 2,506 sq.m., considered as prime lots, has been earmarked as the commercial area. The same being situated at the entrance portion of the subdivision along the Mayon Avenue or the highway. The NTA Real Property was then subdivided into smaller parcels ranging from 100 to 150 sq.m. for better distribution to our qualified NTA employees.

There were also informal settlers in the area, but we have served them on demand letters to vacate and as of today, isa na lang po yung natitira.

The issue now is the monetary obligation of NTA involving the property with the PDIC. As reported, the NTA obtained a loan from the Philippine National Bank evident by a credit line agreement dated June 21, 1996 amounting to Php 78,729,152.01 inclusive of interest.

On July 30, 2002, the PNB assigned by way of Dacion En Pago the outstanding balance in favor of PDIC. Thereafter, the NTA negotiated with PDIC in the latter's capacity as the new creditor for the amendment of the subsisting terms and conditions governing the loan. The PDIC agreed.

The NTA Board of Governors then, through a board resolution, authorized the execution of a restructuring agreement and attested that the NTA's has full legal capacity to enter into and comply with the said agreements.

Now, we have a restructuring agreement that was notarized on November 23, 2004 wherein the NTA agreed to the following conditions.

1. To repay the principal amount of the loan on quarterly installment within a period of 8 years with a 4-year moratorium payment from Oct. 1, 2001 to Oct. 1, 2005.
2. To pay also the capitalized accrued interest within a period of 8 years subject to a 3-year moratorium period.

However, in the letter of the NTA dated June 17, 2015, the NTA informed PDIC that due to the lack of funds and in view of the recurring income losses in its operating budget, the NTA will not be able to comply with the restructuring scheme. Hence, the NTA has no objection on PDIC's decision to foreclose the NTA property which was mortgaged as a guarantee for the payment of NTA's outstanding loan with the PDIC.

The period for the restructuring agreement had expired on July 1, 2019. Through a board resolution, NTA then wrote PDIC a letter proposal requesting the PDIC Governing Board for the approval of the following.

1. A second restructuring of the outstanding loan.
2. Condonation of the penalties.
3. Waiver of all approved interest.
4. Reduction of the interest rate to only 4% per annum.

In the letter dated August 7, 2019, NTA offered PDIC an upfront payment of P5M as a manifestation of its sincerity and earnest desire for the restructuring of its outstanding loan. On December 16, 2021, the NTA was informed that NTA's letter request for a second loan restructuring has been forwarded to the legal department of PDIC for review. It will be transmitted to the PDIC Board of Directors as the appropriate approving authority for its approval.

During the meeting of the NTA Composite Team in September 2023, it was reported that the letter dated February 23, 2023, followed by another letter dated May 24, 2023, which was forwarded by the NTA to Mr. Roberto B. Tan, President of PDIC, reiterating the request for approval of the NTA's proposed restructuring of its loan obligation. PDIC informed the NTA that the proposed terms and conditions of the Settlement Agreement with the Bangko Sentral ng Pilipinas has yet to be approved or finalized, and that updates will be sent to NTA on the terms of the Compromised Settlement as soon as the Settlement Agreement with the BSP is finalized.

The key figure here is as of December 31, 2023, the total amount due to PDIC has accumulated to Php 388,627,194.31. The distribution is as follows.

The book value is Php 78,729,152.01.

Interest from October 1, 2001 to December 31, 2023 is now amounting to Php 96,647,012.56.

At ang pinakamalaki po dito ay ang penalty charges from October 1, 2001 to December 31, 2023 in the amount of Php 213,251,029.74.

The OIC of the Finance Department was then instructed to come up with an acceptable proposal to PDIC for the settlement of NTA's outstanding obligation.

As to the present status, during the 172nd regular meeting of the board, it was resolved and recommended by the Board that the Rodriguez-Montalban, Rizal Property shall be included to their priorities of NTA properties to be appraised along with those located in Las Pinas City, Narvacan, Ilocos Sur, consisting of the Kadiwa ni Ani at Kita and the Feedmill Complex, and the present location of the Tobacco Dust Processing Plant in Sto. Tomas, La Union.

I would like to bring to the attention of the Board the highlights of the meeting of the NTA Housing Committee. Ito po yung last po na meeting po ng NTA Housing Committee which was held on June 7, 2021, yung time na may pandemic po. Ang subject matter is the NTA Housing Project, known as the Golden Leaf Village.

The Summary Report of Issues and Concerns Raised:

We provided a brief history of the NTA Housing Project, updates with PDIC on the restructuring of NTA loan and follow-ups. We reported also the case of illegal settlers and issuance of demand letters to vacate. There was also a previous proposal for the

perimeter fencing on the premises, but Finance Department was reluctant to approve the budget due to the pending issues surrounding the property.

Engineer Abraham Dela Pena and Mr. Edgar Guia were then directed to study on the possible perimeter fencing and securing the premises of the NTA Housing Project. There was also a request for loan restructuring which may proceed, but it was noted that the source of funds is the problem. Restructuring of loan was previously approved by PDIC but unimplemented by NTA. The present problem is on securing another board resolution from PDIC for this purpose.

Another issue identified boils down to rate or price of lots per square meter to be paid by the employees, because the previously agreed price is at P1,000 per square meter way back in 2011. And then we have to renegotiate as to the prices of the lots per square meter, appraise the prices of lots at the NTA Housing Project but to make it affordable. To get a marketing arm to offer for sale the said lots; to partner up with a housing company or real estate company that would propose for projects, upon payment of premiums to the NTA.

As suggested, the NTA Housing Committee shall recommend for the Top Management to do the following:

1. To review all viable options for the NTA Housing Project.
2. To identify sources of funds to pay or settle for the PDIC loan.
3. To make a re-computation, increase in the lot prices to recover cash-out payments.
4. To enter into possible partnerships with real estate developers.
5. To conduct a feasibility study to determine the highest and best use of the property.

Also noted are the following:

The NTA expects for an ROI or return of investment.  
There is a need to identify the number of avalees; and t  
To consider projections on pay-offs.

As to the recommendations being provided, it was recommended and suggested as follows.

1. To request the Administrator and CEO to engage the services of real estate practitioners to conduct a feasibility study on the NTA Housing Project.
2. For top management to consider the prospect of offering the lot for commercial development, not mass housing, due to the insufficiency or unavailability of funds.



3. To look at the opportunity for NTA to re-develop the project, because it was noted that the real property was actually offered by NTA for foreclosure in favor of PDIC, but PDIC refused as they deemed it a dead investment.
4. To request the Finance Department to study the possible sources of funds to pay for a re-structured loan payment and other expenses.
5. To request the Manager of Finance Department, and the Chief of the Budget and Cash Management Division to review letters/ communications to DBM and to request DBM for funding of the NTA Housing Project and settlement of loans with PDIC. One of the identified sources of funds for this is the RA 4155.
6. We also have to request the Chief of GSPD to secure documents and data, lot plans, tax mappings and other related documents necessary to appreciate the project's current status and to serve as the repository of all data or files of the project for use by the Committee.
7. To request the Manager of Corporate Planning Department to coordinate with the Supply Officer IV and Building Foreman in the preparation of a matrix to serve as the project's database.

I have also attached, Your Honors, the Statement of Accounts with PDIC, the Executive Summary or Briefer Report, the Highlights of the Meeting of the NTA Housing Committee, PDIC Letter from the Loans Management Department, NTA Letter to PDIC President dated May 24, 2023 and February 23, 2023.

I would like to manifest also that in compliance with the Provision of Executive Order No. 34 dated July 17, 2023 or an Act declaring the Pambansang Pabahay Para sa Pilipino Program as a Flagship Program of the Government and directing all national government agencies and instrumentalities including GOCCs and LGUs to submit a detailed inventory of all available and suitable lands for the implementation of the program, we have identified and submitted the NTA Housing Project as our compliance to this directive.

Kasi meron din pong DA Memorandum dated August 18, 2023 issued by DA na nirerequire po tayong mag-submit ng detailed inventory of all available and suitable lands po ng ating agency for the implementation of the Pambansang Pabahay Para sa Pilipino or 4PH Program. Hindi po natin i-consider yung ibang properties natin especially yung Las Piñas property, considering po yung high valuation, mahirap din pong i-convert natin na housing. That's why we identified the Rodriguez Rizal property.

In compliance din doon sa na-mention po ni USec DV Savellano that we have also to look for a possible tie-up din siguro with the National Housing Authority so we will be looking into this direction.

So that would be all for my report Madam Chair and thank you very much po to the members of the Governing Board.

- Atty. Obusan: Thank you very much Atty. JV. The floor is now open for any comments or discussions from Members of the Governing Board.
- Dir. Padayao: Siguro na-estimate din nila yung value if ever na ma-foreclose. Kaya hindi sila pumayag sa ating recommendation na i-foreclose na lang yung property. Kaya sinabi nilang dead investment.
- Dir. Guzman: Madam Chair, may I know from Atty. Parado on how much is the zonal valuation of the property in Montalban? Also considering that the PDIC refused to foreclose because it is considered as a dead investment.
- Atty. Parado: Okay Sir, your question may be redirected to our OIC, GSPD, Engr. Abe, please. Thank you.
- Engr. Dela Pena: As confirmed po by the AIM Committee last time, the zonal value is Php5,000 per square meter.
- Dir. Elaydo: Now can we come up with zonal valuation as a whole of the saleable area?
- Engr. Dela Pena: As compared to the amount of obligation sa PDIC last year? Saleable area po is 54,136 square meters, multiplied by Php5,000.00, the zonal value as of now is Php270,680,000.
- Dir. Elaydo: Kaya ayaw nila foreclose, kulang pa sa utang ng NTA.
- Atty. Parado: The Finance Department has been directed to identify possible sources of fund. And as to the possible revival of the project considering debt investment nga po, that's why the Committee made a recommendation for the Top Management, Administrator and CEO to look into the possibility of engaging the services of real estate practitioners for the conduct of feasibility study there is a possibility na meron tayong ROI when we will explore that direction po.

And possible tie-up with government entities, yung NHA po. During the last Board Meeting that was one of the directions given by the Hon. Usec. DV Savellano. Baka pwede ipasok na rin po sa National Housing Authority. Kasi po isa po sa mga duties and functions ng NHA is for the integrated and comprehensive housing program kasama na rin po dito yung mga government employees. Thank you very much.

Dir. Padayao: So, we must have to make a communication to the NHA for that matter?

Atty. Parado: Yes, ma'am. This matter will be reported tomorrow during the Board Meeting and we will be getting directions from the Hon. Usec. DV Savellano and if that would be the decision of the Board, we will be making the necessary coordination with the concerned government agencies.

In anyway Ma'am, ito po is under the jurisdiction na po ng AIM Committee since hindi nga na-reconstitute po yung NTA Housing Committee, and eto po is under din ng NTA Composite Team, created for the purpose of negotiating with the PDIC with respect to the possible settlement or the approval of the proposal for a restructuring loan agreement.

Atty. Obusan: Any other discussions on this matter, if there is none, maybe we can move on to the next agenda.

### **3. REPORT UPDATE OF AIM COMMITTEE ON NTA'S VALENZUELA AND LAS PIÑAS PROPERTIES**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mrs. Zenaida T. Arrojo, Manager, Administrative Department; Engr. Abraham C. Dela Peña, OIC, General Services and Procurement Division (GSPD);

Mrs. Arrojo: Our focal person here is Engr. Abraham Dela Peña. So again, may I request Engr. Dela Peña for his report.

Engr. Dela Peña: During the Inventory List of Land Properties as of December 31, 2023, lumabas po doon yung three (3) properties located at Malinta, Valenzuela under items 7, 8, and 9.

Based on the recorded amount, and records given by the City Assessors Office for Tax Payment, inilagay po namin ito sa Table. Eto po sya:

Item 7 at Php40,600;  
Item 8 at Php600,000;  
Item 9 at Php162,400;

In a report dated January 3, 2013, signed by then Financial Consultant (Myrna C. Ramos), Acting Legal Counsel and Chief TPRO (Rohbert A. Ambros) and Budget Officer V (Reynaldo R. Aquino), they identified four properties under the former Philippine Tobacco Administration (PTA):

1. TCT No. (T-29969) T-79019 containing an area of 34,053 sq.m.
2. TCT No. T-83823 containing an area of 406 sq.m.
3. TCT No. T-83826 containing an area of 750 sq.m.

4. TCT No. T-83829 containing an area of 847 sq.m.

The subject properties were declared for tax purposes as per notice of assessment, a copy of which is hereto attached for reference.

To continue with the report, sometimes in 1990, the property covered by TCT No. (T-29969) T-79019, together with the warehouse standing thereon, was sold by NTA to Champion Packaging Corporation, payment of which was received on December 20, 1990.

So, the 34,053 sq.m. warehouse that we had, was sold by PTA. This is what we received from Champion Commercial Packaging Corp., amounting to Php6,109,031.25.

Dir. Padayao: In 1990, the PTA sold it? But who sold it? Because it was already under NTA since 1987.

Engr. Dela Peña: Maybe, it was not yet changed, the name of the lot. But then, it was already NTA.

Dir. Padayao: It was received by, who was that? The manager of finance? This is confirmed by... (Castro)?

Engr. Dela Peña: Yes, Ma'am. NTA was the one who sold it in 1990. So here, in the amount they received, it was specified for the payment of Malinta Warehouse in Balubaran, Valenzuela, Metro Manila.

Dir. Guzman: But in the report, it was said that the land and the warehouse was sold to the Champion Commercial Packaging. We did not see any document pertaining to the sale of the land. At this time, this is the only thing we saw in the report.

The receipt was only for the warehouse.

No land was involved in the sale. And the question is, was this covered by board resolution? Deed of Absolute Sale?

Dir. Padayao: The area is 34,053 sq.m. At the price it was sold, lumalabas na Php179.39 per square meter lang ito nabenta.

Dir. Guzman: These are the documents. This is the whole area. Definitely, they could not transfer ownership because there is no evidence of the sale by virtue of a Deed of Absolute Sale.

Technically, it is owned by NTA as of today. That 34,053 square meters parcel of land. Assuming that the transaction of selling the warehouse is legal, but it covers only the warehouse. So technically, they do not own the land.

Engr. Dela Peña: Moving on, as to the inventory that AIM Committee conducted, we are only conducting three properties located in Valenzuela. This is determined as TCT Nos. T-83823, T-83826, and T-83829.

Hindi na po kasama yung TCT No. (T-29969) T-79019, wala na din po ito sa ating book of accounts.

Those three are actually intended for the purpose of road right of way in which it was used.

Dir. Guzman: It's just in the report. It was stated that it was sold together with the warehouse. But in the receipt, it only indicates the warehouse.

So that is what we are looking for, the Deed of Sale, so that we can eliminate the 34,053 square meters.

DAOP Casela: Excuse me, I think this transaction is spurious. Where is the official receipt coming from the NTA? This is only an acknowledgement receipt.

We can request the finance to go about it, to look for it.

Dir. Guzman: It's been 24 years. The letterhead is the Champion Commercial Packaging Corp., but we are the ones issuing the receipt. Meaning to say, the letterhead should be that of the NTA.

Engr. Dela Peña: This was the report of the previous AIM Committee. The three highlighted titles, as of now, are the only ones that we have in the Finance Department.

So, to go on with the report, the fourth item, recently, the NTA received a copy of Tax Assessment from the Assessor's Office of Valenzuela City, only for the property covered by TCT No. T-83826. There were actually three original copies of titles in possession of the NTA, which led the undersigned to conduct verification as to the existence thereof.

Item 5, on December 14, 2012, the undersigned went to visit the site where the properties are located. However, due to the unavailability of company officers, the undersigned were not able to enter the premises. Instead, the group went to the Assessor's Office, which provided information that there are three remaining properties still registered in the name of PTA. The total real property tax liabilities as of December 2012 amounts to P114,520.02 as annex G.

Item 6, on December 20, 2012, the group went back to the site. Unfortunately, still the present owner did not allow the group to enter the premises. Again, the undersigned went to the Engineering Office to verify the present status of the three properties. It was gathered through the use of the Real Property

Tax Mapping System that the three remaining properties are now used as road right-of-way, called Cabral Street, Maysan, Valenzuela. As per Sitemap (Annex H) in the report, the color portion represents the remaining properties of the PTA. The provision of perpetual road right-of-way was specifically annotated in the three titles in possession of the NTA.

This is the assessment obtained by the AIM Committee:

TCT No. T-83823	406 sq.m.	Amt. Due: Php23,231.62
TCT No. T-83829	847 sq.m.	Amt. Due: Php7,462.56
TCT No. T-83826	750 sq.m.	Amt. Due: Php83,825.84

The total amount due is P114,520.02, total assessment for tax that the PTA must pay. This assessment was dated December 14, 2012. Unfortunately, we did not pay that.

So, to continue with the report, considering that the three remaining properties have been devoted as perpetual road right-of-way, the NTA cannot anymore make use of or benefit therefrom, the following options are recommended for your consideration.

Leave the properties as such until they are declared delinquent in payment of real property taxes, and the City Government of Valenzuela will just sequester the same for public purpose. This option, however, would later be an issue with the Office of the Resident Auditor, as this would be the subject of a negative Audit Report.

Or, second recommendation, subject to the approval of the NTA Governing Board to formally inform the City Government of Valenzuela that the NTA is willing to donate the subject properties for public purpose and the corresponding Deed of Donation will be the basis for the dropping of the subject properties from NTA inventory of real properties.

Respectfully submitted for your consideration, members of the previous AIM Committee. That is their report.

Here, we can see that it is described in the report that this shaded area, enclosed with an ellipse in red color, that is what our three titles describe.

So, during our course of inventory, we were a bit puzzled if it is exact that our three lands are actually roads.

Dir. Elaydo:

Is it exact? It seems impossible. Because our road right of way is 15 meters from the center, total of 30 meters in a two-lane road.

Engr. Dela Peña: In that representation, we have not determined because that is the only limitation of the document that was given to us. So, we further conducted investigations to prove if the three lands are actually roads.

So, to prove that, we need the three titles that we have. So, here, we acquired copies in possession of our Finance Department, the original document. So, we evaluated it here.

It is stated here in this document that there are points allocated for road right of way, points 15 to 19, annotated in the original title that it is a road right of way. Same is true with the other documents that there is a specified use for road right of way, the three lots.

So, since we scouted this, we did a Google search to see if it is really a road right of way. Based from the three titles, it is insufficient for proving if it is a road right of way. So, the only option we have at the engineering and the AIM committee is to plot our land as per the descriptive title indicated in the title.

So, based from our plotting, TCT No. T-83826, this is the plot of the said lot. It is enclosed. So, it can be up here, eto po. This is its face.

For our second plotting for TCT No. T-83823, this is the resulting plotting. It is not enclosed because the descriptive title does not have a second base. The description is insufficient. So, it is not enclosed.

The same also true for TCT No. T-83829, it is not enclosed. So, titles as plotted does not close to show area per property except for TCT No. T-83826.

So, this led the group to secure a second copy from the Register of Deeds. The three titles secured from the Register of Deeds were more indeterminate in descriptive points. Although wordings are visible in the second page, the wordings were still insufficient for reading and for plotting purposes.

Annotations were also noted in the two titles, TCT No. T-83826 and TCT No. T-83829.

So, this is the title we got from the Register of Deeds. We could not find a better title than ours. We were able to read the first page, but we do not have a second page.

Although there are annotations, there are markings here, but it is not readable. This is the best copy that they could provide us.

So, this is TCT No. T-83823 consisting of four pages. The third and fourth pages were not readable. And then, with the same markings, there is a condition for road right of way.

Next is TCT No. T-83826 consisting of five pages. We can also see markings here, but it is not readable. First, there is an annotation from the local government. Notice of Levy: Issued by the City Treasurer affecting the right, interest, share and participation of the registered owner and by virtue of warrant of levy issued by Adelia E. Soriano for delinquency in the payment of real property tax in the sum of Php118,008.80 covering tax years 1974 to 2021. Date of instrument, September 13, 2021 by Atty. Dalisay V. Sacdalan- Martinez, Register of Deeds.

The next one is TCT No. T-83829 consisting of five pages. The same is true, it is mostly unreadable. But it is also written here that it is to be used for road right of way. There is also an annotation from the local government of Valenzuela. Notice of Levy: Issued by the City Treasurer affecting the right, interest, share and participation of the registered owner and by virtue of warrant of levy issued by Adelia E. Soriano for delinquency in the payment of real property tax for the sum of Php10,210.48 covering tax year 1974 to 2021. Certificate of Sale: Filed by Adelia E. Soriano, City Treasurer's Office, City of Valenzuela, certifying that after having been advertised for sale in accordance with Section 260 and 263 of 7160, known as the Local Government Code of 1991, the delinquent real property has been sold at the public auction held on December 10, 2021 in the City of Valenzuela, in favor of the City Government of Valenzuela (for want of bidder) for the sum of Php 12,032.84. Instrument dated December 10, 2021.

So, TCT No. T-83829 was sequestered by the City of Valenzuela and was sold due to delinquency in the payment of tax. We did not pay the tax. It was sequestered by the local government and was sold.

We also tried getting copy of the updated Tax Assessment as of June 14, 2024.

The three properties, TCT No. T-83823, TCT No. T-83826 and TCT No. T-83829, are still in the name of PTA. The total assessment for the three properties as of June 14, 2024 is Php176,108.94.

This is the question by Director Guzman earlier. Where is the 34,053 sq.m. property?

The group were able to secure a copy of the Mother Survey Plan from the Land Registration Authority (LRA). Here it is. So, this is



the title. It has a road right of way that is described as points 15, 16, 17, 18, and 19.

So, if we go back and rotate this plan, it will show like this. So, it is described as 15 to 19. This is also our land.

Dir. Padayao: What kind of road is that? National road? Provincial road?

Engr. Dela Peña: It is a closed road. It's like a private road because it has a road right of way on both sides. So, it is not open to the public. It is used as a private road for the plant that is in its surroundings.

Dir. Padayao: But before they construct the road, there should be information to the owner.

Engr. Dela Peña: Yes, but it was annotated in our TCT that it is really intended for that road right of way. However, they may not have seen that it is the real purpose before it was delivered to them.

What we understand is that when they sold the 34,053 sq.m., it included the road right of way as annotated in the three remaining titles.

Because it is described from the 34,053 sq.m. that it has points that will be the road right of way. We determined that those points are the three titles.

Those are the three under consideration titles.

For our Observations as of now:

1. TCT No. T-83826 with annotation for tax levy as tax delinquent.
2. TCT No. T-83829 annotated for tax levy and was sequestered by the City of Valenzuela and offered for public auction or bidding in favor of the local government dated December 20, 2021.
3. TCT No. T-29969 was sold to Champion Commercial sometime in December 1990. Points indicated to be used as road right-of-way, points 15, 16, 17, 18 and 19 was proven and indicated in the Mother Survey Plan to be TCT No. T-83823, TCT No. T- 83826 and TCT No. T-83829 as indicated.
4. All three titles under consideration were also annotated and reserved for the use as a road right-of-way.

Our Recommendations as the AIM Committee are as follows:

1. Clear the accounting books by answering the AOM based on the original title annotation and updated annotation for tax levy.

2. Make representation to the City of Valenzuela for possible settlement of taxes and explore legal remedies regarding the three titles before elevating the issue to the Governing Board for possible execution of a Deed of Donation with the City of Valenzuela to finally clear the accounting books and remove the three land properties from the list of land inventory.

That would be all for my report. Maraming salamat po.

Atty. Obusan: With the permission of Madam Chair, kasi kung ido-donate po natin sa Valenzuela, may mga complications po ako nakikita, kasi may mga tax due tayo na dapat bayaran. Legally speaking, dapat po itong ma-settle before we can donate it. Although off-setting may be considered kung papayag ang City Government of Valenzuela. Compromise agreement ang gagawin natin.

Dir. Guzman: Madam Chair, ang sa akin po, the 34,053 sq.m. property, we lost it under the most suspicious circumstances. I'm sorry to say that but that's the proper term kasi resibo lang sa Champion yung nakita natin, we did not see any Deed of Absolute Sale.

With the permission of Madam Chair, since we cannot move on in the discussion and to have a clearer view of the issue, I suggest that anyway there are two signatories of the document that are still with us, maybe we can invite them next time to have a clearer view of the issue. That is all, Madam Chair.

Atty. Obusan: That is duly noted, Dir. Guzman. Any other discussions on this matter, if there is none, we can now move to our next Agenda. With the permission of Sir DAOP, if he is amenable, since Ma'am Zeny is already here, we discuss first the agenda manifested by Dir. Serna on Other Matters.

DAOP Casela: Sure, go ahead.

Atty. Obusan: Thank you, Sir DAOP. Our next agenda.

**REQUEST FOR APPROVAL THAT GRANT OF COMMUNICATION ALLOWANCE TO QUALIFIED NTA OFFICIALS BE THRU PAYROLL/CASH ON A MONTHLY BASIS EFFECTIVE JULY 2024.**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mrs. Zenaida T. Arrojo, Manager, Administrative Department;

Mrs. Arrojo: Anyway, this pertains to the communication allowance given to the Administrator, to Members of the Governing Board, to our Department Managers, and lastly, to the Division Chief.

We know that we are receiving that monthly with the corresponding amount depending on our position. And then,

usually, we do it, we purchase of these cell cards per semester thru bidding. First semester, that is, covering January to June; and second semester, covering July to December.

During the first semester bidding in January, the cell cards are no longer available is that of Touch Mobile or TM. They are no longer being sold; they have been phased out.

The reason behind this is that they are digitalized already. So, what will happen is that they will be electronically loaded. If you buy TM, it will be loaded electronically.

And then, for this second semester, we posted again in the PhilGEPS for our cell card requirements. What happened is that we have failed bids due to not being able to comply with our requirements with the Globe cell cards. So, two failed bids.

We should have resorted to negotiation. However, we could not make a negotiation with them because some of our requirements are not met. So, we cannot go into negotiation.

We can only negotiate if the bids fail due to higher ABC or our requirements are not being delivered on time. So, with this, we seek the advice or we consulted with the Finance Department, particularly Ma'am Mila, that we cannot do otherwise because they are already digitalized. And then, for the next six months, we cannot load all of them.

So, I talked to Ma'am Mila about how to go about this. Instead of using cell cards, we use cash. And I also asked my daughter, who is working in COA, how she can get her globe, communication allowance. She told me that there is a certification from the agency that they no longer provide globe cell cards. So, now, I went to Ma'am Mila earlier about what she really wants to convey to the Board. What she said is, we are just requesting the Governing Board to issue a Resolution, instead of using cell cards, you will allow us to disperse and give communication allowance in monthly basis through payroll/cash only.

We will issue a bill for the cell card allowance in the form of payroll on a monthly basis through cash by our cashier.

For the branch managers, we will allow the branch cashier to give it, at least, on time. We will no longer send it to the branches. We will just transfer it to the branch offices. What is due to them.

So, that is what I am asking for, a Board Resolution authorizing our cashier in the payroll form so that we can get the monthly communication allowance.

But for SMART cell cards, for those who subscribe to SMART, we still have an on-hand inventory. But I guess soon, SMART cell cards will also be phased out. Just one? Yes, just one.

That's all. Thank you very much.

Atty. Obusan: Thank you very much, Ma'am Zeny. The floor is now open for comments or discussions from Members of the Governing Board.  
Dir. Serna: With that, I guess a motion is in order to request that instead of the ongoing practice of cell cards, the communication allowance will be disbursed through payroll in cash. Thank you very much. So, if it's possible, I will just make a motion.

I moved that grant of communication allowance to qualified NTA officials be thru payroll/cash on a monthly basis effective July 2024.

Dir. Elaydo: I second the motion.

REQUEST FOR APPROVAL THAT GRANT OF COMMUNICATION ALLOWANCE TO QUALIFIED NTA OFFICIALS BE THRU PAYROLL/CASH ON A MONTHLY BASIS EFFECTIVE JULY 2024 is hereby **APPROVED**.

Atty. Obusan: Since Ma'am Bel, Sir Ben, and Sir DAOP has a scheduled meeting later at 3pm with Sec. Estrella of DAR, I suggest we instead have a working lunch.

We now moved on to our next agenda.

**B. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REQUEST FOR A BOARD RESOLUTION DESIGNATING NTA BRANCH OFFICIALS AS THE AGENCY'S REPRESENTATIVE/S IN SECURING AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM THE BUREAU OF INTERNAL REVENUE (BIR)**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Reynaldo R. Aquino, OIC, Finance Department.

Mr. Aquino: Good afternoon po sa ating lahat. It can be recalled that a similar Board Resolution was requested and subsequently approved before in the previous Board Meeting held last May 14, 2024. Only that time, it involves designating NTA officials assigned at the Central Office, this request now involves NTA Branch officials, both for the same purpose of securing Authority To Print (ATP) Receipts/Invoices from the Bureau of Internal Revenue (BIR).

This request is in compliance with the new BIR Ruling on Issuance of Official Receipts (RR 11-2024), the agency can still convert unused O.R. into invoices, however, new invoices with an ATP must be obtained before December 31, 2024 or before fully consuming converted O.R.s, whichever comes first.

Also, one of the requirements to secure ATP to Official Receipts or Invoices for non-individual is the Board Resolution or Secretary Certificate indicating the purpose and the name of the Authorized Representatives.

Thus, the NTA Management respectfully recommends the following NTA Branch Officers to be designated as the official representative/s of the Agency to the BIR in applying and securing Authority To Print Official Receipts/Invoices as follows:

1. NTA Pangasinan Accountant III - Chryzl Hirieze Marie P. Estacio
2. NTA La Union - Nicolas A. Mendoza  
Cashier III
3. NTA Candon - Wenefreda V. Fangon  
Cashier III
4. NTA Abra - Jordan C. Turalba  
Cashier II
5. NTA Vigan - Liezl Margarete R. Guzman  
Computer Operator II
6. NTA Batac - Ferdimark R. Rosario  
TPRO I
7. NTA Isabela - Mona Krisel C. Garrido  
Cashier III
8. NTA Cagayan - Elmerante A. Ginez  
Cashier II
9. Tobacco Dust Processing Plant - Christopher R. Supang  
Senior TPRO/OIC Project Manager
10. NTA North Cotabato/Maguindanao - Nelly G. Alba  
TPRO III
11. NTA Mindanao/Misamis Oriental - Ma. Mercedes M. Ayco  
PDO IV

That would be all po, Your Honors.

Dir. Elaydo: Parehas lang ito ng dati di ba?

Mr. Aquino: Yes po, Director, only now, it involves designating branch officials.

Dir. Elaydo: In that case, Madam Chair, I respectfully move for the approval Designating the Listed NTA Branch Officials As The Agency's Representatives In Securing Authority To Print (ATP) Receipts/Invoices From The Bureau Of Internal Revenue (BIR).

Dir. Serna: I second the motion.

REQUEST FOR A BOARD RESOLUTION DESIGNATING NTA BRANCH OFFICIALS AS THE AGENCY'S REPRESENTATIVE/S IN SECURING AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM THE BUREAU OF INTERNAL REVENUE (BIR) is hereby **APPROVED**.

Atty. Obusan: We now moved on to our next agenda.

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. DANILO C. TRONGCO

**1. REQUEST FOR APPROVAL OF THE RELEASE OF THE BUDGET AMOUNTING TO PHP 16,698,000.00 FOR THE IMPLEMENTATION OF GULAYAN AT MANUKAN SA BARANGAY PROJECT**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP) and Mr. Reynaldo R. Aquino, OIC, Finance Department.

DAOP Casela: For the two agendas, it is for the Gulayan and Manukan sa Barangay Project and the next Agenda, for the granting of subsidy under the TCGS for Mindanao provinces. I would like to give a background that the primary consideration of why we are seeking the early approval and release of the budget for these two projects is that, and it was forewarned already by the DBM that in terms of the utilization of funds, all budget or funds allocated for all projects must be expended up to the end of the year. Now, with that, that's the reason why we're making the request, early request for the approval of the budget for these two projects.

And for the agenda on the Gulayan and Manukan sa Barangay (GMB) Project, it's going to be implemented as early as now because for the last implementation of the GMB project, it was the finding of the internal audit that some farmers can't plant their seeds anymore because the seeds were distributed during the dry

season. So, that's why the budget for the GMB is sought right now as the approval of the budget is earlier in time for the rainy or wet season, not for the dry season ahead.

So, and in the report, there will be eight branch offices who will be implementing the project, and there will be 150 extension workers who will be implementing this.

The expected number of beneficiaries, or farmer cooperators for this project totals to 2,224 for an equal allocation of 278 Farmer Cooperators (FCs) per branch offices. With a budget of same budget per module of Php7,500. For each branch, they have a budget of Php2,087,250.00.

All in all, total budget for GMB implementation is Php16,698,000. We have already the listings of the farmer cooperators, and this is only the summary.

And I'd like to mention also that the GMB was implemented during the onset of the pandemic. This is to make sure, for NTA to provide additional livelihood for the tobacco farmers. But I think we, there's a need to continue with the implementation because this is consistent with the directive of the Department of Agriculture in terms of food security. So, the amount of Php16,698,000.00 is requested from the Honorable Members of the Board for approval so that we can implement this project as early as now. Thank you.

Dir. Padayao: I think this agenda is very, very vital. I have a report here that in the previous implementation, there were unplanted seeds because of the dry season.

So, we have to approve the budget before the rainy season so that they can plant. So, let's just consider our stock so that it will be jointly planted with the new ones so that their inventory won't be wasted.

DAOP Casela: Yes, ma'am. Thank you very much for your information. And so, what's going to be distributed is the old stock of seeds and the new stock of seeds. But we don't expect much, I mean, there will be lower, higher mortality or germination for the old seeds.

But nevertheless, this will just be in addition to what we're going to purchase this time for different vegetable seeds. Thank you, Ma'am Luz.

Dir. Padayao: As long as it was stored properly, seguro, the germinability was not that much affected, Sir.

DAOP Casela: Corresponding advice will be given to our Branch Managers, Ma'am. Thank you.

Dir. Padayao: I respectfully move for the approval of the release of the budget amounting to Php16,698,000.00 for the early implementation of the Gulayan at Manukan sa Barangay Project.

Dir. Trongco: I second the motion.

REQUEST FOR APPROVAL OF THE RELEASE OF THE BUDGET AMOUNTING TO PHP 16,698,000.00 FOR THE IMPLEMENTATION OF GULAYAN AT MANUKAN SA BARANGAY PROJECT is hereby **APPROVED**.

Atty. Obusan: We now moved on to our last agenda for the day.

**2. REQUEST FOR APPROVAL OF THE ALLOCATION OF UNUTILIZED FUNDS IN THE AMOUNT OF PHP 13,804,000.00 FOR THE IMPLEMENTATION OF TCGS IN MINDANAO PROVINCES**

Atty. Obusan: Once again, Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations (DAOP) and Mr. Reynaldo R. Aquino, OIC, Finance Department.

DAOP Casela: Before discussing the details of the agenda, may I give again another background on this. When NTA proposed the budget with DBM, it was approved, the total amounting to Php550,504,000. And when this budget was subjected to the scrutiny of Senate, our budget for TCGS originally was Php250,000,000.

But during the inquiry, it was decided by the Honorable Senator Cynthia Villar, that from the Php250,000,000, Php100,000,000 should be allocated as cash subsidy for tobacco farmers. And there was no further justification, although they tried, the representatives from NTA to justify, but to no avail. So, the Php100,000,000 was implemented initially this year.

As far as the Branch Managers are concerned, they strictly followed the Implementing Guidelines of the project. And they submitted the list of farmers supposedly. And the subsidy would entail giving of Php6,000 per farmer, to qualified farmer cooperator.

It is projected that with Php100,000,000 budget with Php6,000 per farmer, this will cover about 16,666 farmers. That was the target. But in the aftermath or after implementation of the giving of distribution of the said amount, some branches were not able to disperse the allocated amount because of some reasons.

And I really appreciate their gesture of strictness on this, I mean one implementing guideline is that the farmer should have planted tobacco for at least once in two years. And another one is that



they should be planting tobacco at the time of distribution. During the distribution, it was found out that some farmers ceased to plant tobacco already. So, they were disqualified. And some farmers did not plant for a period of two years and not even once.

So, those were the considerations or the reasons why the amount allotted per branch was not totally disbursed, leaving a balance of Php13,804,000 from the original Php100,000,000.00 allocation.

So, with the discussion with the Project Review and Evaluation Committee (PREC) and of course the concurrence of Madam Bel on this, it was proposed that the Php13,804,000 will be given to our tobacco farmers in Mindanao, the fact that they did not receive initial share from the Php100,000,000.

So, it is now being proposed and seeking approval from the Members of the Governing Board for the release of the Php13,804,000 from the TCGS grant fund.

On the screen, you can see that the project is a TCGS grant with an approved budget of Php100,000,000. The amount utilized was only Php86,196,000 and with a total number of 14,366, only out of the 16,666 farmers as targeted. For the final utilization for the unutilized fund, and this is specifically on Php13,804,000,000, again each farmer will be receiving Php6,000, and the estimated number of farmers to benefit out of the remaining budget is 2,300. We have a complete list already of all the municipalities, and by the way, this amount is only for farmers in Misamis Oriental.

So, those are the municipalities with corresponding number of farmers to avail of the Php6,000,000 substitute. Again, as per the implementation guidelines, this should be distributed during the tobacco season, and right now is the tobacco season in Mindanao. So, we targeted that the distribution will be finished, maybe the latest would be middle of September.

My assignment is now seeking the approval of the Honorable Members of the Governing Board with respect on how the unutilized funds will be utilized, and for the granting of the approval of the utilization. Thank you.

Dir. Padayao: Why is it that only Misamis Oriental will stand to benefit from this grant?

DAOP Casela: First, is that we follow strictly the Implementing Guidelines, and that in terms of the population of tobacco farmers, it is concentrated in Misamis Oriental.

Although, I think, Sir Rey would stand by my contention that for next year's budget, for the same project, we have a bigger amount. In which case, there will be changes as to the guidelines.

Because for this particular project, the guideline is specifically stating that beneficiaries should at least, I mean, farmer beneficiaries should at least be tilling 0.5 hectare and below.

Mr. Aquino: If I may, the total amount as requested for next year 2025 is Php236 million. Plus, again, from the COB, it's 100 million. So, we'll be disbursing 326 million for this project next year.

DAOP Casela: So, with that, there will be some minor changes as to implementing guidelines, maybe increasing the area per farmer.

And, I think with this amount to be disbursed, I think majority of the farmers will be receiving. And, for the early information of the Members of the Governing Board, I have an initial report, from the survey of actual area planted tobacco for 2020-24. The total number of farmers per survey is about 40,000 plus farmers with an area of 27,000 hectares.

I need this data to project implementation of other projects, especially the TCGS. Because for TCGS 2024-25, we have an amount of Php100 million, plus, the unutilized funds again.

Atty. Obusan: Any other comments or discussion on this matter? If there is none, to make it official, can we have a motion for the approval of this Agenda. Thank you.

Dir. Elaydo: Madam Chair, I moved for for approval of the allocation of unutilized funds in the amount of Php13,804,000.00 for the implementation of TCGS in Mindanao provinces.

Dir. Trongco: I second the motion.

REQUEST FOR APPROVAL OF THE ALLOCATION OF UNUTILIZED FUNDS IN THE AMOUNT OF PHP 13,804,000.00 FOR THE IMPLEMENTATION OF TCGS IN MINDANAO PROVINCES is hereby **APPROVED.**

Atty. Obusan: With that, Madam Chair, the next agenda will be adjournment. Likewise, can we also have a motion for adjournment.

Dir. Serna: I move that today's committee meeting be adjourned.


Dir. Trongco: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 1:25 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
23 JULY 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 23 July 2024 (Tuesday), 9:00 AM, at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City. May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Trading Operations and Regulation  
Nomination, Remuneration, and Personnel Administration  
Board Audit and Finance  
Research and Extension

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer.

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Honorables Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; and Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector who will be joining us online via virtual platform; *Good morning, Directors.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*;

We are also joined today by Mr. Irwin Ang, Senior Vice President for Growing Operations, Universal Leaf Philippines, Inc. (ULPI); *Good morning, Sir Irwin, Welcome to NTA*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan: We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under Committee on Trading Operations and Regulations.

**A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REQUEST FOR DISCUSSION WITH MR. IRWIN ANG OF ULPI REGARDING ISSUES AND CONCERNS ON TRADING OPERATIONS**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations, together

with Mr. Irwin Ang, Senior Vice President for Growing Operations, Universal Leaf Philippines, Inc. (ULPI).

DAOP Casela: Thank you very much, Attorney.

My pleasant morning to each and every one of us. Of course, we have here our energetic Administrator, Ma'am Bel, the Deputy Administrator for Support Services, Sir Benedict, the Members of the Governing Board, Director Elaydo, Director Guzman, Director Serna, Director Padayao, and joining us later is Director Trongco. And I'd like to recognize also Sir Ben, and to those who are with us through the virtual platform, and of course, Mr. Erwin Ang, the Vice President of ULPI.

Thank you very much for giving me the privilege to make the introduction of the issues and concerns to be discussed and shared to us by Mr. Erwin Ang. His company, ULPI, covered at least about 85% of the total production of all types of tobacco, and that would include, of course, native tobacco. We would like to know the plans of ULPI in terms of improving the systems of trading, and at the same time, maybe to discuss with us collaborative efforts between NTA and ULPI in terms of projects to be implemented by both institutions.

With that, my friends, may I please have the honor to present to you Mr. Erwin Ang to present to us his observations and insights on the trading operations that had been concluded, especially on the high prices of tobacco that benefited our tobacco farmers. Mr. Erwin Ang, please.

Mr. Ang: Hi. Good morning po sa lahat. And first of all, I would like to thank Madam Administrator and the entire NTA for inviting me today.

It's very, very important kasi that we have this discussion in light of what happened this past season. And it was a carryover from the year before kasi when the trading, especially for flue-cured, for the other crops, burley and air cured, it was quite stable.

The prices were so high that, I mean, at the end of the season, prices were even higher than the projected, which we cannot explain. But just to give you a quick background, there was a huge demand kasi for all types of tobacco. And we're not talking about domestic lang. We're talking of global demand talaga. It started two years ago. The first one was when there was a war between Russia and Ukraine, Russia being the biggest supplier of fertilizer. And worldwide, nagmahal ang fertilizer, so the tobacco crop came down. That was two years ago.

Last year, the global supply would have corrected itself. The problem is, nagkaroon ng El Nino phenomenon. So, there were

countries whose production came down by 200-250 million kilos of flue-cured tobacco. So basically, there was a very big demand across the border from all places.

Now, because of what happened, whatever was left, most tobacco supplies were allocated to the bigger companies like Philip Morris, JTI, etc. The smaller companies who manufacture cigarettes, they were the ones orphaned. Sila yung wala na supply. And these small companies were the one looking for supplies sa lahat. So, they came to us one time asking for 3, 4, 5 containers, 100 tons here, 100 tons there. There was one company somewhere in the locos last year from Poland talking if they can buy tobacco.

All of a sudden, there were a couple from Indonesia looking for a million kilos of tobacco, which was very, very abnormal. And this triggered the price increase. Over and above the floor price. Prices were just escalating. Almost every day prices are going up.

Contracted farmers forgot about their contracts, selling to the highest bidder. That was basically what happened etong past trading season with flue-cured, and with traditional air-cured. You know the local companies. So that was the biggest issue we had last year. There was a lot of problems and issues that stemmed from the incident, which hopefully will be discussed sometime during this meeting.

DAOP Casela: Thank you very much, Sir Erwin, with those insights and observations you mentioned. And I think it would be for better if we'll entertain some questions from the members of the Honorable Governing Board, if they have some issues to raise.

Mr. Secretary, could I just act as the moderator?

Atty. Obusan: Yes, sir.

DAOP Casela: Okay, thank you. And I think the first question, Director Jessie, being the Director representing the Traders' Section. Sir Jesse, do you have any questions for Mr. Ang?

Dir. Serna: Thank you very much, Sir. I have here some issues of concern with regards to the present trading situation this year. My first question is, since you have already mentioned some of the contributory factors leading to the keen buying competition triggering the high prices of tobacco this trading season. What are other contributory factors leading to the keen buying competition triggering the higher prices of tobacco, Sir?

Mr. Ang: Basically, what I explained earlier was the one and only trigger. It was just a low supply and higher demand. If there was a huge demand, the supply was not enough globally, and then everyone

came here. So, you know, it's not only the Philippines, it's worldwide. All the companies are looking for something extra. The bigger ones, the bigger companies wanted to make sure that they have their own inventory. They have to. Suppliers abroad, globally, they wanted to supply the bigger ones because they're reliable. That's why I was telling earlier, the smaller ones became more expensive. Sila yung naubusan ng tobacco, the smaller ones.

DAOP Casela: Other follow-up questions relating to that issue? Yes, Ma'am Luz?

Dir. Padayao: Good morning, Sir. Nasabi mo po yung kanina na yung mga contracted farmers nyo, medyo hindi nila tinupad yung magbenta sa inyo, instead ibinenta nila sa iba sa mas mataas na halaga. So, may we know from your end, how many percent of the contracted tobacco farmers yung nag-default? Para tingnan natin kung ilan din yung napunta sa mga local buyers na sinasabi po ninyo kanina?

Mr. Ang: I don't have exactly the number, but the circumstances this year was different from the year before. When we had signed the TCGS with NTA around 2.5 million kilos, 2 years ago we did not compete with the price. Kasi, we said it was ridiculously high, and the global price for the tobacco was not matching whatever the price here. Masyadong mataas po yung nandito. So, hindi kami bumili, we lost siguro mga 800,000 kilos the year before.

So last year, itong past season, because of the pressure din sa amin ng customer, we decided to compete with the prices na kaya nagkagulo sa labas, because pumasok na yung ULPI. Kasi if universal leaf backed off, hindi tataas ng ganyan. But because we also needed tobacco because of our commitment to the customers, we have to compete.

And with the farmers also committed to us, that was the problem. So, we said hindi bale, let's compete with the prices na. So, because of us talagang matching the prices almost every day, on top of my head we lost siguro mga 300,000 kilos last year from our contracted farmers.

DAOP Casela: Sir Irwin, can I have the privilege to have a follow-up question?

Mr. Ang: Yes, please.

DAOP Casela: Well, we all know that ULPI, is advocating the practice of good agricultural practices. And of course, you are complying with the requirements of the Sustainable Tobacco Program as required by your international buyers.



You just mentioned a while ago that with the circumstances that happened in terms of buying operation. Meaning to say, everyone was scrambling to buy volumes of tobacco. And therefore, neglecting also the requirements for good agricultural practices in Sustainable Tobacco Program. The way we look at it, it now defeats our purpose of making our Philippine tobacco competitive in terms of quality.

Globally. So, that is the implication. And you just mentioned that with that circumstance or that situation, that farmers didn't follow good agricultural practices. We're moving backward instead of moving forward. So, meaning to say, you've been hard up training our farmers for the good agricultural practices. And yet, with all those gains achieved, and because of that circumstance, we're going backwards.

With respect to that, what is your assessment in terms of quality produced by this year's crop compared to last year?

Mr. Ang:

Okay. First, if we're going to discuss about the quality and the yields. This past year, 2024 crop, admittedly, the quality was much better than the year before. But bear in mind, we were coming from a year of rain. It was La Niña the year before. There were floods everywhere, there's a lot of rains, tobacco was overripe, it became brown, black, etc. The yields were lower.

Last year, there was not a lot of rains, especially in Isabela. On the other side, in Region 1, kulang na kulang sa tubig. That was the result of the El Niño. But then again, the tobacco became heavier, so the yields were better, much, much better. At least 20% increase in yields. The quality for the flue-cured, the project was very good. It improved to a certain degree.

Now, just to add to Sir Nestor's comments earlier, you need to understand that for the farmers to be successful, and us, we have to be able to compete globally. We cannot rely on domestic markets. Pag domestic market lang po, it will be limited. It will be limited because the local manufacturer has a limit on what they can use. Now, for us to be able to compete globally naman, it has to be price and quality.

The price has to be at least proportional to the quality. Kung hindi masyado maganda yung tobacco, there's a certain price tag with it. That's the only way for us to compete.

And we have to be compliant with the STPs, the Sustainable Tobacco Program. All the major companies are already asking for that, the STP, against child labor, sustainability, if you want wood, etc. They're all asking it.

We are being audited by 11 companies every single year. Pag hindi kami pumasa sa audit nila, they use external audit from the outside, from third party field. If we don't pass the audit, they don't buy the tobacco. But if you pass the audit, their audits, they buy from you for every single year.

At a fair price naman. But that's the only way for us to survive as a country, as an industry. It has to be the global market.

We attack the global market, hindi yung domestic market. Again, there are conditions. There are conditions for us to be competitive. So, it will be quality, price, compliance with the STP. Those are the three things, which I know you're focusing on it naman. You have your own recommendations for the good agriculture practices, yung mga TCGS ninyo are already compliant. Through the efforts of both parties, we made everyone compliant last year. We saw that. Again, that is the only way for us to survive.

Kaya with the high prices last year, itong nakaraan na trading season, farmers are very happy. LGUs are happy because farmers are happy, diba? NTA should be a little bit happy because the farmers are happy. For the first time, there was no complaint about the price.

Nag-exit interview kami. Almost 100% are very happy with. They were very, very satisfied with the grading, with the prices. Everyone, for the first time in our history.

But it's not sustainable. When the supply corrects itself. Give it a couple of years, magsarili na mag-correct yan. And the demand will be gone. Babalik tayo sa normal demand, doon na medyo mag-kakagulo. That's our foreseeable problems. Which maybe later, we will be able to discuss more.

Dir. Guzman: Good morning. I have a question, Sir. I'm just wondering why cowboys prefer to buy higher prices than ULPI or other trading centers. What would you then suggest to deter the seemingly unethical buying operations of these cowboys?

Mr. Ang: I've been in the industry for, as Sir Nestor said, for a long time already. I think it's my 32nd, 33rd year po na sa industry. I started 1992 kasi. And forever in a day, my belief is that it has to be direct contract farming po talaga.

We have our own cowboys and dealers. Because that is the only crop na talagang may competition. The others, Burleys, top tobaccos, directly contracted po yan. So wala masyadong problema yan.

We are being fair to the farmers. I need to explain this. In crops that we don't have any competition, we make sure that the farmers hit a certain limit. May minimum na target kami na kikitain ng farmer. We're talking of currently it's Php120,000.00 pesos per hectare.

The issue with drought kasi, up and down, up and down, up and down. And we all know it is because of the cowboys. It's because of the cowboys buying. Wala silang gastos sa financing kaya nagpapa-utang sila.

I don't know, if I can say this, if I'm being candid. Ours is full technology, full financial, lahat ng technical assistance we're giving to the farmers. Kung diyan lahat, yung grupo ng mga traders magbigay ng pera and that's it. We'll just buy. Buy whatever form, whatever.

That's what's making the industry very, very difficult to manage. It's very difficult to manage. Now, to start, ideal scenario is lahat po ng farmers dapat, whether it's 25,000, or 50,000 farmers, under contract lahat yan. Under contract directly with the companies. It has to be 100% contract, para mawala or to deter at least yang cowboys.

Mr. Sarmiento: Good morning po sa ating lahat. Yung tatanungin ko po ay katanungan ng mga magsasaka na nakausap ko last week. Gaano po kaya katagal na ganito ang sitwasyon ng tobacco industry? Ano po ang inyong projections for the coming years?

Mr. Ang: Sir, the answer to the question, yung flue-cured group, the demand will still be there next year. But after next year, like I said kanina, mag-auto-correct yan. Everyone will grow, so the year after, baka back to normal demand tayo.

With the Burleys and the air-cured kasi limited po yung production globally niyan. It's not as big as Virginia. We are foreseeing the Burley and the air-cured demands to be there at least 3-5 years' time. It's going to be there. That's why we're expanding on the Burley side. Actually, we're expanding in everything, in all the crops.

Kasi our volume is about 30 million kilos every year. That's our basic demand. And this year if we have another additional 15 million kilos, we could have sold everything. Kasi because of the huge demand niyan. Eventually it will come down to the normal, 30 million kilos.

Mr. Sarmiento: With regard po sa mga cowboys, I think to deter them from their activities, it must be a collective effort from all of us, from NTA, LGUs concerned, and hopefully with the cooperation from the private sectors, such as the ULPI. Pwede po ba ninyo kami

samahan sa dialogues with the different concerned LGUs? Siguro po, more of information campaign kung ano ang maidudulot na mabuti kapag natanggal or nabawasan natin ang bilang ng mga cowboys.

Mr. Ang: Definitely po, we are more than willing to accompany you.  
DAOP Casela: Dir. Trongco is recognized.

Dir. Trongco: Sir, one of our farmers' concerns is the grading. What the farmers are expecting, the grading will be like this, for example, high grades, but when it comes to the trading centers, their grading results are different. Can you comment on this?

Mr. Ang: That's why sometimes I say, those who conduct trainings for harmonious grading, we should include the graders and the buyers.

Right now, I know, I'm aware of your harmonious grading system. It was a concerted effort between NTA and the private sector. So, we were part of, when we were doing it, they got input from us, so that we could at least buy tobacco and then NTA.

Because there are also arbiters in the buying stations. The concerns of those farmers are always there, and we recognize the problem.

So, maybe, moving forward, we take it one step ahead. Your suggestion is that you will give training, a refresher course on the harmonious grading system, and then you invite everyone. We can send all our people here, but you have to guide us so that this is standard. But we follow the harmonized grading system, and it's not just complete.

Dir. Serna: Sir, what can you propose as strategies for collaboration in terms of projects between ULPI and NTA?

Mr. Ang: At least, I would like to take this opportunity, to discuss the post-harvest facilities. Right now, one of the bigger issues with tobacco growing is the curing barns, whether it's flue-cured or air-cured. The curing barn is not enough for the farmers right now. It's very insufficient. The curing barn is not enough for whatever hectareage they're growing. That's one.

Second, there are lots of farmers who wanted to grow tobacco, but they don't have a curing barn. I think that is one area that you can focus on. Even if, like what you said earlier, if you can grow another 5 million kilos, but for you to be able to grow those 5 million kilos, you have to supply the curing barn. Otherwise, they won't be able to grow, unless they grow non-air-cured. So, that should be one of your priorities, the construction of the curing

barn, whether you supply it, they pay it, fiber plant, etc., it's up to you.

LGUs are doing their share. I know, I've spoken to some, they are 50 to 100 curing barns that they're building every year, but it's not enough. So, that's on the flue-cured side.

On the air-cured, there's a big problem for the farmers right now. Earlier, you mentioned that you want to reduce the cost of production of the farmers. You have to help the farmers in the curing barns. You might like to look at or check the coals for air-cured. Because right now, there are some LGUs, I know, that are giving out coals for air-cured.

Dir. Elaydo: No, the coal frame itself. There's a steel frame. Because it can last a lifetime, it's permanent. What the engineers are saying, it's usable for 15-20 years. If you can have a project providing that to the farmers, then their savings are huge. They themselves, whether it's you or the LGUs, that's one of the projects that I believe that you should pursue, and it would have a big impact on the industry. It's a big thing. For me, right now, that's the most important part, the post-harvest facilities. It's lacking now.

DAOP Casela: So, I think that's all, Sir Irwin. Thank you for coming this morning. I think we can continue our collaboration and dialogue with NTA and ULPI being the biggest buyer.

Admin. Sanchez: Thank you so much for finding time to be with us, Sir Irwin. We appreciate your efforts and thank you so much for all of your inputs, it is well noted.

Mr. Ang: Just a parting word. I should thank you. You invited me and it's the first time. We have so much to offer as a company, we have so much to offer to NTA. We are in the process of coordinating with DAOP and the rest on what we can share to NTA.

It's all for the benefits of the farmers. Bottom line, whether LGU is making a lot of money in excise tax or not, farmers should earn. That's all. That's the important thing. Even for ULPI, we need the farmers. If the farmers are gone, there's nothing left for us. I always say that we need to protect the farmers on both sides. Personally, you can ask me to or you can invite me anytime. And I'm very, very happy, more than happy to help anytime. So yeah. Thank you very much.

Atty. Obusan: Thank you so much Sir Irwin. After the photo op, we now move on to our next agenda.

## **2. REPORT UPDATE ON TOBACCO ACCEPTANCES (AS OF JUNE 30, 2024)**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations, together Atty. Rohbert Ambros, Manager, Regulations Department.

DAOP Casela: Madam Chair, Atty. Ambros is currently attending an equally important meeting, in his place, may we recognize, Mr. Jun Abalos, one of the Division Chiefs of the Regulations Department.

Mr. Abalos: Thank you, Sir DAOP. To begin with, gusto ko lang po na inform na in this report, the Tobacco Acceptances, as of June 30, 2024, hindi pa po kumpleto lahat ng reports coming from the Branch Offices.

Bale yung figures po na makikita ninyo, excluded for the meantime yung mga Branch Offices na wala pang submissions.

Dir. Serna: If that is the case, Madam Chair, these data that will be presented before us will not be accurate.

Dir. Padayao: I agree with you, Sir. Hindi ito reliable. To save time, I move for the deferment of this agenda, to be reported again next Committee Meeting.

Dir. Guzman: I second the motion.

DAOP Casela: I also agree with the contention of our Dear Directors, so Jun, kindly report on this next Committee Meeting kapag kumpleto na lahat. Thank you.

Atty. Obusan: Thank you, Sir Jun and Sir DAOP, with that matter settled, we now move to our next agenda.

## **B. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. DANILO C. TRONGCO

### **1. REQUEST FOR BOARD CONFIRMATION OF THE APPROVED SHORTLISTED APPLICANTS TO VACANT PLANTILLA POSITIONS.**

Atty. Obusan: Madam Chair, to report on this Agenda, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS), and Mrs. Zenaida T. Arrojo, Manager, Administrative Department.

DASS Savellano: Good morning, everyone. Ma'am Zeny will be presenting this agenda. Go ahead Ma'am.

Mrs. Arrojo: Thank you, Sir DASS. Good morning po sa ating lahat.

The two sets of lists of the shortlisted applicants were submitted before the Office of the Secretary of the Department of Agriculture, Hon. Francisco P. Tiu Laurel Jr. for his approval on May 14 and June 14, 2024.

On letter replies dated July 11 and July 17, conveyed by Ms. Jessamin B. Aranas, Chief, Personnel Division, and was received last July 19, Secretary Tiu Laurel approved the shortlisted applicants and corresponding instructions were issued to prepare for their respective appointments.

I am happy to inform the Governing Board that all the applicants recommended by our Administrator, Ma'am Belinda S. Sanchez were subsequently approved by Secretary Tiu Laurel.

Following were the approved shortlisted applicants and their respective position.

<b>NAME</b>	<b>POSITION</b>
1. Cabigan, Evangeline C.	Chief Science Research Specialist
2. Lacaden, Amelia Veronica, L.	Chief Agriculturist
3. Valledor, Victor V.	Supervising Tobacco Production & Regulation Officer
4. Duran, Moises D.	Supervising Tobacco Production & Regulation Officer
5. Ragasa, Angelica A.	Accountant III
6. Cambas, Cesar P.	Senior Tobacco Production & Regulation Officer
7. Rosario, Ferdimark R.	Administrative Officer V
8. Rafanan, Immanouel A.	Administrative Officer V
9. Briosos, Deivid John Rayze B.	Records Officer II

<b>NAME</b>	<b>POSITION</b>
10. Glindo, Renyoll Eden B.	Chemist IV
11. Romero, Alex Avel P.	Chemist III
12. Valle, Dioceasar P.	Tobacco Production & Regulation Officer I
13. Natan, Carolyn P.	Tobacco Production & Regulation Officer I
14. Mateo, Mark Fernan M.	Tobacco Production & Regulation Officer I

That is all po from my end. Thank you very much.

DASS Savellano: Your Honors, as practiced, we are submitting this approved shortlisted applicant to vacant plantilla positions for your confirmation. Thank you.

Dir. Serna: Since lahat naman pala ng recommended ni Ma'am Bel ay na-approved, and to expedite matters, I move for the confirmation of the approved shortlisted applicant to vacant plantilla positions as stated.

Dir. Trongco: I second the motion.

**THE REQUEST FOR BOARD CONFIRMATION OF THE APPROVED SHORTLISTED APPLICANTS TO VACANT PLANTILLA POSITIONS is hereby APPROVED.**

Atty. Obusan: We now move on to our next agenda.

**C. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REQUEST FOR APPROVAL OF CHANGE OF SIGNATORIES OF NTA'S BANK ACCOUNT(S) UNDER PHILIPPINE VETERANS BANK (PVB) PER BANK REQUIREMENTS DUE TO RECENT ORGANIZATIONAL MOVEMENTS**

Atty. Obusan: Madam Chair, to report on this Agenda, may we recognize Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS), and Mrs. Milagros C. Tiu, Manager, Finance Department.

DASS Savellano: Good morning once again to all. This request was made due to the recent organizational movements in the agency.

Ms. Milagros C. Tiu, incoming Manager of the Finance Department will be replacing Mr. Reynaldo R. Aquino, former OIC, as one of the signatories of NTA's bank account under the Philippine Veterans Bank. A corresponding Board Resolution is required by the bank for any changes in signatories, hence, this request.



The approval is imperative so as not hamper the services of the agency.

Dir. Elaydo: I move for the approval of change of signatories of NTA's bank account(s) under Philippine Veterans Bank (PVB) per bank requirements due to recent organizational movements.

Dir. Guzman: I second the motion.  
**THE REQUEST FOR APPROVAL OF CHANGE OF SIGNATORIES OF NTA'S BANK ACCOUNT(S) UNDER PHILIPPINE VETERANS BANK (PVB) PER BANK REQUIREMENTS DUE TO RECENT ORGANIZATIONAL MOVEMENTS is hereby APPROVED.**

Atty. Obusan: We now move on to our next agenda.

## **2. REQUEST FOR APPROVAL OF THE AUDIT REPORT ON THE TOBACCO FARM MECHANIZATION PROJECT FOR CROP YEAR 2018-2021**

Atty. Obusan: Madam Chair, to present this agenda, may we recognize Ma'am Dinah E. Pichay, Manager, Internal Audit Department (IAD) together with Mr. Resty C. Cambe, Chief, Operations Audit Division, Internal Auditor V;

Mrs. Pichay: Good morning, everyone, to report on this matter, may we recognize Mr. Resty Cambe, Division Chief for Operations Audit Division.

Mr. Cambe: Thank you, Ma'am. Good morning to Honorable Members of the Governing Board, and to each and everyone.

The tobacco farm mechanization project included the following machineries that were distributed to tobacco farmers from the different branch offices: Power Tiller, Kubota Farm Tractor, Massey Ferguson Farm Tractor, Water Pump Machine, Solar Powered Irrigation System.

The beneficiary of the farm machinery entered into a Memorandum of Agreement (MOA) with NTA and executed a promissory note and schedule of payments for the said equipment. It will be payable in seven years. A 20% financial subsidy for Crop Year 2018-2019 and 40% financial subsidy for Crop Year 2020 onwards shall be deducted outright from the total assistance availed by the beneficiary.

Among the findings highlighted in the Audit Report are the following:

1. Inconsistencies in the preparation of Application Forms and Loan Documents.

2. Lacking documentary requirements.
3. Non-preparation of MOA.
4. No proof of receipts.
5. Under recognized financial subsidy.
6. Low collection efficiency.
7. Improper Application of repayments.
8. Non-preparation and non-submission of monitoring reports.
9. Nominal recipients.
10. Non-immediate issuance of official receipts.  
Inadequate provision of the project implementing guidelines

For each finding, corresponding recommendations were made to the concerned Branch Office(s).

DAOP Casela: Thank you Ma'am Dinah and Sir Resty, I acknowledge the Operations Audit Report and I want to assure the Governing Board that corresponding Memoranda will be issued to the concerned Branch Office(s) as reported to ensure compliance to the Audit Recommendations. Further, I plan to create Technical Working Groups to revisit the Implementing Guidelines and correct the flaws identified to prevent it from happening again in future implementations.

Mrs. Pichay: If I may, Madam Chair, and to the Honorable Members of the Governing Board, I want to reiterate the need for the Governing Board to approve the Operations Audit Report so that we will have basis in monitoring the compliance of the concerned Branch Office(s) to the recommendations made.

Dir. Elaydo: I would like to commend the Internal Audit Department for their thorough and extensive Audit Report. Since we also heard the commitment coming from Sir DAOP that these audit findings will be addressed, Madam Chair, I now move for the approval of the Audit Report on the Tobacco Farm Mechanization Project for Crop Year 2018-2021.

Dir. Guzman: I second the motion.

**THE REQUEST FOR APPROVAL OF THE AUDIT REPORT ON THE TOBACCO FARM MECHANIZATION PROJECT FOR CROP YEAR 2018-2021 is hereby APPROVED.**

Atty. Obusan: We now move on to our next agenda. But before that, as moved by Dir. Serna, duly seconded by Dir. Trongco, Madam Chair approved the 30-minute lunch break, so ordered.

**3. REQUEST FOR APPROVAL OF AUDIT REPORT ON THE ADMINISTRATIVE SERVICES OF NTA CANDON BRANCH OFFICE**

**Atty. Obusan:** Madam Chair, to present this agenda, may we recognize Ma'am Dinah E. Pichay, Manager, Internal Audit Department (IAD) together with Ms. Rochelle C. De Peralta, OIC, Management Audit Division, Internal Auditor III.

**Mrs. Pichay:** Good afternoon once again to the Honorable Members of the Governing Board. Our next audit report presentation is on the Administrative Services of the Candon Branch Office. The scope of this is the audit of the personal management, records management, procurement, and issuance of supplies and equipment, and to follow up also on the compliance in the Tobacco Farmers Dependents Scholarship Program that was audited last year.

This was conducted last May 13 to 17, 2024, and this is the fourth branch that will be audited by the administrative services. A management audit is more of the determination of the adequacy of internal controls of the systems employed in our Branch Offices. The audit was conducted by Ms. Rochelle De Peralta and Ms. Marissa Alvero of the Management Audit Division. I now turn over the floor to Ms. Rochelle De Peralta.

**Ms. De Peralta:** Thank you very much, Ma'am Dinah, to our esteemed Administrator and CEO, Honorable Ma'am Belinda S. Sanchez, our Deputy Administrators, Sir DASS and Sir DAOP, and our Honorable Members of the Governing Board and all present here online and here at the NTA Board Room, good afternoon.

Before anything else, our team would like to express our deepest gratitude to the Top Management for their unwavering support and the NTA-Candon Branch management, and everyone who contributed to the successful completion of our audit activity.

The Audit Report aims to evaluate the degree of compliance with the internal policies and oversight bodies and evaluate the adequacy of internal controls adopted in the processes. It also identifies areas for potential improvement and lastly, it validated and monitored the implementation of approved audit recommendations on the previous audit on the Tobacco Farmers Dependent Scholarship Program (TFDSP).

The audit focused on the Administrative Services of NTA Candon Branch Office particularly in the areas of Personnel Management, Records Management, Procurement and Issuance of Office Supplies and Equipment for the CY 2023 and follow-up audit on the TFDSP.

The Audit Report observed that overall, the administrative services of the NTA Candon Branch Office particularly the personnel management, records management, and procurement

and issuance of office supplies and equipment are accomplishing their intended objectives.

The processes have internal controls in place; however, some improvements need to be carried out to strengthen the internal controls in compliance, financial reporting, and documentation.

With regard to the follow-up audit made on the Tobacco Farmers Dependent Scholarship Program (TFDSP), the branch management has submitted evidence or proof of implementation of the remaining unimplemented audit recommendations. Out of the three audit recommendations that are yet to be implemented, two were addressed as fully implemented and ongoing, leaving only one audit recommendation yet to be implemented.

The result of the Audit Report together with the findings was made known to the concerned Branch Office Manager, Mr. Adonis Lazo, during the exit conference.

DASS Savellano: Good afternoon, Madam Chair, and Your Honors, on the part of the Administrative Department and the Support Services, we acknowledged the Audit Report and findings and I would like to assure the Board that changes will be implemented to address the flaws cited in the report.

Dir. Guzman: Hearing it directly from Sir DASS, Madam Chair, I now move for the approval of the Audit Report On The Administrative Services Of NTA Candon Branch Office.

Dir. Padayao: I second the motion.

**THE REQUEST FOR APPROVAL OF THE AUDIT REPORT ON THE ADMINISTRATIVE SERVICES OF NTA CANDON BRANCH OFFICE is hereby APPROVED.**

Atty. Obusan: We now move on to our next agenda.

**D. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. DANILO C. TRONGCO

**1. REPORT UPDATE ON THE FINAL VALIDATION OF THE TOBACCO PLANTED AREAS AND NUMBER OF FARMERS PER TYPE/SUB-TYPE OF TOBACCO**

Atty. Obusan: Madam Chair, to present this agenda, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations, together with Engr. Juanito Maloom, incoming Manager, Farm Technology and Services Department.

DAOP Casela: Good afternoon once again. Madam Chair, may we recognize Engr. Johnny Maloom to make his presentation regarding this matter as he is the focal person for the Mapping and Validation Of Tobacco Planted Areas using drones.

Engr. Maloom: Thank you, Sir NCC. Good afternoon to the Honorable Members of the Governing Board, especially to our Administrator & CEO, Ma'am Belinda S. Sanchez.

The mapping and validation project conducted by the National Tobacco Administration involved training Extension Workers in basic drone operations. The initiative aimed to capture tobacco planted areas using drones across various Branch Stations. Training sessions on image processing and distribution of laptops were also conducted to enhance data processing capabilities. Challenges such as workload management, traveling expenses, and storage limitations were addressed with practical solutions.

The project covered extensive tobacco-planted areas in Luzon and Mindanao, gathering data on tobacco farmers and area planted per tobacco type and subtype. The report highlighted validated tobacco farmers and areas planted per branch, showcasing the meticulous effort in capturing and validating tobacco-planted areas. Specific details for each province and branch office were outlined, emphasizing the comprehensive nature of the validation process across different regions.

The project encountered various issues such as weather conditions affecting flight operations, limited computers for image processing, and incomplete master lists of tobacco farmers. Practical solutions were implemented to address these challenges, ensuring the smooth progress of the validation process. Recommendations for future activities included collaborating with other agencies for enhanced data collection and utilizing advanced software for better mapping capabilities.

The project's future plans involve continuing validation activities, particularly in Mindanao, and the submission of a technical report. The initiative aimed to improve efficiency in capturing and validating tobacco-planted areas, emphasizing the importance of collaboration, advanced tools, and thorough data processing methods in enhancing agricultural mapping endeavors.

Following were data collected showing changes in the areas planted between 2022-2023 and 2023-2024.

# Total Number of Tobacco Farmers & Total Area Planted (ha) per Tobacco Type

Department of Agriculture  
NATIONAL TOBACCO ADMINISTRATION  
11th Floor The Upper Cam Tower, Quizon Avenue, Center South Road, Quezon City

## TOTAL NUMBER OF TOBACCO FARMERS AND TOTAL AREA PLANTED (ha) PER TOBACCO TYPE PER BRANCH / PROVINCE

BRANCH / PROVINCE	NUMBER OF FARMERS AND AREA PLANTED (HA) PER TOBACCO TYPE						TOTAL	
	VIRGINIA		BURLEY		NATIVE		NO. OF FARMERS AND AREA FOR ALL TYPES	FARMERS
LUZON	FARMERS	AREA (HA)	FARMERS	AREA (HA)	FARMERS	AREA (HA)		
Abra	1,637	1,154.02	-	-	266	135.09	1,903	1,288.12
Cagayan*	-	-	475	185.60	310	167.96	815	353.56
Candon	4,240	3,286.79	501	253.41	2,079	1,145.04	6,820	4,685.24
Ilocos Norte	3,049	1,427.67	644	260.91	925	461.75	4,618	2,150.33
Isabela	6	2.79	3,135	1,735.52	5,699	4,303.82	8,840	6,042.13
La Union	930	571.73	51	16.65	2,565	868.96	3,546	1,457.34
Pangasinan	-	-	976	399.61	2,853	1,740.13	3,829	2,139.75
Vigan*	4,327	3,401.45	177	123.50	837	379.40	5,341	3,904.35
<b>Sub-Total</b>	<b>14,189</b>	<b>9,843.45</b>	<b>5,959</b>	<b>2,975.21</b>	<b>15,564</b>	<b>9,202.16</b>	<b>35,712</b>	<b>22,020.82</b>
<b>MINDANAO</b>								
Agusan del Norte	-	-	-	-	-	-	-	-
Agusan del Sur	-	-	-	-	46	5.44	46	5.44
Maguindanao del Sur	-	-	-	-	1,805	660.97	1,805	660.97
Misamis Oriental	-	-	-	-	4,162	2,882.80	4,162	2,882.80
North Cotabato	-	-	-	-	837	228.73	837	228.73
Zamboanga Sibugay	-	-	-	-	146	75.35	146	75.35
<b>Sub-Total</b>					<b>6,996</b>	<b>3,853.29</b>	<b>6,996</b>	<b>3,853.29</b>
<b>GRAND TOTAL</b>	<b>14,189</b>	<b>9,843.45</b>	<b>5,959</b>	<b>2,975.21</b>	<b>22,560</b>	<b>13,055.45</b>	<b>42,708</b>	<b>25,874.11</b>

There are farmers who planted more than one (1) tobacco type and sub-type  
ISO 9001:2015 QMS CERTIFIED

Magasinang Agrikultura Mandad sa Ekonomiya

# Total Area Planted (ha) per Tobacco Type per Branch / Province

Department of Agriculture  
NATIONAL TOBACCO ADMINISTRATION  
11th Floor The Upper Cam Tower, Quizon Avenue, Center South Road, Quezon City

## TOTAL AREA PLANTED (ha) PER TOBACCO TYPE PER BRANCH / PROVINCE

BRANCH / PROVINCE	TOBACCO TYPE & AREA PLANTED (ha)			TOTAL AREA (ha)
	VIRGINIA	BURLEY	NATIVE	
Abra	1,153.02	-	135.09	1,288.12
Cagayan	-	185.60	167.96	353.56
Candon	3,286.79	253.41	1,145.04	4,685.24
Ilocos Norte	1,427.67	260.91	461.75	2,150.33
Isabela	2.79	1,735.52	4,303.82	6,042.13
La Union	571.73	16.65	868.96	1,457.34
Pangasinan	-	399.61	1,740.13	2,139.75
Vigan	3,401.45	123.50	379.40	3,904.35
<b>Sub-Total</b>	<b>9,843.45</b>	<b>2,975.21</b>	<b>9,202.16</b>	<b>22,020.82</b>
Agusan del Norte	-	-	-	-
Agusan del Sur	-	-	5.44	5.44
Maguindanao del Sur	-	-	660.97	660.97
Misamis Oriental	-	-	2,882.80	2,882.80
North Cotabato	-	-	228.73	228.73
Zamboanga Sibugay	-	-	75.35	75.35
<b>Sub-Total</b>			<b>3,853.29</b>	<b>3,853.29</b>
<b>GRAND TOTAL</b>	<b>9,843.45</b>	<b>2,975.21</b>	<b>13,055.45</b>	<b>25,874.11</b>

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# 2023-2024 VS 2022-2023 VALIDATED AREAS

BRANCH / PROVINCE	TOTAL AREA VALIDATED (HA)	REMARKS		
		2022-2023 Val. Area	Difference (ha)	Increase / Decrease
Abra	1,288.12	1,396.89	- 108.77	Decrease
Cagayan	353.56	373.49	- 19.93	Decrease
Candon	4,685.24	4,937.90	- 252.66	Decrease
Ilocos Norte	2,150.33	2,043.70	106.64	Increase
Isabela	6,042.13	5,704.54	337.59	Increase
La Union	1,457.34	1,569.22	- 111.88	Decrease
Pangasinan	2,139.75	2,192.00	- 52.25	Decrease
Vigan	3,904.35	3,823.22	81.13	Increase
<b>Sub-Total</b>	<b>22,020.82</b>	<b>22,040.96</b>	<b>20.14</b>	<b>Decrease</b>
Agusan del Norte	-	1.25	- 1.25	Decrease
Agusan del Sur	5.44	18.00	- 12.56	Decrease
Maguindanao del Sur	660.97	337.30	323.67	Increase
Misamis Oriental	2,882.80	2,641.05	241.75	Increase
North Cotabato	228.73	137.66	91.07	Increase
Zamboanga Sibugay	75.35	161.50	- 86.15	Decrease
<b>Sub-Total</b>	<b>3,853.29</b>	<b>3,296.76</b>	<b>556.53</b>	<b>Increase</b>
<b>GRAND TOTAL</b>	<b>25,874.11</b>	<b>25,337.72</b>	<b>536.39</b>	<b>Decrease</b>

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Magasinang Agrikultura Mandad sa Ekonomiya

Using also the data gathered by the drone, we can also create Summary of Tables for the Validated Tobacco Planted Areas per Branch Offices.

Dir. Padayao: With the use of this technology, Engr. Maloom, how do you think this can help NTA?

Engr. Maloom: Ma'am, this will help in validating claims of different LGUs on how big really is the area that they planted with tobacco and based on that, we can approximate their expected yield, and consequently corresponding shares of excise tax.

Maiiwasan na po yung conflicting claims for total volume produced and delivered. Kasi po identified na natin kung gaano kalaki yung kanilang tinaniman, anong variety, at ilang farmers. Makakatulong po ito sa pag-issue natin ng certificate of tobacco production to to all tobacco producing LGUs.

Atty. Obusan: Any other comments from the Members of the Governing Board? If there is none, we now move on to our next agenda.

DAOP Casela: Madam Chair, since I am expecting another visitor from ULPI, I asked Engr. Johnny to allow me to present first before his last report. Thank you.

Admin. Sanchez: Granted.

Atty. Obusan: Certainly, Sir DAOP.

## **2. REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES (IG) OF GULAYAN AT MANUKAN SA BARANGAY (GMB) PROJECT FOR CY 2024**

DAOP Casela: This Implementing Guidelines is to ensure the attainment of the objectives and the smooth and orderly implementation of the GMB project for Calendar Year 2024 in the light of auditing, accounting, and legal requirements. Hence, these policies or guidelines are hereby promulgated.

Generally, the aim of the Gulayan at Manukan sa Barangay Project is to help ensure food availability, accessibility, and affordability in the country. Further, the project shall enable the farmer household beneficiaries to produce their own food, to improve access to affordable, safe, and nutritious meals every day, and also as an additional income for the family.

The Implementing Guidelines (IG) highlighted the following:

1. Strategies of implementation.
2. Criteria for the selection of beneficiaries.
3. Target number of farmers and budget.
4. Procedure in the grant of assistance.

5. Project documentation and monitoring.
6. Sanctions and violations.

The Gulayan will compose of "pinakbet" or leguminous vegetables and other varieties common within the locality. Seeds, fertilizers, and crop protection agents will be provided free, while the other inputs like land and labor will be the equity of the farmer.

For the Manukan project, broiler chicken will be distributed to the farmer cooperators. The provision of 25 chicks per site and feeds will be covered by the project. Other materials for the sound establishment, such as enclosures and the like, will be the equity of the farmer cooperators.

It can be recalled that the budgetary requirement amounting to Php 16,698,000.00 for the implementation of the project was already approved in our last Board Meeting on July 10, 2024.

Having said all of these, I humbly submit the Implementing Guidelines of the GMB Project for CY 2024 before the Board and requests for its approval.

Atty. Obusan: Thank you, Sir DAOP. The floor is now open for any comments or discussions from the Governing Board.

Dir. Padayao: I think that Sir DAOP fully explained everything that we need to hear, Madam Chair, I respectfully move for approval of the Implementing Guidelines (IG) Of Gulayan At Manukan Sa Barangay (GMB) Project For Calendar Year 2024.

Dir. Trongco: I second the motion.

**THE REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES (IG) OF GULAYAN AT MANUKAN SA BARANGAY (GMB) PROJECT FOR CY 2024 is hereby APPROVED.**

Atty. Obusan: Madam Chair, we now move to the next and last on the list of the agenda(s) for today.

- 3. REQUEST FOR APPROVAL OF THE CONDUCT OF THE STUDY "TOBACCO VARIETY IMPROVEMENT: INTRODUCTION AND EVALUATION OF NEW AND EXISTING VARIETIES FOR HIGH YIELD AND DISEASE-RESISTANCE" WITH BUDGETARY REQUIREMENT AMOUNTING TO PHP 797,705.00**

Atty. Obusan: Madam Chair, may we recognize once again, Engr. Johnny Maloom, Manager, FTSD. Go ahead Engineer.



Engr. Maloom:

Good afternoon po ulit sa ating lahat. The study aims to develop and release new tobacco varieties with improved disease resistance, higher yields, and good quality, thereby supporting the long-term sustainability of the tobacco industry.

The Specific Objectives include the following:

1. Develop and release at least 3 new flue-cured tobacco varieties with resistance to Bacterial Wilt and/or Black Shank through traditional breeding approaches, such as importation of new varieties & evaluation with existing varieties (short term), and hybridization (long term).
2. Compare the performance of the identified high-yielding and disease-resistant flue-cured tobacco varieties to the currently recommended varieties through a series of multi-location evaluation trials.
3. Conduct farmers' variety trial of the selected new varieties.
4. Register the new varieties to the NSIC.
5. Reproduce seeds of the new varieties and make them available to farmers.

The project aims to produce new and improved flue-cured tobacco varieties with acceptable yield and Bacterial Wilt and/or Black Shank resistance to augment or even replace the currently recommended flue-cured tobacco varieties.

The project will consist of evaluating the performance and adaptability of varieties/hybrids obtained from three different sources and means namely:

1. Open-pollinated varieties (OPVs) and hybrids possessing the desired characters purchased from tobacco seed suppliers like Profigen and CrossCreek Tobacco Companies;
2. Existing varieties in the NTA germplasm collection that possess the desired resistance and have not yet been subjected to evaluation;
3. F1 hybrids produced from manual crossing of our recommended varieties with Bacterial Wilt resistant varieties.

The duration of the project will be from Calendar Year (CY) 2024-2025 to CY 2026-2027 broken down as follows:

1. Season 1 (CY 2024-2025)

Replicated evaluation in three (3) locations:

- two farmer's field (2) sites, specifically in farmers' farms with a known presence of the Bacterial Wilt and/or

Black Shank pathogen in the soil (Ilocos Norte & Ilocos Sur); and

- at the NTA Experimental Farm in the City of Batac, Ilocos Norte.

2. Season 2 (CY 2025-2026)

Replicated evaluation in five (5) locations:

3. Season 3 (CY 2026-2027)

Registration of the varieties to the NSIC;

- Distribution of seeds for commercial planting (can be done even if not yet registered to NSIC);

The total budgetary requirement for the conduct of the study is Php 797,705.00. That would be all, thank you,

Atty. Obusan: Thank you, Engr. Johnny. The floor is now open for any comments or discussions from Members of the Governing Board.

Dir. Trongco: Madam Chair, isa lang po ang masasabi ko, currently ilang generations na po yung mga itinanim natin na mga tobacco varieties, and tulad nga po ng sinabi ni Mr. Irwin Ang kaninang umaga, usually dapat after the 3<sup>rd</sup> or 4<sup>th</sup> generation, dapat magpalit na tayo.

Having said that, Madam Chair, I move for the approval of the Conduct Of The Study "Tobacco Variety Improvement: Introduction And Evaluation Of New And Existing Varieties For High Yield And Disease-Resistance" With Budgetary Requirement Amounting To Php 797,705.00.

Dir. Padayao: I second the motion.

**THE REQUEST FOR APPROVAL OF THE CONDUCT OF THE STUDY "TOBACCO VARIETY IMPROVEMENT: INTRODUCTION AND EVALUATION OF NEW AND EXISTING VARIETIES FOR HIGH YIELD AND DISEASE-RESISTANCE" WITH BUDGETARY REQUIREMENT AMOUNTING TO PHP 797,705.00 is hereby APPROVED.**

Atty. Obusan: With that, Madam Chair, the next agenda will be for the adjournment. Likewise, can we also have a motion for adjournment.

Dir. Serna: I move that today's Joint Board Committee Meeting be adjourned.

Dir. Trongco: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 4:25 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
15 AUGUST 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:10 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 15 August 2024 (Thursday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:  
Nomination, Remuneration, and Personnel Administration  
Legal Matters and Properties  
Trading Operations and Regulation

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector.

*Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*; Mr. Benjamin V. Samiento, Executive Assistant IV and Special Adviser to the Administrator; *Good morning, Sir Ben*;

Finally, joining us through the virtual platform are the different Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all. (Everyone was called and introduced to incoming Director, Willord L. Reyes)*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Dir. Guzman: Madam Chair, on Other Matters, may we include the **"Request for Discussion or Updates on the Memorandum of Agreement (MOA) and Side Contract Agreement Between NTA and DAR."** Thank you.

Dir. Padayao: Madam Chair, with your permission, may we also include on Other Matters, **"Request for Reconsideration and Approval of the Original Implementing Guidelines of the Gulayan at Manukan sa Barangay (GMB) Project for Calendar Year (CY) 2024"**. Thank you.

Admin. Sanchez: Granted.

Atty. Obusan: This is duly noted Madam Chair and Hon. Dir. Guzman and Hon. Dir. Padayao. We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, and so as not to keep them waiting, under the...

**A. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. WILLORD L. REYES

1. **REQUEST FOR BOARD CONFIRMATION OF THE APPOINTMENT OF MR. WILLORD L. REYES AS MEMBER, BOARD OF DIRECTORS, NATIONAL TOBACCO ADMINISTRATION, REPRESENTING TOBACCO FARMERS SECTOR**
2. **REQUEST FOR RECONSTITUTION OF THE BOARD COMMITTEES, IN LIGHT OF THE APPOINTMENT OF INCOMING DIRECTOR, DIR. WILLORD L. REYES; DIRECTOR REYES WILL BE REPLACING OUTGOING DIRECTOR DANILO C. TRONGCO IN THE LATTERS' COMMITTEES EITHER AS CHAIRPERSON OR AS MEMBER**

Atty. Obusan: Madam Chair, with your permission, Numbers 1 and 2, of Agenda A will be discussed together by yours truly.

Last August 13, 2024, I received a call from Atty. Ellaine Denise H. Marallag, Executive Assistant to the Office of Secretary Francisco P. Tiu Laurel Jr, informing me of the appointment of Mr. Willord L. Reyes as Member, Board of Directors, National Tobacco Administration representing the Tobacco Farmers Sector.

This was indicated on the Letter of Appointment dated August 5, 2024, addressed to Department of Agriculture Secretary Francisco P. Tiu Laurel Jr and signed by His Excellency, Pres. Ferdinand R. Marcos Jr.

Dir. Willord L. Reyes took his Oath of Office today, August 15, 2024 before Sec. Tiu Laurel Jr. Afterwards, he proceeded here at the NTA Central Office and made his courtesy call to Administrator and CEO, Belinda S. Sanchez. He is joining us in today's Committee Meeting.

In light of his appointment, reconstitution of the Board Committees is just proper and in order. Dir. Reyes will be replacing outgoing Dir. Danilo C. Trongco in his committees either as Chairperson or as Member.

Hence, Director Reyes will be the new Chairperson of the Committee on Risk Management and Member of the following committees:

Committee on Research and Extension

Committee on Nomination, Remuneration, and Personnel Administration

Committee on Corporate Social Responsibilities, Public Relations, Public Safety and Security

Committee on Legal Matters and Properties

No other changes with regard to the other Board Committees not mentioned.

Having conveyed everything, may I request from any of the Directors to make the proper motion to Confirm the Appointment of Dir. Willord L. Reyes, as Member, Board of Directors, National Tobacco Administration, Representing the Tobacco Farmers Sector; and consequently, Approval of the Reconstitution of Board Committees in light of the appointment of Dir. Reyes. Thank you.

Dir. Padayao: Madam Chair, I move for the Confirmation of The Appointment of Mr. Willord L. Reyes as Member, Board of Directors, National Tobacco Administration, Representing Tobacco Farmers Sector.

Dir. Guzman: I second the motion.

**REQUEST FOR BOARD CONFIRMATION OF THE APPOINTMENT OF MR. WILLORD L. REYES AS MEMBER, BOARD OF DIRECTORS, NATIONAL TOBACCO ADMINISTRATION, REPRESENTING TOBACCO FARMERS SECTOR is hereby APPROVED.**

Dir. Serna: Madam Chair, I move for the Approval of the Reconstitution of The Board Committees, In Light of The Appointment of Incoming Director, Dir. Willord L. Reyes;

Dir. Guzman: I second the motion.

**REQUEST FOR RECONSTITUTION OF THE BOARD COMMITTEES, IN LIGHT OF THE APPOINTMENT OF INCOMING DIRECTOR, DIR. WILLORD L. REYES; DIRECTOR REYES WILL BE REPLACING OUTGOING DIRECTOR DANILO C. TRONGCO IN THE LATTERS' COMMITTEES EITHER AS CHAIRPERSON OR AS MEMBER is hereby APPROVED.**

Atty. Obusan: We now move on to our next Agenda.

*(Dir. Willord L. Reyes gave his speech and thank everyone for welcoming him.)*

- 3. REQUEST FOR APPROVAL OF COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS) SALARY STEP ADJUSTMENT FOR JOB GRADE (JG) 12, OR SALARY GRADE (SG) 25 POSITIONS RETROACTIVE TO 05 OCTOBER 2021**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services and Mrs. Dinah E. Pichay, Manager, Internal Audit Department.

DASS Savellano: Good morning, your Honors. Our focal person here is Ma'am Dinah, take it away Ma'am.

Mrs. Pichay: Thank you very much, Sir DASS. Good morning to each and everyone, especially to our Administrator & CEO, Ma'am Bel.

I was assigned to be the focal person for the CPCS concerns of the agency, I would like to present this PowerPoint presentation.

For the first slide, this was presented already during the Joint Board Committee Meeting last June. But for the benefit of our new Director, Dir. Willord L. Reyes, I am presenting this again as a background for the agenda item being presented today. These are the milestone events leading to the approval of the GCG, of the salary step adjustment of the clustered salary grades into one job grade.

When the CPCS was approved, the Salary Grade was converted to Job Grades by the GCG, and it resulted in the demoralization of some employees because several Salary Grades were merged into just one Job Grade, like for example, SG-22, the Supervisor has the same Job Grade as the Division Chief. They have the same salary, and here, this is the example, you can see it there from the table shown. Like the former Salary Grades 4, 5, 6, and 7 were merged into just one grade, Job Grade 5.

The Salary Grade, before, for the SSL is 9 and 10 has become Job Grade 7 under the CPCS. Salary grade 11 and 12 were merged into Job Grade 8. Salary Grade 13, 14 were merged into CPCS Job Grade 9. The same with SG 15, 16, and 17, into Job Grade 10; SG 18, 19, 20, 21, into Job Grade 11; and SG 22, 23, and 24, into Job Grade 12.

The same approval specified that the Salary Grade previously of SG 25 and also the Project Managers of SG 25 before was also clustered under Job Grade 12. Also, the salary of the former SG 22, 23, 24, and were all under Job Grade 12.

That's why we requested last 2023 for the declustering of these job grades para naman po magkaroon ng distinctions, especially those who are accountable officers, yung mga Division Chiefs, kasi kapareho na po nila yung mga Supervisors. The only distinction was the RATA, Representation and Transportation



Allowance. The focus of the new request is on SG 25 po ngayon with the same job grade as SG-22 and 24.

Our initial request po noon was to reclassify SG 25 into Job Grade 13 to give distinction on its higher accountability and functions. However, GCG instructed us to exclude the reclassification of SG 25 to Job Grade 13 as the same will involve horizontal adjustment. Parang ang gusto lang nilang adjustment is within the same Job Grade.

Ayaw po nila yung one grade higher, because it will require different processing and evaluation, at saka mas marami pong justifications na hinihingi kapag ganito.

This was our initial submission, pina-exclude po ng GCG ito because of that reason yan, iba po yung processing. And it will delay the processing of our declustering request.

So ito na po, makita niyo yung SG22, step one na siya. And yung SG24 division chief, ang step one po niya is yung step five dati, sa original.

However, based on the letter po ng GCG sa atin approving our initial request, it did not specify its approval whether SG25 is classified under JG 13. Although may sinabi na excluded siya. Kasi po yung matrix hindi naman nila pinabago. Ang naisubmit pa rin natin na matrix is yung merong Job Grade 13.

So, we issued a clarificatory letter on May 27th, we sent a letter signed by our Administrator requesting clarification on whether CPCS adjustment of May 7th carried the SG25 upgrading to Job Grade 13 dahil nga hindi nila ini-specify.

So yung letter po natin, nilagay po doon, if it did not include SG 25, please consider this letter as our request for reclassification. So ang sinabmit po natin reclassification na ay ito na po. Meron na siyang job grade 12C.

Kasi nga, ang sabi nila, mas mahirap mag-justify ng salary grade adjustment yung horizontal adjustment because meron na po silang criteria, ano yung mga job grade 13. So ito yung mga dapat ginagawa niya, dapat siyang meron supervisory, may mga tao. Yung mga nandito po sa atin na SG 25, like yung lawyer and project management office, walang mga tao below them.

So mahirap pa tayong i-justify sila ito into Job Grade 13 and without the new evidence or new justification proving that they really are supervising people, mahirapan po tayo. So, management decided that maglagay na lang ng additional level sa Job Grade 12, ito po yung 12C and in-assign po natin ng

salary niya ay yung maximum of the original job grade, which is yung step 8. So yung step 8 po ang magiging step 1 ng 12C of the attorney and project manager positions, Php 100,888.00.

So yun po. We will need to submit a Board Resolution approving the proposed step adjustment and to also have a retroactive application on October 5, 2021. Kailangan pa din po natin ng recommendation from the DA Secretary. Parang ita-try lang po natin kung i-retroactive natin.

So yun po, yun po yung request today for a board resolution para ma-transmit to DA and DA will endorse the same to GCG.

Dir. Padayao: Napansin ko lang, yung JG 12c or SG 25, wala na syang increase in the coming years? Fixed na at Php 100,888.00?

Mrs. Pichay: Yes, Ma'am. Parang na-stagnate, kasi po ang reason ng GCG is you cannot go beyond the limits of the job grade. Yung Php 100,888.00 na po yung ceiling.

Although meron naman po na lalabas na bagong guidelines this coming September, hopefully the GCG has already remedied yung mga flaws of the CPCS 1. Kasi yun po talagang CPCS 1 was met with lots of complaints from the government employees from GOCCs. Kasi marami po talagang flaws. Kasi po it was prepared by a private sector, private company.

They did not really know the integrity of the government position, the situation, yung payment schedule. Kaya like yung mga reklamo, why yung mga dating SG Step 8 maximum was assigned Step 1. Yung mga bagong manager, kapareho na niya yung mga dati pang manager. Parang totally, ano ba yun? Opo, nawala yung seniority talaga. It did not give premium to the length of service of employees.

DASS Savellano: With the permission of the Board, to add up lang what Ma'am Dina is discussing, all the concerns and observations in the implementation of the CPCS were all transmitted to the Governance Commission for GOCCs. So nai-raise na po lahat ng concerns through the evaluation na sinubmit din ng ating focal person sa GCG in the person of Ma'am Dinah.

At the same time, we are also awaiting din po yung lalabas na E.O. with regards sa CPCS 2. Kasi yung pronouncement ni President refers to the SSL, iba po ito. We are under sa CPCS. There is, I think there is already an information relayed to Ma'am Dinah that this will come out this September. So parang yan din ang inaasahan po natin.

Especially there are concerns din tayo na we want to create positions, we want to add other positions, we want to upgrade positions. Siguro we will just have to wait kung ano yung final na CPCS 2 na ilalabas.

Then that's the time we could draw up siguro another request. Pero for this request, siguro it's reasonable naman na i-push na lang.

Dir. Serna: Subject to the availability of funds considering that is retroactive to October 5, 2021. By the way, among positions affected nitong request na ito? We are talking of how many personnels?

Mrs. Pichay: Yes, po Sir, may allotted budget naman po para dito. Ang affected position po ay ang Attorney V na currently occupied ni Atty. JV Parado and two positions for Project Management Office na currently po ay parehong vacant.

Dir. Padayao: Madam Chair, I move for the Approval of the Compensation And Position Classification System (CPCS) Salary Step Adjustment For Job Grade (JG) 12, Or Salary Grade (SG) 25 Positions Retroactive to 05 October 2021. Thank you.

Dir. Serna: I second the motion.

**REQUEST FOR APPROVAL OF COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS) SALARY STEP ADJUSTMENT FOR JOB GRADE (JG) 12, OR SALARY GRADE (SG) 25 POSITIONS RETROACTIVE TO 05 OCTOBER 2021 is hereby APPROVED.**

Atty. Obusan: We now move on to our next Agenda.

**B. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**1. REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING THE OIC- BRANCH MANAGER OF THE NTA-ABRA BRANCH OFFICE TO SIGN FOR AND ON BEHALF OF THE SAID OFFICE IN THE MEMORANDUM OF AGREEMENT (MOA) FOR SALARY LOAN FACILITY WITH THE LAND BANK OF THE PHILIPPINES (LBP)**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations and Atty. Jun Fred V. Parado, OIC Branch Manager, NTA Abra Branch Office.

DAOP Casela: Good morning, your Honors. Our focal person here is Atty Parado.

Atty. Parado:

With the permission and conformity and consent of our Deputy Administrator for Operations, the Honorable Nestor C. Casela. Good morning to each and every one, starting with our Administrator, Ma'am Bel, to our Advisor to the Administrator, Sir Ben, as well as to the Honorable Members of the NTA Governing Board. Magandang umaga po sa ating lahat.

Foremost and before I proceed with our agenda at the branch office, I would like to extend my deepest appreciation for the members of the Honorable Board, to our Deputy Administrators, and also to Ma'am Dinah Pichay, the IAD Manager, and Ma'am Zeny Arrojo, the Admin Department Manager, for their due consideration and approval of the request for the re-clustering of the position of JG 12/SG 25, which actually pertains to my present position as Attorney V, for which I am the primary beneficiary. With a direct, proactive effect of that implementation, I will stand to benefit. Again, thank you very much and maraming salamat po from the bottom of my heart.

Now to proceed with my agenda, we have here the request for issuance of the Board Resolution, authorizing me as the OIC Branch Manager of the NTA Abra Branch Office to sign for and on behalf of the branch office in the Memorandum of Agreement for the salary loan facility with the Land Bank of the Philippines (LBP). Lumapit po kasi ang Land Bank of the Philippines at the NTA branch office and they are offering po itong salary loan facility para po sa ating mga empleyado.

The terms of these are as contained in the attached MOA na nandiyan po sa folder ng ating mga butihing NTA Members of the Board and NTA Administrators. Thereafter, a dialogue was conducted where the LBP offer was presented and our employees have shown independent interest po to approve the loan facility considering its more advantageous terms of repayment and lower interest rates per annum and other benefits.

Your repayment po kasi, nito, is 3 years up to 5 years. One of the requirements to be submitted to the LBP, however, is a Board Resolution or a Secretary Certificate or both of these documents authorizing me as the OIC Branch Manager of the branch office to represent the NTA in the execution and signing of the said Memorandum of Agreement. So parang localized po ang transaction, ang signatory po dito is the head of the NTA Abra Branch Office at ang Authorized Representative ng LBP.

In anticipation of the most favorable action on the request, please accept our appreciation and gratitude to the members of the Honorable Board headed by our Administrator. Respectfully submitted and thank you very much for your consideration.

Atty. Obusan: Thank you very much Atty. JV. The floor is now open for discussion to the Members of the Governing Board.

Dir. Guzman: Madam Chair, I think the request is justified and in order, I move for Issuance of a Board Resolution Authorizing the OIC Branch Manager of NTA Abra Branch Office to Sign For And On Behalf of the said office in the Memorandum of Agreement for Salary Loan Facility with the Land Bank of the Philippines. Thank you very much.

Dir. Elaydo: I second the motion.

**REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING THE OIC-BRANCH MANAGER OF THE NTA-ABRA BRANCH OFFICE TO SIGN FOR AND ON BEHALF OF THE SAID OFFICE IN THE MEMORANDUM OF AGREEMENT (MOA) FOR SALARY LOAN FACILITY WITH THE LAND BANK OF THE PHILIPPINES (LBP) is hereby APPROVED.**

Atty. Obusan: We now move on to our next Agenda.

**C. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

**1. REPORT UPDATE ON TOBACCO ACCEPTANCES (AS OF JULY 15, 2024)**

Atty. Obusan: Madam Chair, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations and Atty. Rohbert A. Ambros, Manager, Regulations Department.

DAOP Casela: Again, a pleasant morning to everybody. The trading operations for all types of tobacco is almost finished except for the Native and the Burley type tobacco. But for the flue-cured tobacco that is Virginia, the trading operations ceased its operation last July.

This report is timely, especially on the flue-cured Virginia tobacco. And during the last meeting, there was an update as to the acceptances of tobacco as a result of the trading operations, and for this agenda, may I please request Atty. Ambros, the Manager of the Regulations Department, to make the report specifically on the tobacco acceptances for the period.

Atty. Ambros: Thank you, Sir DAOP. Once again, good morning to the Honorable Vice-Chairman of the Governing Board and the Members of the Governing Board. Good morning to our Deputy Administrators, Mayor Ben.

In the consolidation of the Branch Office reports, particularly on the value, previously we reported the volume but there were portions of the report that the value was not included. We are still preparing our July 31 and August 15 report.

For our first slide, we would like to report that out of the 34 licensed buying stations, 14 have already filed their notice of cease to operate. There are still 20 buying stations ongoing. This includes the Burley and the Native type because the Virginia type tobacco traders has already ended their trading operation as of July 31.

For the tobacco acceptance performance as of July 15, 2024, our total acceptance has already reached 39.5 million kilograms, almost reaching the purchase commitment of 40.2 million kilograms. That is 102.79% above our purchase commitment of 40.2 million kilograms.

We are still expecting volume for Burley and Native type, particularly the Batek type in Mindanao because the trading will still continue until December of this year. Previously we have projected our acceptance for this year to reach as high as 45.7 million. Currently we are expecting around 46 to 47 million total acceptances for 2024.

Our average floor price for all the type is PhP70.86 but the actual buying price is PhP114.42. So that is above the average floor price as per the 2024 and 2025 approved floor price increases.

For the next slide, the volume comparative tobacco acceptance performance as compared to last year, we are above 11.52% as compared to last year's tobacco acceptance for the same period.

For the value, that is around PhP900 million increase in price which is 25.32% increase as compared to last year. This is because the floor price was increased for this year as compared to last year.

With respect to buying prices, for the Virginia type, there is an increase of PhP11.90 centavos on the average. But for the Burley, it decreased by PhP1.79. But we have seen a great increase in the Native type with PhP16.97. For the all types, we recorded an increase of PhP9.03 which is more or less equivalent to the floor price increase of PhP9.00.

For the comparative volume and the average price by branch office, so for the Virginia type, the average price for all branch offices is PhP92.91 pesos. La Union garnering the highest average price of PhP107.58. La Union has a higher price. Pinakamababa sa Abra with PhP78.33.

For the Burley-type, our average price is PhP77.56. With Cagayan branch office garnering the highest average price of PhP91.30, Pangasinan recorded the lowest average price of PhP72.17 across sub-grades.

For the Native-type, Batek/Morada, we have an average of PhP316.96 per kilo. But the highest price is at Mindanao with PhP369.22 per kilo. So, the price is good in the Mindanao area with respect to Batek-type. However, Pangasinan is still a bit low, PhP45.06.

So, I think we have to verify this to our manager. The difference is a bit far. But understandably for Mindanao, your Honors, they have a higher buying price because the system of buying is through auction. The highest bidder will get the tobacco. Unlike in Region 1 and Region 2 where the buying price is on a regular basis.

For the Native-Broadleaf, the price is also good, PhP85.40. This is only grown in Isabela and Cagayan.

For the Native-Cigar Filler, Isabela has an average price of PhP60.44 while in Cagayan Province it is PhP63.75.

For the Native Traditional Type, the average price is PhP73.46. With Candon, garnering the highest average price of PhP76.84. Again, Pangasinan garnering the lowest average buying price of PhP38.00, because the volume is so low at 332.90 kilograms, again, in the same manner with Batek. We will still have to verify this from Manager Roger Madriaga.

Okay, for the Comparative Grade Distribution for the Virginia Type, our reject has increased to 25.08%. It is a bit big; it has exceeded our 10 percent threshold. Before in our previous reports, it was less than 10 percent but as of July 15, it has increased to 25 percent. We have to verify this from our traders, how did this happen.

For the higher grades A, B, C, it is okay. Grades A, B, C, that's part of the high grades. It should be around 50 or 60 plus percent. Right now, its around 40 plus percent.

As you might notice, for Abra, Ilocos Norte, and Vigan, there were no recorded or documented grades of F1 and F2. Maybe these two grades were relegated to reject, that is why we have a big percentage of reject.

- Dir. Serna: How many grades do they have? They do not have F1 and F2? What is the difference in the price of the reject compared to the F1?
- Atty. Ambros: The reject is around PhP10.00 ang difference between the lowest grade all across tobacco types.
- Dir. Serna: No, because I heard what the technicians of the buying firms are suggesting, that the tobacco should be matured a bit more before being sold. Naturally, the lower grades will be rejected. That is why I asked the price. But for the matured ones, the higher leaves have higher classification.
- Atty. Ambros: I think that scenario would be applicable to Burley and Native type where stalk cutting is adopted. But sir, in Virginia, they harvest it by stalk position. But in Burley and Native, it is stalk cutting. So, the whole plant is cut immediately. The matured leaves are at the bottom. But it is still the opposite, the ones at the bottom get the higher grades.
- Mr. Sarmiento: Because now, they just segregate it. That is how trading became this year, the other thing I saw in Vigan, because of the effect of topping. They encourage delaying the priming, so that you can really see the effect of topping.
- Dir. Padayao: Because when you top, and you start priming already. The effect of topping is not yet visible, right? That is why they encourage that they will have to let the leaves mature first. So that you can see the effect of topping.
- Atty. Ambros: Okay. We will note that.
- DAOP Casela: With your permission Ma'am, reaction on the comment of Sir Ben, because of the high prices, yung mga farmers, kahit immature pa, they harvest it already para makahabol sa magandang presyo, that might be the contention of most tobacco farmers.
- Dir. Padayao: Atty. Paki review nalang yung mga past years data ng F1 and F2 yun ang based sa observation ko, matagal ng wala yan. Kasi pag marami na yung brown supposedly kung may yellow-yellow pa F2 sana; kung mas marami yung yellow kaysa brown F1 na ang grading.
- Atty. Ambros: May I ask Maam Luz if ULPI then adopted the harmonized grading system, kasi itong report natin already includes all buyers and yung system na yan ang ginagamit nila.
- DAOP Casela: Yung F1 and F2, yun ang considered matured leaves at chemically mataas ang nicotine content niyan. On all buyers they



do not have F1, F2, kasi kung tutuusin dito sa tobacco stalks, yun ba harmonized grading is it strictly followed by the buyers?

- Atty. Ambros: Hindi po Sir, they have their own. Sige po Ma'am Luz we will consider yung acceptability ng ating harmonized grading system kasi for the past years some of the buyers did not follow it. The reason being, on the legal aspect kasi walang penalty clause. Harmonized grading is adopted as manual only, it was not intended to impose sanction in case hindi po sila nag-follow so, yun po ang kailangan nating review to make it forceful and we will now impose sanction in case na may violations.
- DAOP Casela: We will come-up with a study of acceptability on farmers and we will have a training with farmers, traders. We will make a study with the acceptability and our objective is to implement the use of our harmonized grading system.
- Atty. Ambros: We suspected that they did not tell the farmers that they are buying at high price, binibili nila ng high price yung high grade at hindi naman alam ng farmers na dinadamihan naman ang reject. Mataas nga sa high grade, 25% of the volume naman ay napunta naman sa reject so may pambawi sila.
- Dir. Reyes: Based on my experience matagal na po ako sa tobacco industry, dati yung mga farmers wala na gana magtanim, itong year na ito maramai ng bumabalik sa pagtanim kasi ang presyo ngayon po ay maganda, mataas. Sa Abra, nakikita ko po na marami ng bumabalik, dati ay nasanay na sila sa gulay kaya bumababa yung production. Nakita po naming lahat TMI, ULPI tuwang-tuwa yung farmer pag labas ng bodega kasi lumaki yung production at syempre, malaki din yung kita. Ito po ang aking observation.
- Atty. Ambros: If I may continue Your Honors, dito naman sa Burley mataas yung high grades natin at 70% above threshold, walang reject po dito.
- Atty. Obusan: Madam Chair, may we recognize Manager Roger Madriaga of Pangasinan Branch Office, he is raising his hand. Go ahead po Sir Roger.
- Mr. Madriaga: Good morning po sa ating lahat. Atty. Ambros, ito pong reported ay acceptances lang po ito ng ULPI, we have forwarded already the report dito sa Batek and our basis is the COP, we have more than 600 kilos documented.
- Atty. Ambros: Manager Roger, hindi ito included doon sa electronic reporting since manual niyo pala itong COP. Sige re-check namin ito. That explains why mababa yung average buying price nila at Php45.00. Sige po Sir, and please report regularly yung sa ating on-line reporting. Salamat.

- Atty. Obusan: Madam Chair, may we also recognize Ma'am Myrna O. Lozano of the Industrial Research Department. Go ahead po Ma'am Myrna.
- Mrs. Lozano: Good morning po sa ating lahat. Atty. Ambros, sa Native type, makikita mo dito mataas sa yung Candon and Ilocos Norte yung LP2 and LP4 tama ba?
- Atty. Ambros: Yes, Ma'am Myrna hindi pa na-resolve yan. May nabanggit ka sa akin dati na dapat Burley type siya, wala pang decision ang Agency so yung present reporting natin, categorized pa din siya as Native type.
- Mrs. Lozano: Statistically wise, dapat itama natin kung saan talaga siya kasi kung titignan mo ang Candon and Ilocos Norte ang taas ng yield production nila ng Native.
- Atty. Ambros: Sigie po Ma'am Myrna, we will submit a recommendation for the top management for its approval and the Governing Board to revise the system of reporting. But for now, we are considering LP2 and LP4 as Native type, kasi yun din ang submitted ng Branch Offices. Some types are reported as Native type, wala naman effect ito sa RA 8240 yung Native kasi Burley are lock together with Virginia, so the same pa rin yung basis for computation.
- Mrs. Lozano: Yung nasa manual, yung LP2 and LP4 is considered Burley siya.
- Dir. Padayao: Siguro depende sa use sa mga buyers.
- Mrs. Lozano: Sa ULPI, they are buying tobacco na sila rin ang nag-papatanim. We are Regulatory Body they should know the type of tobacco, para maitama nila yung grading system.
- Atty. Ambros: Okay, Ma'am Myrna we will be working together on the revision of the reporting system, tama ka as a regulatory agency dapat manggaling sa atin yung initiative to properly report yung production.
- Dir. Padayao: Sir DAOP, ano po yung characterization of these two?
- DAOP Casela: I was thinking already the determination in terms of classification. It will depend on characterization of this as determined by our Research Team and the FTSD. *(Some off the record discussions.)*
- Atty. Obusan: Madam Chair, may we recognize Ma'am Vangie Cabigan of FTSD. Go ahead po, Ma'am.

- Ms. Cabigan: Good morning po sa ating lahat. LP2 and LP4 is just one variety of Burley. Noon po ibenta natin sa ULPI, they were treated as Native type, in terms of characterization.
- DAOP Casela: In your characterization Madam Vangie, does it belong to Burley variety?
- Ms. Cabigan: Yes po, Sir DAOP. To consider it Native, we need to go back to the old characterization if you want us to do that?
- DAOP Casela: We need to undertake this characterization, whatever policy dapat, I think we need to undertake initiative as to characterization to determine what type of tobacco LP2 and LP4 will be?
- Ms. Cabigan: Sige po Sir, we will do that.
- Atty. Ambros: If ever Ms. Vangie, that LP2 and LP4 will be categorize as Burley type, these will be a welcome development to tobacco farmers since Burley has higher buying price than Virginia, so it will add up to their income.
- DAOP Casela: Also, correspondingly, with respect to tobacco production the demand right now is more on Burley type tobacco and this will be additional income to our tobacco farmers if LP1 and LP2 will be classified as Burley. So, we better reconcile all of this.
- Atty. Obusan: Any other discussions regarding this matter. If there is none, we can now move on to our next agenda, Madam Chair.

First agenda on Other Matters, as manifested by Dir. Gerry Virgilio V. Guzman is the **Request for Discussion or Updates on the Memorandum of Agreement (MOA) and Side Contract Agreement Between NTA and DAR.**"

Just to give an update to the Honorable Members of the Governing Board, the latest and final draft copy of the Memorandum of Agreement (MOA) and the Side Contract Agreement was already agreed upon by the Legal of the Department of Agrarian Reform.

In a virtual meeting held last 31 July 2024, attended by all the Appointive Directors of the NTA, together with Administrator & CEO Belinda S. Sanchez, and Deputy Administrator Nestor C. Casela and Atty. Rexford Ramos, Director III and Legal Adviser of the Office of the Undersecretary for Livestock, the following inputs were emphasized:

1. It must be stated in the MOA that there must be conformity coming from Sec. Francisco P. Tiu Laurel Jr., NTA being an attached agency to the Department of Agriculture.
2. There should be a definite term for DAR's use of NTA Rosales, Pangasinan Branch Office, renewable, subject to the consent and terms of both parties.
3. With regard to the consideration of PhP20,000,000.00 as earlier promised by Sec. Conrado M. Estrella III, it can be covered by another MOA, which in this case was denominated as Side Contract Agreement.
4. Adding some provisions for confidentiality, amendments, etc. These inputs were already incorporated to the revised and final draft copy of the MOA and the Side Contract Agreement, a copy of which are provided to every Members of the Governing Board for their perusal.

After the issuance of the requested Board Resolution, and together with the copy of the MOA and the Side Contract Agreement, everything will be forwarded to the Office of Hon. Sec. Francisco P. Tiu Laurel Jr thru the Office of Hon. Undersecretary Deogracias Victor B. Savellano, to seek their conformity and approval.

This is being done to expedite matters as the Department of Agrarian Reform has set the deadline until end of this month to finalize everything up to the signing of contract of both parties.

So, tomorrow Your Honors, the final draft copy of the MOA and the Side Contract Agreement will be presented before the Honorable Usec DV Savellano and an ensuing Board Resolution will be requested empowering the Honorable Administrator & CEO Belinda S. Sanchez to enter into aforementioned agreements. That will be all from my end. Thank you, Madam Chair.

Dir. Guzman:

Thank you very much Atty. Obusan, and looking at the copies of the contracts that was presented before us, the rights of the NTA is well protected.

With that, I move for the issuance of a Board Resolution authorizing Administrator and CEO Belinda S. Sanchez to sign for and on behalf of the National Tobacco Administration in the Memorandum of Agreement (MOA) and Side Contract Agreement with the Department of Agrarian Reform (DAR), represented by Secretary Conrado M. Estrella III, subject to the conformity of Department of Agriculture Sec. Francisco P. Tiu Laurel Jr., NTA being an attached agency.

Dir. Elaydo: I second the motion, Madam Chair.

THE REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING ADMINISTRATOR AND CEO BELINDA S. SANCHEZ TO SIGN FOR AND ON BEHALF OF THE NATIONAL TOBACCO ADMINISTRATION IN THE MEMORANDUM OF AGREEMENT (MOA) AND SIDE CONTRACT AGREEMENT WITH THE DEPARTMENT OF AGRARIAN REFORM (DAR), REPRESENTED BY SECRETARY CONRADO M. ESTRELLA III, SUBJECT TO THE CONFORMITY OF DEPARTMENT OF AGRICULTURE SEC. FRANCISCO P. TIU LAUREL JR, NTA BEING AN ATTACHED AGENCY is hereby APPROVED.

Atty. Obusan: Next agenda on Other Matters, as manifested by Dir. Luzviminda U. Padayao is the **“Request for Reconsideration and Approval of the Original Implementing Guidelines of the Gulayan at Manukan sa Barangay (GMB) Project for Calendar Year (CY) 2024”**.

To report on this agenda, Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations. Go ahead, Sir DAOP.

DAOP Casela: Thank you very much Attorney and once again, a pleasant afternoon to each and everyone.

The ideas and insights of the Alternate Chairman Designate, Hon. Usec. Deogracias Victor “DV” Savellano given last Board Meeting regarding the GMB Project’s Implementing Guidelines were very objective and well noted.

However, the suggestions entail a bigger impact and bigger scope of coverage in terms of beneficiaries and logistical requirements. Given the time constraint and in view of these circumstances, there is a need to totally overhaul the original scheme of implementation, including its budgetary requirements which have been approved already.

All things considered; it is humbly requested that for this year’s implementation of the GMB, the Original Implementing Guidelines of the project be adopted.

All the ideas and insights of the Hon. Chairman and Usec. DV Savellano will be incorporated for next year’s implementation of the project including bigger fund allotment.

Dir. Padayao: Madam Chair, I think the reasons given by Sir DAOP more than justified his pending request. With that, I move for the approval of the Original Implementing Guidelines of the Gulayan at Manukan sa Barangay (GMB) Project for Calendar Year (CY) 2024.

Dir. Reyes: I second the motion, Madam Chair.

**REQUEST FOR RECONSIDERATION AND APPROVAL OF THE ORIGINAL IMPLEMENTING GUIDELINES OF THE GULAYAN AT MANUKAN SA BARANGAY (GMB) PROJECT FOR CALENDAR YEAR (CY) 2024 is hereby APPROVED.**

Atty. Obusan: With that, Madam Chair, the next agenda will be adjournment. Likewise, can we also have a motion for adjournment.

Dir. Sema: I move that today's Joint Board Committee Meeting be adjourned.


Dir. Guzman: I second the motion.

Admin. Sanchez: There is a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 1:35 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
29 AUGUST 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 29 August 2024 (Thursday), 9:00 AM, at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City. May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:  
Nomination, Remuneration, and Personnel Administration  
Research and Extension  
Trading Operations and Regulation  
Board Audit and Finance  
Legal Matters and Properties

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer.

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, joining us online via virtual platform from Mindanao, is the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO. *Good morning, Ma'am.*

We also have the members of the NTA Governing Board, as follows: Honorables Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; and Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector, who will be joining us online via virtual platform; *Good morning, Directors.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*;

Finally, joining us through the virtual platform are the Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

After which, I will be turning over the Presiding Chair to the respective Chairperson of Committees under discussion as I have to attend to the distribution of cash assistance to tobacco farmers here in Mindanao. Apologies everyone for not being there to join you today.

Atty. Obusan: Thank you, Madam Chair.

*"Atty. Obusan read the scheduled Agenda(s)."*

We now proceed with the discussion of the respective Agenda(s). We start with our first agenda, under Committee on Nomination, Remuneration, and Personnel Administration

**A. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. WILLORD L. REYES



**1. REQUEST FOR APPROVAL OF THE POLICY GUIDELINES FOR THE GRANT OF TRAVEL EXPENSES OF NTA PERSONNEL HIRED UNDER JOB ORDER (J.O.)**

Atty. Obusan: Mister Chair, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, together with Atty. Rohbert A. Ambros, Member, Technical Working Group which crafted the Guideline.

DASS Savellano: Thank you very much, Attorney.

Thank you, Attorney. First, I would like to greet our Administrator, the Honorable Belinda Sarmiento-Sanchez, Members of the Governing Board present, physically present here, and also Director Ray A. Elaydo who is joining us virtually, and of course, Deputy Administrator for Operations, Nestor C. Casela.

Also, to all other resource persons joining us virtually, magandang umaga po sa atin. To do the presentation on this subject matter will be Attorney Robert A. Ambros.

Atty. Ambros: Thank you, Sir Benedict.

Good morning to the Honorable Chairperson and Members of the Governing Board. For today, I will be presenting to you the output of our Technical Working Group who studied the drafting of the Guidelines for the Grant of Travel Expenses specifically for our Job Order Hirees. So just to give you a brief background, this guideline was formulated because for the longest time, job order hirees of the NTA are not entitled to any travel allowance every time they are asked to or authorized to go on travel.

Particularly on the Job Order Drivers who are conducting the permanent employees who have official travels. With this, the Commission on Audit, of course, through the clamor of other government agencies, issued a resolution in 2021. Actually, it was an issuance on December 28, 2021, and it was implemented only in 2022.

So, the Commission on Audit already authorized the grant of Daily Travel Expense for job orders, subject to, of course, conditions as indicated in the resolution number 2021-044 of the Commission on Audit. Of course, for the purpose of these guidelines, we base our provisions from the provisions as indicated in Executive Order 77 because this is the main law in the grant of the travel expense.

For the coverage, ni-revise lang natin yung draft natin dito last time because we received a recommendation from the members of the board to revise the coverage of these guidelines.

So, letter A would be the listing or enumerations of those who will be entitled, and then letter B will be the enumerations of those who are not entitled.

For letter A, who are the job order hirees who will be entitled for travel expense? Of course, number one is those performing Tobacco Production and Regulation Officer's (TPROs) functions during trading operations. So very crucial ito kasi ang mga job order TPROs natin, they accompany their assisted farmer cooperators in delivering their tobacco produce to the buying stations. Kasi kung hindi nila babantayan yun, baka hindi sila makasingil, and bababa pa yung kanilang performance accomplishment. And of course, number two is, ito yung pinaka-major concern natin yung mga Drivers. Whether they are on official business or on official time only, drivers who will be conducting the NTA officials and employees shall be entitled to daily travel expense as per EO 77. Of course, there are special events and sports activities sanctioned by the agency or other government agency. Job orders will be assigned kasi sila po yung mga masisipag na magparticipate sa mga activities na ito. So of course, we should give them daily travel expenses para meron din naman silang pang-gastos if they will be traveling for that purpose.

So sino yung mga hindi entitled sa daily travel expense under this policy? Of course, the Research Assistants kasi meron silang mga travel expenses na incorporated sa research programs nila. And of course, if the job hiree will be granted foreign travel authority whether for personal or official purpose, hindi po sila entitled sa daily travel expense. No. 3 is yung mga employees na under service contracts. They are not entitled kasi by procurement yan. Ang example yan is yung mga security personnel.

No. 4 are the drivers assigned to conduct regulation department inspectors kasi yung kanilang allowance are already incorporated in the inspection fees already paid by the concerned exporters, importers, and transshippers. No. 5 is yung mga job order na magparticipate sa mga capacity building or lakbay aral trips or unofficial events or activities are not entitled to daily travel expense except for the drivers who will conduct officials and employees on official time only, they will be entitled to daily travel expense.

And ang paraan natin for the grant of DTE is reimbursement lang, wala pong prepayment, walang advance payment.

So DTE will be claimed after the termination of the travel. We will skip muna itong mga definition of terms. Anyway, we can encounter those terms as we go on with the guidelines.

We will proceed with the General Guidelines. For the basic conditions, of course, there are minimum conditions that should be

complied with before the job order hiree will be authorized travel. There should be a written justification. It's not automatic that if the head of the department will tell na mag-travel yung job hiree is, aalis na kagad siya. There should be a written justification to be submitted to the Office of the Administrator, si Administrator lang ang pwedeng mag-issue ng Special Order or Travel Order for the job hiree.

How to authorize the travel? It should be extremely required to meet the needs of the NTA. And it should be critical to the outcome of the official activity to be undertaken.

Just like kunwari yung Ilocos Norte branch meron syang special function to attend to dito sa Central Office, Manila. Pagka pwedeng i-delegate na dito sa mga personnel dito sa Central Office to undertake that function. Pag kaya gawin ng mga employees ng mga offices na malapit doon sa pupuntahan, ipagawa na natin doon sa mga personnel na naka-assign doon sa malapit. Wag nang iutos pa sa ating mga staff na malayo doon sa place of assignment.

Of course, the expenses for the trip should not be excessive. Kung wala kayong approved na proposed budget for the travel, hindi pwedeng ma-authorize yung job order na mag-travel. Dapat very specific doon sa mga programs and projects ninyo na nandun yung travel ng job order. Ilan sila, ano yung mga purposes later on, mga ganyan.

There is a limit, dapat hindi mag-exceed sa 5 days, including yung travel days. Ibig sabihin pinakamatagal na stay ng job order sa isang place of assignment is 3 days, 3 full days. The rest is yung 1st and last day should be allocated for travel.

Alternatives to travel must also be considered, like teleconferencing or videoconferencing.

Unauthorized Travels. Kung talagang kailangan ng face-to-face need for the job order to be present on their assigned task, that's the only time they will be allowed to travel. So wala pong Branch Manager or Department Manager na mag-issue ng Office Order or Travel Order. Hindi po sila allowed for this purpose.

Kung hindi na-approve ni Administrator yung Travel Order, hindi po sila entitled sa daily travel expense, same of course, sa job order hirees na pinapapunta natin sa mga activities na hindi related dun sa purpose ng travel or hindi related sa kanilang responsibilities. So dapat very specific sa kanilang job order contract yung mga functions nila and related dun sa purpose ng travel. Number 3, yung mga consultants na in-engage natin, hindi sila pwede. And kung may kasama silang mga spouse or children, hindi sila entitled sa travel expense or unauthorized yung kanilang travel.

Okay, so let's proceed with the item number IV. Official Local Travel. Ito po, this will be covering how the Special Order will be issued.

Under Letter A, the Administrator should receive the request for travel not less than 5 days prior to the intended date. For inland travel, yung mga dito lang within Luzon, mga ganyan. Pero kung if you will be availing yung mga travel from Manila to Mindanao and you need to purchase tickets, ano naman siya, 10 days naman yung lead time for the approval of the Special Order.

Okay, so letter B. So ito lang yung mga allowable transportation expenses natin from permanent official station to your destination. So just like if you will avail taxi services from your residence to your official station, you are entitled to reimbursement of that fare. If government vehicle is provided, so that portion of the trip na meron naman tayong transport vehicle, so mawawala na yung transport expenses sa claims ninyo. Iba-bawas na po yan ang mga accountant natin pag nag-claim kayo.

So walang reimbursement sa gasoline kung gagamit kayo ng sariling private vehicle. So mga accounting processes na may mga reimbursement expense, yung mga PhP300. pesos and below, hindi na kailangan ng official receipt. Basta meron ng certification of expenses not requiring receipts na form na pipirmahan.

Letter f, okay, so yang, PhP1,000. lang yung pwedeng ma-claim additional transport expenses irrespective of the distance. So yung mga miscellaneous expenses, just like terminal fees, parking fees, road tolls, so pwede pa rin niyang i-reimburse. Pero yung mga toll fees, I think sir, medyo questionable ito.

- Dir. Serna: Kung gagamit ng private vehicle yung job order hiree, at dadaan siya sa toll, sa expressway, i-reimburse ba natin yung toll fee na babayaran niya? So pwede i-reimburse?
- Atty. Ambros: Sige sir. Okay, so i-retain natin yan. Miscellaneous expense for toll fees will be entitled to be reimbursed.
- Atty. Obusan: With the permission of Mister Chair, may we recognize Ma'am Milagros Tiu, Manager, Finance Department. *(Ma'am, punta na lang daw po kayo dito sa Board Room. Thank you.)*
- Mrs. Tiu: Good morning po sa lahat. Regarding po sa sinabi earlier ni Atty. sa toll fee ng private vehicle, hindi po ito allowed. Kapag gumamit ng private vehicle, yung allowed travelling expense po ay prevailing bus rate lang po.
- Dir. Serna: Equivalent fare?

- Mrs. Tiu: Yes po. Ganun lang po. Nasa EO po yan Sir.
- Atty. Obusan: Mister Chair, may we recognize Ma'am Myrna Lozano of IRD and later on to be followed by Ma'am Dina Pitchay of IAD. They are both raising their hands.
- Mrs. Lozano: Good morning po sa ating lahat. Pag gumawa po kami ng project including po yung J.O. Research Assistant, hindi po namin sila binibigyan ng equivalent na budget kasi yan po yung usapan naming ng Finance Manager. Clarification lang po, kung sa next na pag-gawa namin ng cash flow, allowed na po kami na maglalay ng budget sa mga JO Research Assistant?
- Mrs. Tiu: Ma'am Myrna, for 2024 approved projects, we will be allowing your J.O. Research Assistants to claim for reimbursement of DTE. However, for 2025, isama na po ninyo yung budget sa kanila sa project proposals.
- Mrs. Pichay: Good morning to our Honorable Members of the Governing Board and to our two Deputies and all Department Managers joining us online. I think it's not allowed po, yung toll fees. Parang ang reason po kasi doon, it's as if the official or the employee took the public transportation. Kaya nga po ang binibigay lang is the equivalent rate of the mode of transportation in the area.
- DAOP Casela: With the permission of Mister Chair, good morning to everyone, most especially to Ma'am Myrna of the IRD.
- The inclusion of the TEV for J.O.s under research for 2025, is not allowed for such budget will be included in the budget proposal.
- And anyway, there is a controlling body on this because we have the PREC. And the function, the task of the PREC is to determine the reasonableness of budget as prepared by the concerned department. And I would rather advise the managers for research to be more reasonable and put them in their budgeting for this purpose.
- Atty. Ambros: Just to clarify, baka kasi ang mga officials natin, if they will be travelling using yung kanilang private vehicle, they will ask someone to drive for them, hindi po covered yung driver, especially if not an NTA employee. I have explained to you na meron mga allowed na transportation expenses from residence to permanent official station which should not exceed PhP1,000.
- So ito namang daily travel expenses, ito yung full entitlement on top of the PhP1,000.
- I don't know the basis bakit mas mababa ang Regions I, II, III, V, VIII, IX, XII, XIII and ARMM at PhP1,500. per day. Mas mataas sa

regions VI, VII, X, XI and CAR at PhP1,800. per day. Pinakamataas sa regions IV-A, IV-B at NCR at PhP2,200. per day. Baka dahil mas mataas ang kanilang daily expenses dito.

This daily travel expense does not need any receipt to be presented. Basta kung dumating ka na doon, entitled ka na ng ganyang amount.

Although nilagay lang natin yung details ng coverage ng allowance or expenses, it should not exceed 50% for the hotel. So dapat pag nag-booked tayo ng accommodation for our employees, for seminars or for official functions, hanggang PhP750. lang yung budget natin. And kung may breakfast, lunch, dinner din deduct natin, ang matitira na lang kung lahat yan provided natin sa mga participants na job order, ay yung 20% na incidental expenses na lang yung kanilang maki-claim.

Anytime kahit anong oras ka umalis from your official permanent station and dumating ka doon sa iyong destination, 100% agad siya. Sa departure naman pag alis ka doon, dahil tapos na yung activity, hindi ka na bibigyan ng accommodation, kaya 50% na lang. Ito yung tinatawag na travel in transit or time in transit. Kaya 50% na lang yung allowed na daily travel expense pagka-palis ka na.

So as usual pag-babasehan ay yung itinerary of travel kung anong oras ka dumating o anong oras ka umalis. So ito yung sinasabi ko kanina yung letter e. Kung i-provide naman ng agency yung accommodation, food, ayun na lang mga incidental expenses ang makukuha mo based on the percentage.

We now go to Authorized Modes of Transportation. No. 1 is of course, is yung most economical and efficient mode of transportation. They should take the public transport.

Ngayon kung ang job order who will be authorized to travel is 4 or 5, maybe they will be allowed to use service vehicle of the NTA.

Yung service vehicle natin, yung job order concern na nagpaiwan, hindi siya entitled sa reimbursement ng travel expense niya. Kasi kasalanan niya kasi hindi siya sumabay sa pag-uwi. Kasi there are times na may travel na nagpapaiwan yung job order hiree. I think this should be adopted also sa permanent positions, na nagpahatid, nandoon naman yung sasakyan, pero hindi na siya sumbay sa pag-uwi. Yung sasakyan nalang umuwi. Tapos nag-take siya ng public transport. Nire-reimburse niya ngayon yung bus fare niya. Dapat hindi na. Kasi kasalanan niya nagpaiwan siya. Medyo strict lang tayo kasi austerity measure.

Although alam niyo naman ang budget ng NTA, we have to earn that. And very limited yung subsidy natin from the national

government. Of course, we should be, if this Guideline will be approved by the Honorable Members of the Board, malaking pasalamat natin dito kasi yung job order natin like ay kasama na dito.

Especialy mga TPRO natin, sila yung kapag bago ka, ikaw yung utusan. So that's the reason why we are pushing these guidelines to be approved by the board. So hindi pwede yung chartered trips, special hire of public utilities yung nag-hire tayo ng sarili nating public transport, mga garage cars.

So hindi pwede. Basta extraordinary means of transportation shall not be allowed. Kung authorized yung mga NTA employees on official time only, yung driver lang ang entitled.

So, kung for personal purpose yung itinerary mo, no part of the travel will be considered official. So walang entitlement sa travel expense.

Tapos only claims with complete documents shall be processed. So alam na natin yung mga attachments kapag nag-claim tayo. So alam na ng mga accountants natin yan, i-check nila yan kung ano yung mga nak-attached. We have to submit yung travel report sa Administrator through our immediate supervisor within 5 calendar days.

Kung wala kayong terminal report, wala kayong reimbursement. Kung hindi nyo pa na-submit yung terminal report or hindi pa kayo nag-claim for travel, anyway kung hindi talaga kayo nag-claim for your previous travel, okay lang yan kasi right ninyo yan. Pero kung hindi kayo nag-render ng terminal report, hindi kayo pwedeng i-allow ng mag-undertake ng succeeding travel ulit after that.

Dito sa effectivity, I think we leave that to the discretion of the members of the board kung kailan ito mag-take effect. Will it take effect upon your approval or we will set a date for the start of its effectivity?

Dir. Serna: Effective upon approval. Pwede ba gawin nating retroactive?

DASS Savellano: To Honorable Members of the Governing Board, medyo voluminous po kasi yung ating mga requirements. So, we earnestly ask the board if it can be approved prospective na lang. Kasi medyo tedious din kasi kung babalikan mo lahat yung previous travels.

Siyempre po the availability rin ng funds at dapat nating i-consider.

Dir. Serna: Okay, Sir DASS, prospective application tayo.

Atty. Obusan: Any other discussions regarding this matter?

- Dir. Padayao: Regarding sa mga J.O. Research Assistants, kasi sabi nila walang naka-indicate na transportation expense sa 2024 projects. Can we still accommodate them in case na walang silang na-include?
- Atty. Ambros: Budget for travel for J.O.'s is not included in their budget estimate for its research projects. So, they can collect or they're entitled to collect the TEVs for the remaining period of 2024.
- But for 2025, a budget for TEVs for J.O.'s will now be incorporated in its respective project proposals. Thank you.
- Dir. Padayao: Ma'am Myrna, regarding sa sinabi ni Ma'am Mila, kung talagang may urgent na pag-travel ang JOs, maybe you can make justifications na nakalagay naman po dito sa mga provisions ng IG this 2024.
- Mrs. Lozano: Yes Po.
- Atty. Obusan: Are there any other discussions? If there is none, may I request Director Serna to make the appropriate motion for the approval of this Implementing Guidelines?
- Dir. Serna: Since we are through with our discussion regarding this agenda, I move for the approval of the agenda subject to the resolution that it will take effect immediately. Thank you.
- Dir. Padayao: I second the motion.

**THE REQUEST FOR APPROVAL OF THE POLICY GUIDELINES FOR THE GRANT OF TRAVEL EXPENSES OF NTA PERSONNEL HIRED UNDER JOB ORDER (J.O.) is hereby APPROVED AND TO TAKE EFFECT IMMEDIATELY.**

Atty. Obusan: We now move on to our next agenda.

**B. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

1. **REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES (IG) OF THE CURING BARN ASSISTANCE PROJECT (CBAP) FOR CY 2024-2025**
2. **REQUEST FOR APPROVAL OF THE RELEASE OF THE BUDGET AMOUNTING TO PHP 107,648,000.00 FOR THE IMPLEMENTATION OF THE CURING BARN ASSISTANCE PROJECT (CBAP) FOR CY 2024-2025**



**D. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. REQUEST FOR APPROVAL OF THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) BUDGET FOR CY 2024-2025 AMOUNTING TO PHP 122,459,269.35**

Atty. Obusan: Madam Chair, to report on these agenda, may we recognize Mr. Nestor C. Casela, our Deputy Administrator for Operations.

DAOP Casela: Thank you very much, Atty. Obusan. Again, my pleasant morning greetings to everyone. Before I'm going to discuss the implementing guidelines of one of the embedded programs of the CBAP, may I please be provided with some few minutes to come up with some information to be shared to all the Members of the Governing Board and for those who are listening to this Committee Meeting.

Because the Curing Barn Assistance Project is a very vital component of the commodity flow. Commodity flow would mean the different processes involved in production up to post-production and including marketing of tobacco.

Now, I'm providing this information because there is the existence of the private advisory council or the PSAC that offers guidance to the President of the Philippines in supporting the achievement of the country's economic objectives.

This was established by His Excellency President Bongbong Marcos in July 2022. The council's primary aim is to assist the government in various key areas. This includes implementation of comprehensive infrastructure programs, fostering job creation, digitization processes, enhancing agricultural productivity by collaborating micro, small and medium enterprises. And also fostering equitable, sustainable, inclusive business environment in the Philippines. Now, this means that the membership of the private sector advisory council constitutes the big business sector of the country.

And there are lead convenors of these different businesses. Definitely for agriculture, the lead convenor for is Madam Aileen Uygongco-Ongkauco, President of the La Filipina Uy Gongco Group. What I observe in here is this group offers advisory, business advisors to the President concerning all the business sector of the country.

PSAC is concerned also on tobacco, the tobacco industry, and to the initiatives of NTA with respect to its contribution to the

organization of the objectives of PSAC as well as the national government in terms of development efforts. Now, with respect to agriculture and that is specifically for tobacco, the objective is to increase local tobacco production by 75 percent and double exports by 2028.

There are certain circumstances that leads to this direction because China, being the largest global tobacco producer, reduces its production volume, resulting in the shortage of tobacco supply worldwide. With this development in the industry, the Philippine tobacco has become globally competitive. Global prices have gone up, making the Philippines very competitive in price and quality. And the Philippine tobacco is one of the cheapest in the world.

With this respect, farmers are enthusiastic also in planting more tobacco. Tobacco farmers earn an average of PhP125,000. per hectare as compared to rice, which is about PhP20,000. per hectare.

The goal is, with respect to tobacco, to increase area of 4,000 hectares of tobacco to be planted with the increase of 18,000 tobacco farmers. Now, we need to say that if we are going to increase production by 75 percent and double exports in 2028, this is a feature that has to be undertaken, has to be realized in terms of area and number of farmers. Likewise, this refers also to, of course, we have to ask where would be the source of funding for all of this.

It says here that NTA has PhP107 million allotments through RA 4155 that can be used to support the farmers. RA 7171 and 8242 provided PhP17 billion and PhP4 billion respectively to tobacco-growing LGUs last year of this cycle. Now, as far as this is concerned, we don't have any hands or we cannot – we are not privy to that kind of funding for the NTA.

But it says here that there is no law or provision of a certain percentage of the share of the LGUs used from 8240 and 7171. But it is a provision in the interagency agreement between NTA, DBM, and DA that at least 25 percent of the share of the LGUs used should be allocated to tobacco farmers.

But in here, it says that the LGUs may consider appropriating 15 to 20 percent because of the PSAC's recommendation, which is lower than the provision as stated in the agreement of the interagency agreement.

How can we achieve the target of increasing production? Of course, this would involve intensive campaign for us having to campaign for farmers to go back to farming the tobacco. Because we all know that for the past years, there have been significant

numbers of farmers who stopped, who ceased planting tobacco. But per observation for the past two years, there are farmers who are enthusiastic again to go back to tobacco farming.

Especially that we observed that for last trading, there has been a very significant increase in prices. And this is one of the big factors to go back to tobacco farming. So, I am discussing this in support with the topic I am going to present to you or discuss to you.

And this is the Request for the Approval of the Implementing Guidelines for the Curing Barn Assistance Project (CBAP) for CY 2024-2025. Now, basically, there are no changes as to previous implementing guidelines. But what is the provision that has been changed is only on the budget allocated per branch.

Now, the Curing Barn Assistance Project, we are requesting for a budget amounting to PhP107,648,000.00. Now, this goes hand-in-hand already on the second agenda. That is, requesting Approval of the Implementing Guidelines, and of course, the Request for the Approval of the Corresponding Budget for CY 2024-2025.

Basically, for the Curing Barn Assistance Project, for construction purposes of flue-curing barn, and air-curing shed permanent, farmers can avail PhP50,000. per farmer. For repair, it is PhP20,000.

The difference is that for, construction of the new semi-permanent/ collapsible air curing shed, the allocated amount is only PhP 40,000. But for repair, it is the same, that is PhP20,000. The subsidy or free portion is 40%.

It states here that term of payment for this is seven (7) years.

Dir. Padayao:

If we are observant enough, Sir, yung seven (7) years, within that span, hindi lang minsan nag-undergo ng repair ng barn. So, di ba, it is just proper for us to reduce the number of years of repayment. Kasi ang computation ko dito, ang babayaran nalang nila is PhP12,000. Kasi subsidy yung 40%, so if you have to divide it, parang minimal lang naman. How about reducing the number of years of payment? Para siya maka-avail ulit ng assistance, kesa utang pa sa iba na mas malaki ang interest.

DAOP Casela:

Madam Luz, thank you for that observation. I do recognize it, actually.

I remember that it's a general policy of NTA with respect to the loan programs of the agency, that all programs and projects, which entail financial requirement, there's a general policy established by the Board of NTA then, that it is under 60-40 scheme, and return payment is 7 years.

But I, for one, would rather suggest a reclassification of all loan programs of NTA to be reclassified as short-term, medium-term, and long-term. And specifically, for this, as observed by Madam Luz, 7 years is too long. And I, unless this is proposed by the board now to specifically indicate here, or included in the implementing guidelines, that the term of payment for the repair would be, well, it depends on your recommendation, and also the number of years.

Dir. Padayao: Yes, Sir. I think, it is the management that would make the recommendation, for approval of the board?

DAOP Casela: Yes. Considering the observation, in that aspect, if management is allowed to make the recommendation, since the Curing Barn Assistance Project is considered a medium-term loan program, specifically on the construction, I, for one, would recommend that for the construction of the Curing Barn, both for the flue-cured and the semi-air cured, payment will be for 5 years. And for the repair for both, it is for 3 years.

Maybe it's high time for us to amend the IG so that if there is a subsidy or LGU will pay, they will have a program to schedule the payment. Thank you very much for that consideration.

And likewise, for the justification for the reconsideration of the term of the loan program, the shorter the collection period, the more you are improving the financial status of the agency. Because instead of 7 years, 3 or 5 years only, you are realizing or paid already what you have provided as loan requirements. I mean to say, recoverable in short term rather than justification.

The farmer can avail again.

Dir. Padayao: Because, let's see Sir, that's why I said, the management should suggest, because they know usually how many years before a barn will need to be repaired again.

DAOP Casela: I'm not the absolute decision maker on this. This has to pass thru the Honorable CEO and Administrator and of course, the Members of the Governing Board.

This will be based on the recommendation of the Project Review and Evaluation Committee or PREC to make the recommendation. But for purposes of exigency, because this will now be implemented for this year, I think in the approval of the Implementing Guidelines, maybe we would just indicate or include in our deliberation that subject to the conditions from the management of with respect to the classification of the loan programs or the repair and construction. If that will be okay with the Honorable Members of the Committee. Specifically for

construction, it will be five years and three years for the repair of curing barns.

Dir. Padayao: Sir, parang hindi ko nakikita dito yung farmers who have already planted tobacco as one of the requirements before you release the assistance. Parang yung area lang na-planted, dapat masigurado natin na nakatanim siya before release of the assistance.

DAOP Casela: Yes, Ma'am. We do recognize that it is a limited program because as it is now, we have to come up with the approval of the Implementing Guidelines as well as the budget.

Because as demanded by the DBM, we should expend all funds for all projects up to the end of the year. So much so that if we're going to wait for the farmers, I mean, the determination of qualified farmers for the project, it will be quite late already. So, it's just anticipated.

Anyway, these figures we have, I have forwarded already a Memorandum to all Branch Managers to identify these prospective farmers. That's why we were able to come up with the area and the number of farmers. Specifically, breakdown into construction, repair, both for the types of tobacco and the corresponding allotted amount per branch offices.

Dir. Padayao: I understand, Sir. Kaya lang, ang sinasabi ko, ilagay nalang din sa IG na no farmers will receive the assistance if they did not planted tobacco.

DAOP Casela: Thank you very much for that guidance.

Dir. Reyes: With the permission of Madam Chair, do we have the authority to recruit prospective farmers for this? We are aware already that the LGUs and of course NTA is aggressive in the campaign for more production of tobacco.

We know for a fact that the limiting factor of the problem, if you are going to provide assistance to returning tobacco farmers?

DAOP Casela: So, this provision of assistance is being prioritized to new farmers.

Dir. Reyes: Kasi po, nung nagre-organize po kami ng organization sa aming bayan, yung mga nagbabalik na farmers, wala silang pangalan sa listahan ng makakatanggap ng assistance. Kaya nagtatanong po sila kung paano sila makakasama sa listahan?

DAOP Casela: Yes, thank you very much for that information, Sir.

That is specifically for Abra Branch Officers, I will try to talk with them and to give priority to those kinds of people returning to local tobacco markets.

Dir. Reyes: Thank you, Sir.

DAOP Casela: The total budgetary requirement for CBAP is Php107,648,000.00 This is distributed accordingly to this Branch Offices based on the number of farmers there to date for the purpose. As I mentioned, we have to make the approval of implementing guidelines as well as the budget because of the exigency of time. I mean, what guide us is the advisory or the advice of DBM that all funds allocated for this project should be expended up to the end of the year.

The budgetary requirement will come from 2024 GAA amounting to Php100,000,000.00 and the remaining Php7,648,000.00 will be coming from the unexpended portion of the 2023 GAA for the same project.

Kaya nga o, i-discuss na natin lahat ngayon para hindi natin ibabalik yung pondo. That is the purpose of making all the planning and the approval of these guidelines as early as this time. With all of this and in line with the direction of the Department of Agriculture and of course the national government as I mentioned about the creation of the private sector advisory council. And specifically, they considered tobacco as a concern of the Philippine government in terms of its effect to the economy.

What we're doing here is compliance or in consonance with the directives of the DBM as well as of course the PSAC. That is increased production, increased export and helping to campaign for more farmers to plant tobacco so that we can realize this increase in export and volume tobacco for production. And according to our traders, the high prices that we experienced last year may be good for up to three years more. But this is a forewarning likewise that once prices and volume will be stabilized in the world market, we'll go back to the normal pricing.

I think since there is an opportune time for us to increase production, and of course if we may increase in production, this is tantamount to saying that you are improving the productivity and income level of all of us.

Dir. Elaydo: In order for us to encourage more farmers to plant, how about increasing the subsidy? From 40%, maybe we should make it 50% or more.

DAOP Casela: Yes, Sir. I, for one is dreaming to have a 100% subsidy, ibigay na natin lahat. Para hindi na din tayo mahirapan, mangolekta ng bayad. One justification is that with the policy, existing scheme of

60-40, we found out that for so many years, we've not been collecting that 60%.

This is a problem later on with our managers, with our staff in the provinces, the issuance of AOM by COA, with respect to the non-collection of this production loan to tobacco farmers. So, I for one, I would like to tell you now that what I want to have, what I'm planning for 2026 is 100% subsidy. Because 2025 budget is already approved.

Our approved budget for 2025 is PhP550 million. Okay. Based on the information that came from DBM, which came about 2 months going pretty much already, that the NTA may submit additional projects for 2024 and 2025 if we want to, we may do so.

That's why for this week, we might be submitting to DBM five additional project proposals.

One is the improved seedling production, which is very vital. This is the problem of our farmers as well as our traders. They've been always mentioning this problem because when they're ready to plant, there are no available seedlings to plant. That's why we are going to implement this.

Another one is this, the provision of personal protective equipment for farmers because we sympathize with their health. As you might know, parating nasasabi ito, with all activities relating to tobacco, good agricultural practices specifically the sustainable tobacco program, they always require farmers to be wearing these protective materials, including a cabinet where they're going to store their PPEs. Now, these are health hazards, and we want, if possible, to eliminate the risk of our farmers to be afflicted with diseases or whatever. And this will now abate risk, I mean, risk on health for our farmers.

Then third, it is an annual project of NTA that is area validation. We have to conduct mapping operations on the determination of areas actually planted tobacco. That's why there's a need to upgrade our gadgets or equipment for this purpose. This is being proposed by the manager of FTSD, Manager Johnny Maloom.

Another one is the composting. Composting, yung may facility nag-grind ng mga waste. And this is being proposed, and it is a must to create additional employment. This is a directive from Senator Villae.

In placed na po mga proposals nito. This is a matter of coming up with other requirements for resubmission.

Another one is the acquisitions new varieties of tobacco. Ito po yung mga hybrid, high yielding at high resistant varieties.

Tapos, andito din po yung sa Tobacco Contract Growing System or TCGS. This is being the most, I mean, the biggest program of the NTA.

This is an advance discussion already on the budget for TCGS. Atty. Obusan, you don't mind?

Atty. Obusan: No, Sir. Please go ahead.

DAOP Casela: For this year, we only have budget amounting to PhP122,459,269.35. Very small amount, and based on the number of hectares submitted by our branch managers which is about 5,155.92 hectares. It amounts to about PhP23,751.19 per hectare, Madam Chair.

How's that? It's so inadequate. So, in my communication with our branch managers, I told them that the most plausible approach to have additional funding through bridge financing.

Anyway, it's stated as a provision of the implementing guidelines the proposal that they can, I mean, the tobacco traders and the LGUs can participate to this TCGS. So, I told them and usually, this is happening already through the years. Kung kinukulang yung pondo natin, we try to convince the LGUs and the private sector, that is the traders, to participate in this by way of supplementing the requirement to comply with the full application of technology in order to achieve the desired level of yield and the desired quality to be produced.

I have been computing the additional requirement. That's why we are proposing to request supplemental budget for this. We agreed with Madam Nini, of the Corporate Planning Department, that if ever, we're requesting for more or less about PhP250 million to supplement this program.

Para sa akin, parang testing waters, kung talagang may pondo from R.A. 4155, and kung ibibigay ba ito talaga sa atin. So, inaapura po namin itong pag-submit ng additional projects to DBM with the hope of getting supplemental budget for these.

DASS Savellano: The one being discussed, Your Honors, is that the DBM has asked to submit a proposal for 2024 apart from what is being granted. We are being asked for implementation ready programs to be financed for the last quarter, last quarter of 2024.

Then, there's also the advice that we submit also 2025 budget. Additionally? Additionally, on top of the approved PhP550 million budget. So, this is parang dalawa po.

That is why the operations and the CorpPlan are coming up with the proposal.



Atty. Obusan: Madam Chair, may we recognize Ma'am Nini Benosa of the Corporate Planning Department. Go ahead, Ma'am.

Mrs. Benosa: Yes, good morning po sa ating Governing Board.

Sir, to our two Deputy Administrators, may I just comment on the table on the distribution of the budget? Kasi po, ang nakalagay, it's PhP107 million but the subsidy that we shall be receiving is only PhP100 million only for 2024. So, the PhP7 million comes from the balance of the 2023 budget.

I guess we should put a criteria po doon that it comes from the 2023 budget. Para po, it is clear kasi kapag mag-report po tayo sa oversight. Dapat yung PhP100 million lang po yung naka-reflect doon.

Or, we also correct the title of the Implementing Guidelines, that it should not be, hindi onwards po yung ating guidance. Kasi mag-iba-iba yung ating target every year.

DAOP Casela: Yes, thank you very much Madam Nini. I know you are fully aware of all these things.

So, correspondingly, we'll make the amendments as to the title of the Implementing Guidelines, and making annotation that for 2024-2025, we are only allowed for PhP100 million, but for the PhP7 million, it is the remaining budget expended from the previous year. So, it is added to the 2024-2025 budget.

Mrs. Benosa: Yes, sir. Thank you, sir.

DAOP Casela: Thank you very much, Madam Nini. Kailan natin ito ma-submit sa DBM?

Mrs. Benosa: Asap po, hinahabol namin ito hopefully by next week.

DAOP Casela: Okay, salamat. So, yun po ang ginagawa namin po dito, kaya sana ang approval po nitong agenda na ito ang aming request. Kasi naman, if ever we're going to have all these additional projects and supplemental funds, once again, I can foresee what we are going to do with it.

We don't have the adequate, the number of manpower to implement. So, correspondingly, there might be an upgrade as to the number of technical personnel to be hired. Maybe thru job order, but they have to be there.

Because the main budget for this should be considered again. So, yun lang po. So, more or less, I discussed it to you all already.

I remember when we have our exit conference with COA, sabi nila, bakit kasi tayo nagbibigay ng 60-40? Bakit hindi tayo maglalagay ng 70-30? Kasi we are auditing based on your guidelines, sabi nila.

I will continue with my personal plan for all these things. Kasi yung 60-40 natin, nahihirapan tayong kumolekta, less than 80% collection in the previous years, and the uncollected amount have been accumulating all through the years. As a result, we always encounter AOM from COA with respect to this.

We cannot forego or remove the policy guideline as to the 60-40, for 2024 and 2025 because that has been the proposal submitted to DBM. But for 2026, in which we are about to be preparing again, we will propose a total subsidy instead. Iyan po, kung may budget tayo for that.

Dir. Padayao: Sir, those are the things to be considered, and also the ease of implementation.

Kasi alam ko naman yung hirap ng ating mga managers, mga frontliners, with respect to this collection, so on and so forth. Why don't we propose a total subsidy? Not only for TCGS, but also to all program interventions of NTA.

Before, sir, sabi kasi nila, kapag may nakolekta tayo, pupunta rin sa atin, hindi na kasi ito babalik sa DBM. Dagdag sa pera ng agency.

DAOP Casela: Kung manggagaling sa General Appropriations Act, makakakuha po tayo doon. Pero, sa ngayon kasi, merong corporate fund na ginagamit natin to augment the need and gusto nating maibalik din sana ito. Pero kung ang pondo ay manggagaling sa R.A.4155, why not? Why should we burden them of all these things? And the more farmers will benefit, and will be more appreciative of that.

We should do it like this, ang mga projects ng NTA should have financial component already. And part of justification, ito sinasabi ko, yung trust of national government, to increase of production, export, and to help the farmers.

Dir. Padayao: Going back to our agenda on CBAP. We should also coordinate with LGU, Sir. Kasi they are providing assistance for free. But it should have to conform with our designs in the construction of curing barns and sheds.

This should be closely coordinated with LGUs, especially if the LGUs will be financing for its construction. That since we have established designs, they should coordinate with NTA so that NTA can assist them in the construction.

May I suggest, sir, that this early, there should be a communication addressed to the LGUs. Kasi once nagsimula na sila ng construction, mahirap na to inject the NTA's design.

DAOP Casela: Thank you very much, ma'am. I will be preparing a communication for our LGUs in this matter.

Dir. Reyes: Dapat, sir, pare-pareho na yung designs ng curing barns. Kasi yung iba naman gumagawa ng sarili. Kapag nakakuha na ng assistance sa LGU, bahala na siya gumawa ng sarili niya. Kaya kailangan uniform na yan, patterned sa approved design ng NTA.

DAOP Casela: The purpose of all these things is for efficiency. We might as well use all the results of researches on this. And thank you for your suggestions, Ma'am and Sir, for that coordination with respect to the construction.

Going back to the agenda, we made already corresponding changes to the external payment. Management is now requesting for the approval of the implementing guidelines and the corresponding budget for CBAP. The total amount required to be requested for approval is P107,648,000.00 for year 2024.

That ends my presentation on CBAP and respectfully requesting for the approval of the Implementing Guidelines and there were corresponding amendments, minor amendments to it. And also, the corresponding request for the budget allocated for the project. Thank you.

Dir. Padayao: Sir, for the provision in case of fire? Are we going to extend financial assistance for the repair? Are we going to answer all the repairs or there's a limit?

DAOP Casela: Thank you, ma'am, for that.

Going back to your query, I don't know if covered yung fire ng insurance. I think it's not because in earlier discussions, ayaw kasi negligence daw pag nasunugan. Yun ang contention.

What I can suggest under the force majeure is that there should be justification or some evidence as to the cause of the damage. And also, a promissory note for the loan restructuring. This is true in case of force majeure causing damage to the curing barn.

Dir. Padayao: The repayment of loan? There should be restructuring of the loan indicating the number of years to be paid.

DAOP Casela: Restructuring. Kasi meron itong financial assistance at baka tutulungan natin sya, magpa-repair, a certain amount will be allocated.

Wala man lang tulong, at the middle of the tobacco season kasi nasunog. So, kailangan na magconstruct sya ng panibagong. E wala naman tayong pundo yan na ibibigay for the restructuring.

So, baka may allocate tayo na pondo for repair or for financial assistance. Separate from funds may be requested in anticipation to incidents like that.

Thank you. So, I think I'm done with CBAP.

*(It was reported in the afternoon that NTA has a program specifically designed for incidents like fire and other force majeure wherein a specific budget allotted for it for assistance to affected tobacco farmers.)*

And a partial discussion of TCGS. And dito sa TCGS, we all know how it's been implemented. And the budget requested for this is PhP122,459,269.35

With respect to TCGS for CY 2024-2025, what we did was apportion the available budget. We apportioned the amount to the different provincial branch offices considering the area and the number of farmers being assisted by the respective corresponding branch offices. And this entailed the cash portion and the material inputs.

Makikita po ninyo dito, dito sa Vigan kasi it's a usual practice already in NTA Vigan branch that it only provides the cash portion. With respect to material inputs required by our farmers, we appreciate the initiative of Madam Nora in close coordination with LGU's and that LGU's provide the material inputs to our farmer cooperators. So, we only provide the cash portion for this. But for the other branch offices, they provide both.

Although this is only limited funds, I advise to them that if the budget is not enough, please finance it yourself from the LGU's and from the tobacco traders, which they usually do for us. And correspondingly, with all these assistances provided by NTA, there's a corresponding fee being collected by the agency.

That if NTA will provide all the necessary, both the cash and the material inputs, there is a collection of one peso per kilo based on the documented volume received by the buyer firm. Now, if there is an intervention or there is supplementation requirement from the LGU and the traders, 50 centavos per kilo is collected. And if technical assistance is only provided to the farmers, we collect 30 centavos per kilo.

We are finalizing the Implementing Guidelines for TCGS to be presented next Committee Meeting. But what we are requesting from the Honorable Board is to approve the budget.

What is lacking right now is the comments coming from the different Branch Managers, which I intend to meet on September 3 for the final preparation of the Implementing Guidelines for TCGS. But what we are seeking now as far as TCGS, is the approval of the budget of PhP122,459,269.35 from the Members of the Governing Board of NTA.

Atty. Obusan: Thank you, Sir DAOP. May I request anyone from the Directors to make the appropriate motion for the approval of these Agenda.

Dir. Guzman: There being sufficient discussion of these three items, I move for the approval of the said items.

Dir. Serna: I second the motion.

Atty. Obusan: Just a clarification and for the record, Hon. Dir. Guzman, is it an Omnibus Motion approving the three Agenda, namely the IG of the CBAP; the requested budget for CBAP amounting to PhP107,648,000.00; and the requested budget for TCGS amounting to PhP122,459,269.35. Thank you.

Dir. Guzman: Yes, Mister Secretary. Thank you.

Atty. Obusan: Thank you, Sir.

Dir. Padayao: May I ask a question? As for the material inputs, because we have already looked at it, what is our basis? Is there an increment in prices? Or what?

DAOP Casela: Yes Ma'am, it's just a matter of projections. Although I forwarded already a Memo to our Branch Managers on the cutbacks of all the material inputs, and that will be the basis later on for the determination of prices.

Let's see if I've been hearing from suppliers that there is some reduction as to prices of fertilizers. So, we'll see if the result of the cutbacks. If there is a reduction, we can increase the number of farmer cooperators.

Because as we can see, we only give PhP10,000.00 per hectare cash portion, which is very inadequate. That's why we are seeking for the supplemental budget.

Dir. Padayao: Sir, how about the sustenance allowance?

DAOP Casela: Yes, it is included in the guidelines. PhP10,000. to cover labor during harvesting. That's the purpose of providing sustenance, because it is not yet available for sale.

So, with all these discussions, and the inclusion of all those minor amendments to both of the implementing guidelines, and of course, the corresponding budget, management would like to thank the Members of the Governing Board its swift approval of the three Agenda.

Atty. Obusan: The revisions or amendments will be done outright for tomorrow's Board Meeting with Hon. Usec. DV Savellano.  
Thank you, Sir DAOP. May I ask if we will have a lunch break, or we will continue and have a working lunch instead? We have 3 more agendas to cover.

Dir. Padayao: Lunch break for 30 minutes. We will resume by 1pm.

Atty. Obusan: Thank you, Madam Chair, to all online participants, you can have also your lunch. We will resume by 1 PM.

**THE REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES (IG) OF THE CURING BARN ASSISTANCE PROJECT (CBAP) FOR CY 2024-2025 is hereby APPROVED.**

**THE REQUEST FOR APPROVAL OF THE RELEASE OF THE BUDGET AMOUNTING TO PHP107,648,000.00 FOR THE IMPLEMENTATION OF THE CURING BARN ASSISTANCE PROJECT (CBAP) is hereby APPROVED.**

**THE REQUEST FOR APPROVAL OF THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) BUDGET FOR CY 2024-2025 AMOUNTING TO PHP 122,459,269.35 is hereby APPROVED.**

Atty. Obusan: Good afternoon, everyone. We now continue with the Joint Committee Meeting. Next agenda, still under Committee on Research and Extension, we have the following.

**3. REPORT UPDATE ON THE STUDY "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES YEAR 2 (FLUE-CURED & BURLEY)"**

Atty. Obusan: Madam Chair, to report on this agenda, may we recognize Mr. Nestor C. Casela, our Deputy Administrator for Operations and Ms. Evangeline C. Cabigan, Chief, Science Research Specialist, Farm Technology and Services Department (FTSD).

DAOP Casela:

This study is now on its second year and the main purpose of this research study is to determine the actual cost of production per hectare for all types and subtypes of tobacco. Likewise and I mean correspondingly with this determination of cost of production, the study purported to determine the level of profitability as far as the production of this type and subtypes of tobacco and likewise another purpose of this is to establish a reliable data as basis for NTA to adopt a technology on the production of the types and subtypes of tobacco and to come up with the cost of production per type and subtype of tobacco which shall be used in the event that there are controversies in the determination of cost of production during the tripartite conference. To report on this the specific result of the study may I request Madam Vangie Cabigan to make the presentation. Thank you.

Ms. Cabigan:

Good afternoon, to everyone who are present here attending this Joint Committee Meeting.

As stated by Sir DAOP, I will now present the results of this study, the Evaluation of the Economic Profitability of All Tobacco Types and Sub-Types Planted in the Philippines Year 2. For this year we concentrated on the two subtypes, flue-cured and Burley.

Before proceeding any further, let me thank all the various offices who had the most important and very important role in this study through the Research Assistants (RAs) that they hired, who conscientiously gathered from the respondents all the data and information we possess. If there is no output from them, we do not have anything to analyze and assess. Thank you to all of them and of course, thank you to the Extension Workers.

The objectives, generally we want to determine the overall economic viability of tobacco cultivation in the Philippines across the different types and subtypes.

Specifically for this year, we want to determine the primary factors affecting the profitability of the Burley and the Virginia subtypes in Northern Luzon.

Second, to contribute to the existing body of knowledge on tobacco economics, aiding future research and decision-making in this field.

Third, we want to generate data as a basis for setting the floor price of each subtype of Burley and Virginia tobacco.

So how did we implement the project? We focused, as I said, on the two tobacco types and then we provided all the different offices with a list of farmer respondents where they will gather data. These were randomly selected to certify sampling from the validated list of farmers submitted to the FTSD.

With this, I would like to give credit to our consultant and social economics expert, Ma'am Bethzaida who assisted us in coming up with the idea for the acceptable number of farmer respondents for our purpose and in assisting us also for the processing and analysis so that we can come up with the results that are technically sound. With this methodology, we considered already included tobacco farmers in Regions I, II, and III. We started planting the Virginia and Burley tobacco on these regions.

For the sampling methods, we used the stratified sampling. That is the other four subtypes of strata on the eight provinces planting these tobacco subtypes. And so, we have 30 sample farmers or 10 farmers per municipality from the three municipalities in each substratum.

The largest area for the subtype were randomly selected. Then we added three sample farmers as replacements in case of incomplete datasets from any of the original. But what happened is that we were able to get complete data from all the original farmers, including the three samples. It has been decided that all of the 33 respondents for each province will be included. There will be more sample respondents. And in case of small total areas or total farmers in the municipalities, or any top three municipalities that have significant areas in a substratum, all the farmers of the municipality were used to identify the 33 sample respondents.

This is the result of our consultation, from which we will get the sample farmers. For example, for Abra, it is planting Virginia Improved Flavor and Virginia Neutral tobacco. For Virginia Improved Flavor, the top three municipalities with the highest hectarage are Pilar, San Isidro, and Villaviciosa. Then for Virginia Neutral, the total hectarage is only 18. So that means the sample from all the municipalities that are planting Virginia Neutral are included.

This is how it was done for all the other provinces. And so, this is the total number of farmers respondents we had.

Pinaka-marami po sa respondents ang Virginia Improved, we have 133, followed by Virginia Neutral at 98, and 91 for Burley Improved in Region I. You will notice po na hindi na-attain ng Pangasinan yung ating required number of farmer respondents. There were unforeseen concerns po na dahilan nito. But according to our consultant, this is already acceptable naman. So, we have total of 411 farmer respondents.

Punta na po tayo sa result. First, we go to Virginia Neutral flavor planted in Ilocos Sur, Abra, and La Union. Ito ang nakuha na yield per hectare, at 1,751.50 kilograms per hectare. This was valued at PhP165,286.89.



And we can see in the grade distribution, 68.29% percent po ang high grade. For the total production cost, we got PhP102,997.10, comprised of non-cash labor of PhP59,641.90 and cash labor of PhP43,355.20. The material cost is PhP56,506.91, for a grand total of PhP170,138.76, to include the land rentals, with average of PhP10,634.76.

We now go to the Cost and Return Analysis per Hectare of Virginia Neutral, as said earlier, the 1,751.50 kilograms per hectare was valued at PhP165,286.89. That was the gross income. The total production cost is PhP170,138.76.

So, for net income, there was a loss of more than PhP5,000. (PhP5149.37). But in the return above cash costs, including land rental, meaning here tinanggal natin yung non-cash labor, meron siya profit ng PhP54,492.53. This means that the unit cost of production, or the cost of producing 1 kilogram of cured leaves is PhP97.14. The average price received for every kilogram produced was PhP94.20. So, overall, to include all expenditures including land rentals, the farmer of the Virginia's Neutral flavor tobacco was losing PhP2.94 for every kilogram.

Now we go to Virginia Improved Flavor. The yield was 2,187 kilograms per hectare, valued at PhP230,687. We can see here, the high grade produced is at 54%.

What is the total cost of production? It's PhP220,520.14 with non-cash labor of PhP52,548.11, material cost is at PhP104,466.56. In the Cost and Return Analysis, mas mataas naman yung gross income as compared to the production cost.

So, the net income is PhP10,167.14. Sa return above cash costs, meron syang yield na PhP62,715.25 per hectare. The unit cost of production is PhP100.82 per kilogram, the average price received is PhP105.46. For every kilogram of cured leaves sold, meron syang profit na PhP4.65.

We can see here na kung mataas-taas lang yung ating high grade, proportion ng high grade cured leaves, we expect na mas mataas din yung profit.

DAOP Casela: Excuse me Ma'am Vangie, before we proceed with another type, may we solicit reactions coming from the Members of the Board?

Dir. Guzman: Yes, sir. With that kind of profit, our farmers could only live with subsidy. Wala silang chance na kumita. Subsidy is the only way.

Ms. Cabigan: Yes, sir. I'm sorry I forgot to mention, wala po dito sa data presented, we did not include the subsidies. I think some LGUs are providing free fertilizers and insecticides.

Dir. Padayao: Ma'am Vangie, ano ginamit niyo basis sa labor? Magkano ang rate?

Ms. Cabigan: It was not the standard, Ma'am. Kung ano po yung sinabi ng farmer, yun ang ating inilagay.

Dir. Padayao: Tingin ko Ma'am Vangie, dapat sinunod natin yung prevailing rate as approved by the Regional Tripartite Wages and Productivity Board. Para lang consistent tayo.

Ms. Cabigan: Yes po. Ang observation ko rin po, and the way I look at it, there is a tendency for the farmers na medyo taasan nila yung kanilang non-cash cost na inilagay.

DAOP Casela: Now, this is just an information I could provide to our Honorable Members of the Board. During the conduct of Tripartite Conference, the issue which up to now has not been resolved is the contention of the private sector or the traders, that yung laborer should not be included in the cost of production because that is considered as equity of the farmer. Yun ang contention nila.

But ideally, I would say ideally, in preparation of the cost of production, you have to include all costs. Ilagay lahat yung gagastusin mo to come up really of the final output that is the income level. Yung po, controversy natin at the moment.

Kaya, the purpose of this is yun nga, in the event that there will be controversy on the determination of floor prices, ito sana ang basis if this is conclusive.

Dir. Padayao: Yung per day mo dito, almost PhP480.00?

Ms. Cabigan: Yes, Ma'am. Actually, kung nakikita namin na parang masyadong outlier yung mga data collected, we go back to the research assistant and the farmer to verify po talaga. Most of the time, yun po talaga ang kanilang binibigay na figures.

DAOP Casela: Siguro, gamit na lang tayo ng common rate dito, Ma'am. For purposes of consistency. Mag-research ka kung magkano ang wage level ng agricultural sector sa DOLE?

Ms. Cabigan: Hindi po kasi ganun ang sinabi ng ating socio-economic expert. We have to get the individual figures from all of them and we average it. So, yun po ang lumabas na technically acceptable naman ito. Kasi if we make the factors similar, magkakaroon po yun ng bias, hindi siya yung real picture.

But we have a database of all the data. They are in Excel format na pwede natin palitan easily to make other computations and

analysis. So, kung mayroon tayo ang gusto na ibahin po, we can do that and really look at the result of human analysis.

Actually, when I asked Manager Johnny Maloom regarding this, he mentioned that there's still a need to polish the data to come up with a more justified level of all costs.

DAOP Casela: Kasi with what you have presented now, with the Virginia Neutral, the income is very low, dismal sabihin natin.

But you see, we are not questioning your methodology because what you apply here is the ideal procedure, the ideal conduct of research study. We're not questioning the procedure. But we cannot also question the result as a result of the use of the ideal research procedure because we know for a fact that in research, whether the result is positive or negative is still a product of research and that will be the basis of policy-making or decision-making.

Pero, if our trust is to encourage farmers to go back to farming, I mean tobacco farming, how can we encourage them with this data? That is the question. We suggest that you go back to your drawing board, I would say, to improve. *Hindi naman, I don't like to use the word doctor.*

Para naman, mas encouraging on all parts. Pero, research per se, yung nga ang dapat. This is the result. Pero, if we want the result of the research to make it public, it should be more palatable or more convincing as far as NTA is concerned.

Ms. Cabigan: In my opinion, Sir, we cannot show this to the public because for one thing, this is only result of one year's study. At alam natin, iba-iba ang nangyayari yearly. There are changes in livelihood, changes in farmers, mga ganoon po. This is not conclusive at all of the real situation in the region.

DAOP Casela: I do agree on your observations or your recommendations on that, Madam Vangie. But there are similar circumstances that pervade in every year. Siguro what is variable is yung mga prices. So, okay, just go ahead with this, but as mentioned by your manager, you try to make some polishing as to the data or trying to go back to your methodology of obtaining the various data from your research assistants.

Ms. Cabigan: Yes, Sir. Thank you.

Atty. Obusan: Madam Chair, may we recognize first Ma'am Myrna Lozano of the Industrial Research Department. Go ahead, Ma'am.

Mrs. Lozano:

Napansin ko lang yung sa Grade Distribution. Eto na naman yung lagi-lagi problema natin, ano talaga yung mga groupings? Kasi yung medium, according to the Tobacco Production Manual, ay hanggang F. Pakireview nyo yung Tobacco Production Manual natin kasi dapat consistent tayo sa mga ginagamit nating groupings. So yung low grade is just a reject. Paki-edit, pakirevise.

Then, ang opinion ko naman dito, kahit magkano yung ating production cost, kung hindi talaga tama yung nagiging pricing ng ating produce, e talagang losing tayo sa ating production ng Neutral Flavor.

Sir, depende kasi sa grading ng ating mga buying firm, lalo na sa mga sinasabi ko, na yung Virginia Neutral Favor, ilan lang po yung grades na gusto nila, and all the rest are non-discrete. Dito sifa, dito tayo nadadali sa grading. Along the way siguro sa pag-compute natin ng ating production cost, dapat review natin yung grading ng ating mga buying firms.

With the Virginia Improved Flavor, parang ang baba sir ng ating target grade distribution, ang laki ng ating low grade at 29.35%. So supposed to be, this is 70-30. So makikita natin, ang laki po ng hindi natin na-hit sa target.

Although provided lahat sila ng ating assistance. So ibig sabihin lang po, may problema lang talaga po sa grading or marketing ng ating mga produced from the farmers. Yun lang po, thank you.

DAOP Casela:

Well noted Madam Myrna. What are your suggestions?

Mrs. Lozano:

Actually, I was about to ask Ma'am Vangie, kung anong document ang ginamit nila in the determination of the quality, was this based on the PIV? Kasi observation natin yung nakaraang trading, yung akop-akop, yung assorted.

May I add, sir? Na-compute ko naman, yung average price per kilo ay medyo mataas. Kasi PhP105.00 per kilo, so parang wala naman akong nakita problema na mababa yung presyo. Siguro talaga lang mataas yung cost of production. Kasi ito ay naka-gross income siya ng PhP230,687.

Observation lang din po, kasi yung ating high grade na AA at yunge reject or R, parang pareho lang sila ng value na eh. Then the percentage distribution is halos pareho din.

Supposed to be, 10% lang po yung ating reject. It means, may problema pa rin tayo sa technology siguro. And hindi natin masisi ang ating mga traders, na presyohan lang mas mababa yung ating produce.

Kung nakita naman nilang maganda ang quality ng produce natin, tiyak mataas din ang presyo nito. Yan lang po. Thank you.

DAOP Casela: Yes, I do agree on that Madam Myrna. Now, if this is the data we're presenting in terms of quality, seemingly we're not providing technical assistance to our farmers anymore. This is the implication, sobrang taas yung low grades natin. So, what's the use of NTA, especially we provide all the material inputs to our farmers and we provide supplemental assistance to them.

What's the use of all these things, kung ganyan lang din ang resulta? So, that's the challenge for NTA. Madam Myrna, kahit pa ilagay natin yung F1 and F2 sa high or midrange, hindi pa rin tayo papasa. Kasi talagang mataas yung reject natin. O kahit sundin natin yung nasa manual, medyo talaga may problema yung quality of production natin.

Mrs. Lozano: Hindi naman po, mataas talaga ang low natin sa computation at almost 30%. But then, pwede din naman natin balikan yung PIVs kasi marami silang na-grade na ND pero ang grade nila ay ma-categorize as grade D and E. So, a matter of reporting lang siguro yung double check natin kasi kung yung ND ay nasa PhP60.00 ang presyo, baka pwede natin ma-classify siya higher than R.

Dir. Padayao: But then talaga siguro, mababa yung quality ng ating tabako, na supposed to be ay 70% high. If we have to divide PhP49,377 by 549 kilos, we arrive at PhP89.93. So tama po yung sinasabi ni Ma'am Myrna, baka pwede rin natin i-upgrade yung grade.

DAOP Casela: Ano ba yung range? What is really appalling here is, tingnan natin yung percentage ng Reject. Halos one-fourth of the total production ay Reject. Sir Director, you're a farmer, payag ka ba na ganyan, kakalabasan ng produkto mo? One-fourth of the total production is rejected already. I think it doesn't represent the true picture.

Dir. Reyes: Pero Sir, yung average price, yung price per kilo sa Reject is almost PhP90.00. Mataas din po, baka yung sabi po ni Ma'am Myrna na nahalo yung ibang grades diyan.

DAOP Casela: Madam Vangie, I think this is one way of how we're going to validate or going to improve or make some further analysis. Yung sinabi ni Madam Myrna, na dun sa PIV, may mga ND non-discreet.

Iba-iba ang presyo ng non-discreet, yung reject, iba din ang presyo. Baka yung presyo na nilagay sa ND ay inilagay na rin sa reject? This is one way of validating or how to improve siguro yung pricing at saka yung grading. Pakitingnan nyo ito. You go back to your PIVs. Para makita natin talaga yung complete picture. Of course, para sa atin dito, kami dito, we do not agree on that kind of level.

So, kindly come up with extra effort to come up with a deeper probing, deeper analysis of your data. And by the way, at the end of the last slide, we will have a comparison with the TCGS monitoring data as well. So, medyo makikita natin on how divergent the results are.

Atty. Ambros: With the permission of Madam Chair, Ma'am Vangie, paki-verify din itong F1 at F2. Halos magka-parehas yung price per kilo. Yung F1, ang average price per kilo is PhP97.47. and yung F2, PhP97.93. Thank you.

Ms. Cabigan: We will do that Atty. Bob. Moving on, for Burley Neutral Flavor in Pangasinan, the average yield for this year is at 2,808 kilograms per hectare, valued at PhP202,049. And mataas yung high grade at 84.57%.

For the non-cash labor, it was PhP43,514.90 plus cash labor was PhP52,240.94 and material cost of PhP78,563.98, for a total of P190,265.10 production costs. Now, the net income is PhP11,784.12 and then, the return above cash costs is PhP55,299.01. All in all, ang kanyang profit for each kilogram sold in cured tobacco is PhP4.20.

Now, if we go to Burley Improved Flavor for Region I, ang yield produce ng Ilocos Norte, Vigan, and Pangasinan is 1,651 kilograms per hectare, with a value of PhP125,752.00. Then, sa grade distribution, 64% ang high grade, and the total cost of production is PhP202,014.78.

Again, halos magka-pareho ang cost ng non-cash labor, PhP43,375.58 at cash labor at P44,237.02. We can see here a very disheartening result with regards to Burley Improved Flavor.

Makikita natin dito, kahit tanggalin natin ang non-cash labor, negative pa din ang result. For every kilogram, they are losing PhP46.20. Kasi mababa din po ang level of production.

We always say that the net income is an interplay of the cost of production and the yield.

We can see here the difference, mas mataas sa Region II ang yield at 2,629 kilograms per hectare, valued at PhP245,455, and sa grade distribution, mataas din yung high quality at 82.31%. We can see, mas mataas din ang total production cost at PhP242,122.33 whereas in the Region I, it is about PhP202,000.

So, for the financial analysis, kumikita po siya ng PhP3,322.27 if we include all the expenditures. Isa pong observation dito ay napakatas ng land rentals sa Region 2, specifically sa Sagada. It's

about PhP40,000. per hectare. So, yun po ang isang dahilan ng mababang profit nila.

Excluding the non-cash costs, they have an average income of PhP40,432.33 for a profit of about PhP1.27 per kilogram cured.

Let's look at the Productivity and Profitability Comparison of Virginia and Burley Tobacco Subtypes. Kita natin ang most profitable is the Virginia Improved Flavor with a profit of PhP4.65 per kilogram of cured leaves sold followed by by Burley Neutral at PhP4.20 and by the Burley Improved Flavor in Region II at PhP1.27 and of course, Virginia Neutral and Burley Improved Flavor in Region I with losing or negative profit for the farmers.

Here, let us have a comparison between last year sa TCGS monitoring data natin as compared to this year's study. So, if we look at the gross income, halos magkapareho sila sa Virginia Neutral; cost of production, mas mababa sa TCGS monitoring; and sa net income, mas mataas din sa TCGS monitoring at PhP35,990.96; and if you remove the cash cost, it is PhP64,926.06.

Let's look at here po, sa ating present study, despite ng big loss, kung tatanggalin lahat ng expenditures sa net income, kung pupunta tayo sa returns above cash cost, hindi naman masyadong nagkakalayo. So, this would show na it's possible na medyo mataas talaga yung nilalagay na non-cash cost ng sa ating study. So, we can actually do a subsidy for TCGS monitoring so we would have an idea on how much will be added sa income in the present year. Ito po yung sinasabi ko na, sa cost of production.

Yung sinasabi ko kanina na net income is an interplay of the cost of production and the yield. Tama, tingnan po natin last year, naka 2,196.95. We only have a cost of production totaling to PhP139,484.88. For this crop year, mababa yung yield 1,751.50 kilograms pero mataas naman yung cost of production. Kaya that means low or the negative net income.

DAOP Casela: Exactly, Ma'am.

Ms. Cabigan: As I have been saying, if we look at the data, it seems na yung non-cash cost talaga yung sinasabi ng farmers ay medyo mataas. Which we could not question naman. But on our scenario, we can see medyo mataas yun.

Kasi if we look dito sa returns above cash cost, hindi sila nagkakalayo. Especially dito sa Virginia Improved Flavor, halos pareho na yung returns above cast cost sila.

Kita natin dito sa net income ng TCGS monitoring is at PhP41,751.81. Samantalang dito po sa present study, it is only PhP10,167.14. But if we remove the non-cash cost, halos magkalapit na po yung kanilang returns above cast cost.

This is where I am getting my observation na ang mataas masyado yung inilagay na non-cash cost ng farmers. But as I said, we will go back to the raw data.

Dir. Padayao: Ma'am Vangie, may data ka rin ng tobacco grower dati diba? How do you reconcile the data coming from the two projects now?

Ms. Cabigan: It is very different, Ma'am. I would just like to share in one situation dito sa isang branch office, yung extension worker was convincing us to include the outstanding tobacco growers as one of the respondents.

But we cannot do that because we have to do it random.

Atty. Obusan: Madam Chair, may we recognize once more Ma'am Myrna of IRD. Papayan?

Mrs. Lozano: Ma'am Vangie, etong sa ating profitability study, non-TCGS farmers ba ito?

Ms. Cabigan: Yes, Ma'am. Because if we include the TCGS farmers, as advised by our consultant, mahirap kasi may ibang factors to consider. Because non-TCGS farmers are not following the technology which we are using in TCGS.

Mrs. Lozano: Yung labor cost parang ang taas. Ano kaya naging problema nila? Tanong lang. Supposed to be, isa lang dapat. Kasi nung 2023 nga, parang isa lang yung sinunod na labor cost. Bakit ngayon ang laki?

Ms. Cabigan: Ma'am, we will go back and revisit our data collected. We need to verify why is it like that? Kasi ang taas talaga ng non-cash cost.

Mrs. Lozano: Yun lang po, akala ko po kasi kasama sa study ang TCGS members.

Dir. Padayao: Ma'am Vangie, paki-review din yung mga PIVs.

Ms. Cabigan. Yes po, Ma'am.

DAOP Casela: Hopefully there will be better results after incorporating all these recommendations.

Ms. Cabigan: Yes po, Sir. Now we go to the Burley Neutral favor. Hindi nagkakalayo yung yield nila last year to this year, 2676.90 kilograms as to this year's 2,808 kilograms.



But we can see that the cost of production talaga for this year is much higher by almost PhP80,000 per hectare. The net income for this year is only PhP11,784.12 as compared to last year's PhP69,167.27

Now we go to the Burley Improved Flavor in Region I. For TCGS and our study, parehong negative ang ating net income. We really have to look at the production technology, if that is followed here?

Or baka due po ito sa geographical factors.

Kabaligtaran naman po ang result ng Burley Improved Flavor in Region II. For TCGS, yield is at 3,526.88 kilograms as compared to 2,629 kilograms. The net income recorded, for TCGS, it is PhP90,384.68, compared to PhP3,333.27 in our study. Cost of production is high in our study at PhP242,122.33, compared to COP in TCGS at PhP201,751.72 per hectare.

That concludes my report. Thank you. As I have said earlier, we will go back to the raw data. We will ask the Research Assistants and hopefully mas maganda yung ating final report during the Technical Review po.

DAOP Casela: Suggestion Madam Vangie, how about presenting this first to the board prior to your presentation to the technical review? The next Committee Meeting will be on September 12, will you be ready by then?

Ms. Cabigan: We will try, Sir. But definitely we will not present it to the Technical Review without the Management having a look at it first.

DAOP Casela: Thank you, Ma'am Vangie.

Engr. Maloon: With the permission of Madam Chair, maybe some of the factors na nag-contribute din sa increase in the cost of production is the cost of fuel, some inputs, fertilizers and insecticides for pest and diseases and of course the frequent visitation ng mga farmers sa kanilang mga farmers field which incur additional cost to them.

Siguro i-meet natin lahat yung mga RAs at talk to them regarding the methodology they use, ano yung mga standards nilang ginamit ano yung mga conversion nila para matignan natin kung there's consistency of the methodology being used by all the Research Assistants

Ms. Cabigan: Yes, Sir. We did that already. We verified our data gathering but yes, we will ask them again.

DAOP Casela: More or less, Madam Vangie, we have already identified areas where seemingly there were some degree of error and that's where

we're going to concentrate our effort in trying to make reconciliation.

Dir. Padayao: Anyway, sabi mo hindi pa naman counted with yung results, it's the first time that you have presented this. We expect this kind of data, medyo nabigla lang tayo dahil iba kasi yung lumalabas na data from Atty. Bob. Medyo mataas yung lumalabas na price per kilo, kaya nag-expect din kami na mas mataas yung income ng farmers.

Ms. Cabigan: This is well noted po, Ma'am Luz and Sir DAOP.

Atty. Obusan: Any other discussions on this matter? Hearing none, we now move to our next agenda.

### **C. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

#### **1. REPORT UPDATE ON TOBACCO ACCEPTANCES (AS OF AUGUST 15, 2024)**

Atty. Obusan: Mister Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations and Attorney Rohbert A. Ambros, Manager of Regulations Department.

DAOP Casela: Good afternoon again. Before Attorney Ambros make the presentation of this agenda, this is now the third series of presentation of the total acceptances of tobacco for all types. I think since the trading operations for Virginia and Burley tobacco is finished already in Region I and Region II, what is still ongoing is in Mindanao and in which case, Attorney Ambros will make a qualificatory statement as to the volume of acceptances for Native and Batek, which is the type of tobacco produced in Mindanao. So, Attorney Ambrose, please do the honors.

Atty. Ambros: Thank you. Okay. Once again, good afternoon to everyone.

As promised last board meeting, we will be presenting the updated report on the Tobacco Acceptance as of August 15, 2024.

As of today, there are still 17 buying stations who are still operating and 17 with notice to cease operation.

Supposed to be, Your Honors, both Burley and Virginia tobacco type in Region I should have already terminated their trading operations as of July 31 and as of August 1, there should be no more trading.

But there are still some buying stations who are still operating as of date. I don't know. Maybe we received their notice late to wrap up their trading operation.

So, I am calling upon Manager Randy, do you have buying stations of Virginia tobacco and Burley tobacco types that are still operating as of date?

So, please remind them that if they have, this is equally applicable to Manager Noralyn of Vigan. If they are still operating as of this date, they should have requested for an extension. We have at the Regulations Department the forms that they can use. They'll just have to accomplish that and file with the Office of the Administrator, for approval.

Engr. Idica: With the permission of Mister Chair, the TMI is still open, Atty Bob. Before the closing time, on July 31, I already sent an extension request, I already emailed it, Sir.

Atty. Ambros: We haven't received it yet, Ma'am Noralyn. So, for TMI, this is okay. We'll just check this.

Atty. Obusan: Mister Chair, may we recognize NTA Ilocos Norte?

NTA Ilocos Norte: Yes, Sir. Good afternoon. On behalf of the manager and me, Sir, this is Divina Paul. We already have submitted also the closure of our buying stations here in Ilocos Norte, but we'll try to re-email it also Atty., if it's not in your records yet. Thank you.

Atty. Ambros: Okay, Ma'am Divina, this is noted.

This is our performance as of August 15. Just a disclaimer, our report for tobacco acceptances is reflected in the tobacco production per province and municipality. These are the records of acceptances, mixed from different provinces.

Okay, so as of August 15, we achieved our target of 40.209 million kilograms as per 2024 purchase commitment. So, 6.64% is our excess as of August 15. We're now at 42.88 million kilograms, valued at PhP4.9 billion.

As an additional information, we exceeded our total acceptances for last year. Total acceptance as of December 31, 2023, which is 42.2 million kilograms. However, our value for this year is lower because last year, our total value is PhP5.8 billion. It means that the price was higher last year.

Dir. Serna: Why?

Atty. Ambros: It depends on the average buying price. Let's look at the breakdown, Sir. From our data in 2023, the value is PhP5.8 billion.

Dir. Serna: But you said the volume is lower, only 42.2 million kilograms for last year?

Atty. Ambros: We breached the purchase commitment and the total acceptances as of December 31, 2023 which is 42.2 million kilos.

Currently, our tobacco acceptances as of August 15, 2024 is already at 42.88 million kilograms but is currently valued only at PhP4.9 billion.

The volume is higher, but the value is lower.

Dir. Padayao: How come the value is lower for this tobacco season? Considering that we have already increased our floor prices.

Atty. Ambros: Yes. Because as we all have heard earlier from Ma'am Vangie's report, the rejects are 25%. Unlike last year, our rejects are less than 6%.

The buying price is high for the high grade, but its percentage is only low. On the other hand, the percentage of the Rejects is high.

When the quality is deteriorating, then it follows that value is also deteriorating. The volume of production is okay though.

This is the comparative volume of last year and this year as of August. Last year, it was only 36.5 million kilograms, compared to this year's 42.88 million kilograms. The value last year is lower at PhP3.8 billion. Of course, the value is lower because of the lower volume. We have recorded increase in volume of 17.17% for this year.

In the next slide, we can see the average buying price between last year and this year. In Virginia, it's still high, because there's an increase of PhP12.24 for this year. In Burley, we had a decrease in price of PhP1.62. In the Native type, it increased by PhP13.26. So, on the average, our increase for this year as compared to last year is PhP7.96

It's still low because our floor price increases this year by about PhP10. The average difference is supposed to be PhP10.

For the Comparative Volume, Value, and Average Buying Price (ABP) by Branch Office, for the Virginia type, the lowest recorded price is in Abra at PhP78.33 per kilo, highest in La Union at PhP107.58, and the overall average price is PhP92.89.

For the Burley type, all provinces are not that far apart, with an average of PhP77.56. The highest is in Cagayan and lowest is in Pangasinan.

Manager Roger of NTA Pangasinan, this is what we corrected based on your latest submission.

Next is for the Native Batek/Morada, the highest is in Mindanao at PhP364.70, and the lowest in Cagayan at PhP155.23. On the average, it's still PhP303.22.

For the Native Broadleaf, its PhP85.40 per kilogram in Isabela. They have a high volume of 7.378 million kilograms. This is the tobacco wrappers exported to the U.S.

For the Native Cigar Filler, for Isabela and Cagayan, it's at the level of PhP60.44 per kilogram and PhP63.75 per kilogram, respectively.

For the Native Traditional, the average buying price is PhP73.46., with Candon having the highest average buying price at PhP76.84 and Isabela the lowest average buying price at PhP58.03.

The classification of LP2 and LP4 is still in the Native Tobacco Type. Maybe this is now in the early time. These are the ones being planted by ULPI. Of course, it has an effect on the floor price. Because if we categorize it as Burley, the average value of Burley should be higher.

The usage is not the same here in the Native Traditional from La Union and Isabela. We can check with ULPI because they are the traders of this LP2 and LP4.

Dir Padayao: Because if ever this has a future for us to export, we can tell ULPI. Let's just look at this for our farmers. These are for Cigar Manufacturing? So, if this is really good, we should expand to LP2 and LP4.

Atty. Ambros: Yes. Ma'am. Because look, their price difference is big.

Mrs. Lozano: Also, Atty. Bob, let's go back to NAB. Maybe, let's just help ULPI to register it in NSIC?

Atty. Ambros: As what Ma'am? Because according to ULPI, it is under Virginia type.

DAOP Casela: Some points regarding this is that there is an urgent desire of ULPI to be registered. But the question is the characterization or what type.

- Atty. Ambros: Sir, I think there is FTSD, they need to determine the characteristic of NAB.
- DAOP Casela: So, let's just help ULPI to register this. Because our farmers will benefit also from this. It's not bad, and if it has a future for export, so better for all of us.
- That's all we can say in the technical review with the ULPI agronomist that we will register it. Thank you.
- Mrs. Lozano: I have informal talks with Ma'am Adel Taneza, the research agronomist of ULPI. She was claiming that the NAB is Virginia type.
- I asked her, can you present to us the documents based on your claim that NAB is indeed Virginia type? I'm not saying that it's a flue-cured as long as it's Virginia type.
- You can still see even if it's air-cured, the color is still light. But in the case of NAB, it is dark colored.
- DAOP Casela: I agree with Madam Myrna that this particular issue on the NAB, we should be discussing this thoroughly with ULPI. I think we have invited Madam Adel to the Technical Review and Updating in Batac, so, we'll have some concrete discussions on how we're going to classify the NAB.
- Atty. Obusan: Mister Chair, may we recognize Manager Gil Taguam of NTA Cagayan. Go ahead, Sir.
- Mr. Taguam: Good afternoon. I would like to inform the body that for Native-Batek/Morada, the low grades and the medium grades are what we are currently trading. Maybe, in September or October, will be the peak season of buying for the high grades.
- We are hoping that our average buying price will be from PhP300 to PhP350 by then. Thank you so much.
- Atty. Ambros: Thank you for that information, Sir Gil. Moving on.
- We now proceed with the comparative grade distribution. For Virginia, this is the one that is close to Ma'am Vangie's report earlier because her reject was 25%, for this type, reject is at 22.58%.
- For Burley, reject is at 6.16%, while for Native, L1 and L2 is at 5.6%.
- For the Overall Total Grade Distribution, the combined High Grade and Medium Grade is 86.48%, compared to the GCG Target which is 83% for CY 2023-2024. Pasado po tayo. The low grade is at 3.56% while the reject is at 9.96%.

*(There was discussion also between Atty. Ambros and Mrs. Lozano regarding the proper classification of F1 and F2 and whether or not it is included in the low grade or medium grade as stated in the manual.)*

Atty. Obusan: Any other discussions on this matter? Hearing none, we now move to our last agenda. Once again, thank you very much Atty. Bob.

**E. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO

Dir. WILLORD L. REYES

**1. REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING THE BRANCH MANAGER OF THE NTA-VIGAN BRANCH OFFICE TO SIGN FOR AND ON BEHALF OF THE SAID OFFICE IN THE MEMORANDUM OF AGREEMENT (MOA) FOR SALARY LOAN FACILITY WITH THE LAND BANK OF THE PHILIPPINES (LBP)**

Atty. Obusan: Mister Chair, may we recognize Ma'am Noralyn Idica, Manager, NTA Vigan Branch Office to present this agenda.

Dir. Guzman: Anyway, it's the same request to that of NTA-ABRA Branch Office last time, my fellow Directors, Your Honors.

Since the agenda is similar to the previous agenda requesting for the same purpose, this will not be discussed any further. This is a matter of coming up with a motion and approval of the motion, duly seconded.

This being a similar matter to what was discussed already and I think that the merits of this case were thoroughly discussed I move for the approval of this agenda.

Dir. Serna: I second the motion.

By the way, for those managers who have not yet submitted this request, kindly ask them to submit as soon as possible and this will be incorporated in just one resolution to save time.

Atty. Obusan: Duly noted, Sir.

With that, Mister Chair, the next agenda will be for the adjournment. Likewise, can we also have a motion for adjournment.

Dir. Guzman: I move that today's Joint Board Committee Meeting be adjourned.

Dir. Reyes: I second the motion.

Dir. Guzman: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Mister Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 2:55 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V





Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**12 SEPTEMBER 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:35 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 12 September 2024 (Thursday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:  
Legal Matters and Properties  
Trading Operations and Regulation  
Research and Extension

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; and Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; *Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*;

Finally, joining us through the virtual platform are the Department Managers, Branch Managers, and OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan Madam Chair, on Other Matters, as requested by the Administrative Department, for inclusion in today's agenda, **"Report Update on the Appointment Papers of the Shortlisted Applicants, That is Currently On-hand Right Now from the Civil Service Commission"**. Thank you.

Admin. Sanchez: Granted.

Atty. Obusan: Thank you, Madam Chair. We now start with our first agenda.

**A. COMMITTEE ON LEGAL MATTERS**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

- 1. REQUEST FOR BOARD RESOLUTION AUTHORIZING ADMINISTRATOR AND CEO BELINDA S. SANCHEZ, TO SIGN FOR AND ON BEHALF OF THE NATIONAL TOBACCO ADMINISTRATION IN THE USUFRUCT AGREEMENT WITH THE PHILIPPINE RED CROSS-ABRA CHAPTER, REPRESENTED BY ITS BOARD CHAIRMAN, CRESENCIO J. CALINA REGARDING THE PORTION**

**OF NTA ABRA REAL PROPERTY LOCATED AT CORNERS TAFT-WASHINGTON STREET, ZONE 6, BANGUED, ABRA**

Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, Mrs. Zenaida T. Arrojo, Manager, Administrative Department, Engr. Abraham C. Dela Peña, OIC, GSPD and yours truly.

DASS Savellano: To our Administrator, Honorable Belinda Sarmiento-Sanchez, Members of the Governing Board present today, to our Deputy Administrator for Operations, Sir Nestor C. Casela, and to our Administrative Department Manager here at the boardroom, and to all those joining us virtually, our Branch Managers and Central Office Managers, and Officers-in-Charge. Good morning, everyone.

This is with regard to the request for Issuance of a Board Resolution authorizing the Administrator and CEO, Belinda S. Sanchez, to sign for and on behalf of the National Tobacco Administration in the Usufruct Agreement with the Philippine Red Cross, Abra Chapter.

To further discuss the Usufruct Agreement, we would like to ask the Committee to recognize Attorney Gorgonio G. Obusan III, Board Secretary and Member of the Asset Inventory Management Committee.

Atty. Obusan: Thank you, Sir DASS. To the Presiding Chair and to the Members of the NTA Governing Board, and to everyone present today, good morning.

The copy of the Usufruct Agreement that was finalized already is in your respective folders for your perusal. Just to give a brief timeline in relation to this matter, last July 9, the representatives from Philippine Red Cross (PRC) Abra Chapter, headed by Ma'am Jennifer Bernal, the Chapter Administrator, and Ms. Bernadette Baroña, the Vice-Chairman, went here to manifest their intention to enter into a Usufruct Agreement with the NTA regarding the aforementioned real property in Abra. Last August 6, we received a copy of the draft Usufruct Agreement coming from the PRC Abra Chapter and last September 10, I made some revisions just to be consistent with the provisions as stated under the the Civil Code of the Philippines.

In the draft agreement, the terminologies that they used were grantor and grantee. Just to be consistent, I changed it to Owner and Usufructuary. The copy in your folder is what we sent to them for their comments and conformity. The Board of the Philippine Red Cross Abra Chapter already approved this Usufruct Agreement.

Out of the total area of 604 sq.m. that they are currently occupying, PRC Abra will be utilizing only 289.2 sq.m. for their soon to be constructed new chapter office and NTA will recoup the 314.8 sq.m. for their own development plan.

With that, I'll be asking comments from the Members of the Governing Board regarding the Usufruct Agreement. Also, as discussed before, and asked by Dir. Padayao, included in this agreement are the benefits that the employees from NTA Abra will be receiving from the Philippine Red Cross Abra Chapter. It is itemized here. This is also binding to all successors in interest for both parties.

With that, the request for the issuance of a Board Resolution authorizing our administrator to enter into a Usufruct Agreement with the Philippine Red Cross Abra Chapter is submitted to the Honorable Members of the Governing Board for proper action. Thank you.

Dir. Padayao: In the floor plan that was previously presented by Engr. Abe, is that the one that will be followed. It is on the side and not in the middle, tama ba?

Engr. Dela Peña: Yes, Ma'am. The proposed design that our team helped in conceptualizing, is the one that will be followed for this project. The building of the Red Cross Abra will be on the left side at the back.

The 314.8 sq.m. that we will recover back will be utilized as additional parking space for the NTA Abra. Also, ang entrance po natin ay dito na sa gilid, so mas maluwag na po sya as compared before. Salamat po.

Dir. Guzman: Madam Chair, the Proposed Development Plan must be included in the Usufruct Agreement and it must be emphasized that PRC Abra should comply with it accordingly. Thank you.

Atty. Obusan: This is noted, Director. I will revise the agreement and include the Proposed Development Plan and a stern reminder that this must be adhered to by PRC Abra.

Dir. Guzman: I guess everything is in order, with that, Madam Chair, I moved for the issuance of a Board Resolution Authorizing Administrator & CEO Belinda S. Sanchez, to Sign For and On Behalf of the National Tobacco Administration in the Usufruct Agreement with the Philippine Red Cross-Abra Chapter, represented by its Board Chairman, Cresencio J. Calina regarding the portion of NTA Abra real property located at Corners Taft-Washington Street, Zone 6, Bangued, Abra.

Dir. Elaydo: I second the motion.

THE REQUEST FOR BOARD RESOLUTION AUTHORIZING ADMINISTRATOR AND CEO BELINDA S. SANCHEZ, TO SIGN FOR AND ON BEHALF OF THE NATIONAL TOBACCO ADMINISTRATION IN THE USUFRUCT AGREEMENT WITH THE PHILIPPINE RED CROSS-ABRA CHAPTER, REPRESENTED BY ITS BOARD CHAIRMAN, CRESENCIO J. CALINA REGARDING THE PORTION OF NTA ABRA REAL PROPERTY LOCATED AT CORNERS TAFT-WASHINGTON STREET, ZONE 6, BANGUED, ABRA is hereby APPROVED.

Atty. Obusan: Having this matter settled, we now move to our next agenda.

## 2. REPORT UPDATE ON THE APPRAISAL ACTIVITY OF THE NTA'S PUGADLAWIN PROPERTY LOCATED AT LAS PIÑAS CITY

Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, Mrs. Zenaida T. Arrojo, Manager, Administrative Department, Engr. Abraham C. Dela Peña, OIC, GSPD and yours truly.

DASS Savellano: Madam Chair, I will turn-over the presentation to Engr. Abe Dela Peña, our OIC for GSPD.

Engr. Dela Peña: Good morning, everyone. This report is regarding the Terms of Reference (TOR) for the Appraisal of the NTA's Pugad Lawin, in Las Piñas Property.

*(Engr. Dela Peña, proceeded by reading the TOR as stated.)*

### PROPERTY DESCRIPTION

Property : Pugad Lawin, Las Piñas City  
Land Title: TCT NO. T22933A  
Tax Dec. F-019-11356  
Area 94,802 sq.m  
Classification. Vacant lot with partial development  
Reg. Owner: Philippine Virginia Tobacco Administration

### AVAILABLE DOCUMENTS:

- Transfer Certificate of Title
- Copy of Tax Declaration of Real Property
- Original Location Plan
- Copy of print-out for Tax Mapping
- With approval of Board Resolution for Appraisal (Board Resolution No. 212 s. 2024)

### PROPERTY STATUS:

- Subject of Land Dispute vs. Ayala Land Inc. (ALI) Quieting of Title

APPROVED APPRAISAL BUDGET: PHP 185,000.00

### HIRE OF A LICENSED APPRAISER

#### QUALIFICATION:

- a. Registered Appraiser Company
- b. Principal Appraiser with valid Professional Board of Real Estate Services (PRBRES) License
- c. Philgeps Registered
- d. With established/Existing physical Office and address
- e. With Business Permit
- f. With established licensed manpower for specific disciplines
- g. With at least three (3) Finished Appraisal Reports with the government

#### MODE OF PAYMENT:

- a. 15 percent (%) Mobilization
- b. 85 percent (%) upon submission of the appraisal report

OBJECTIVE: To determine the Market Value of the subject parcel of land and Improvement.

**CONCLUSION IN THE CONTRACT:**

- a. The Quoted Professional Appraisal Fee shall be VAT Inclusive and other Taxes
- b. Actual field expenses for the conduct of site inspection shall be shoulder by the appraiser, which shall include transportation, meals, and accommodation.

**APPRAISAL DURATION: THIRTY WORKING DAYS (30)**

**SCOPE OF WORK:**

1. Analysis of Title, Real Estate & Property Rights
2. Site Analysis
3. Improvement Analysis
4. Market Analysis
5. Highest and Best use Analysis
6. Impact Analysis on Environmental, Socio-Economic & Governance
7. Application of Valuation Methodologies & Approaches
8. Determination of the Final Opinion of Market Value
9. Submission of Written Valuation Report

**OUTPUT & DELIVERABLES:**

**One (1) set of Written Report w/ Certification of Value (Original Copy).**

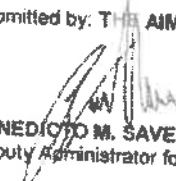
- A. TYPE OF REPORT: Summarized Narrative (Printed & Softbound) containing the Desired output.

The Appraisal Report shall be signed by Real Estate duly Licensed by the Professional Board of Real Estate Services (PRBRES) pursuant to RA 9646 (Real Estate Service Act of the Philippines)

**DESIRED OUTPUT/CONTENT OF THE REPORT**

1. Cover Letter
2. Executive Summary
3. Definition of Assignment & Scope of Work
  - a. Definition and Date of Value
  - b. Property Rights & Ownership
  - c. Hypothetical Conditions, Assumptions & Limiting Conditions
4. General Data
  - a. Regional & Provincial Municipal Data
5. Specific Data
  - a. Subject Property Data
    - a 1 Site Analysis
    - a 2 Improvement Analysis
    - a 3 Technical Data (Geographic coordinates & Boundaries, Lot Plan)
    - a 4 Environmental Hazard
6. Market Analysis & Competitive Demand & Supply
  - a. Comparable Property Data
  - b. Retail Prices of land within the vicinity of the subject
7. Highest and best use Analysis (with land use and zoning)
8. Land Valuation & Approaches
  - a. Sales Approach or Direct Market Comparison
  - b. Cost Approach
  - c. Income Approach
9. Reconciliation of Values
10. Final Opinion of the Market Value of the Land as Vacant
11. Certificate of Value


Submitted by: THE AIM COMMITTEE

  
**BENEDITO M. SAVELLANO** - Chairperson  
Deputy Administrator for Support Services

  
**ZENAIDA T. ARROJO** - Vice-Chairperson  
Manager III, Administrative Department

  
**Engr. ABRAHAM C. DELA PEÑA** - Alternate representative  
Supply Officer IV/Officer-in-charge, General Services and Procurement Division

  
**RUSSEL R. RUTAB** - Alternative representative  
Financial Analyst III/Officer-in-charge acting Budget Officer V

  
**Atty. GORGONIO G. OBUSAN III** - Legal Adviser  
Board Secretary /Designated Acting Attorney V

  
PATRICIA LOURDES CORTEZ – Secretary  
Supply Officer II, General Services and Procurement Division

  
MA. KASSANDRA M. LOFANDO – Secretary  
Private Secretary (Office of the Deputy Administrator for Support Services)

  
DEEVID JOHN RAYZE B. BRIOSOS – Secretary  
Records Officer-II / Administrative Department

Approved by

  
BELINDA S. SANCHEZ, CPA  
Administrator & CEO

Engr. Dela Peña: This TOR will be published po sa Philgeps to invite quotation from the prospective appraisers. Antayin po natin yung submission ng mga possible appraisers na sasali po sa bidding.

The duration po ng pag-appraise nila, kung meron na tayong napili, is 30 working days. Because the appraiser will be working with the government, so Monday to Friday lang naman po yung work.

Ito lang po yung update with regards to appraisal of the Las Piñas property.

DASS Savellano: Again, with the permission of the Members of the Governing Board, and in addition, we also ask that we recognize Atty. Obusan to provide us the other movement that the AIM Committee will be undertaking since we will be asking permission from the Court to undertake this appraisal activity and also an update on the current status of the case para kumpleto yung details na provide natin sa mapipiling appraiser.

Atty. Obusan: For the information of everyone, we already received a Notice of Appeal by the Ayala Land Inc. or ALI to the Court of Appeals (CA). However, we have no update yet if it was raffled already and what Division will have jurisdiction over the case.

On my end, I will be coordinating with the CA regarding this case and at the same, I will be seeking permission in the form of a Court Order allowing the private appraiser to enter the vicinity of NTA's property in Pugad Lawin.

- DASS Savellano: Kailangan po natin ng Court Order kasi may perimeter fence po ang Ayala, hindi po tayo basta papapasukin dito.
- Dir. Guzman: So, prior to the appraisal activity that you have to undertake, you must facilitate first the securing of the Court Order?
- Atty. Obusan: Yes, Sir.
- DASS Savellano: The objective of getting the value of the property is to serve as guidance to the Governing Board should it wishes to pursue the sale of the said property. Para meron po tayo basis and comparison sa current offer ng interested buyer.
- Dir. Guzman: One thing also that we are anticipating to be a factor is the ongoing case? We have the positive decision on our part, pero siyempre yung dragging of the case until makarating sa SC, matagal pa ito.
- Since right now, Ayala is in possession of the property, wala ba tayong efforts to communicate with them? Baka gusto din nila ito bilingin and kung magkano ang kanilang presyo? Baka ganun po yung magiging tema ng usapan natin.
- Of course, we want to be given the best possible valuation of the property for us to pursue its sale. Since Ayala is in possession and dahil na-deprive na tayo ng use and enjoyment of whatever rights over the property, siguro meron tayong right na mag-demand ng lease or rent from them, up to now. Pwede siguro mag-initiate tayo ng move to communicate with Ayala. Siguro we can consider that as an option pending resolution of whatever issues in the Court.
- DASS Savellano: Thank you, Director. We will explore this option, just allow us first to have the appraisal activity conducted, para may basis lang po tayo ng valuation ng property before we negotiate with them. Thank you.
- Please do not expect muna po yung 30 working days, since marami pa po tayong kailangang gawin, best effort po ito.
- Atty. Obusan: Thank you, Sir DASS and Dir. Guzman. Any other comments or discussions on this agenda? Anyway, we will be updating the Honorable Members of the Governing Board in the coming days if there is any development on this matter.
- We now move on to our next agenda. Since Ma'am Zeny is already here right now, and with the permission of Madam Chair, we go first to the agenda on Other Matters.



**D. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ  
Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. WILLORD L. REYES

**REPORT UPDATE ON THE APPOINTMENT PAPERS OF THE SHORTLISTED APPLICANTS, THAT IS CURRENTLY ON-HAND RIGHT NOW FROM THE CIVIL SERVICE COMMISSION**

Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, Mrs. Zenaida T. Arrojo, Manager, Administrative Department.

DASS Savellano: I will give the floor to Ma'am Zeny of the Administrative Department to give the update to the Honorable Members of the Governing Board.

Mrs. Arrojo: Good morning, everyone. I am pleased to report to the Honorable Members of the Governing Board, that out of the 15 shortlisted applicants that were approved by Secretary Tiu Laurel, Jr. and were presented in our previous Committee Meeting, we have on hand 11 appointment papers from the Civil Service Commission (CSC), 4 na lang po yung naiwan na hinihintay natin ngayon.

*(Mrs. Arrojo enumerated the newly promoted employees with on-hand appointment papers from CSC.)*

Currently po, we have 24 positions to be filled up. We started interviewing applicants for the positions and we have scheduled interviews for next week. Mabilisan po ito.

DAOP Casela: Kasama na po ba dito yung Department Manager for Isabela Branch Office?

Mrs. Arrojo: Hindi pa po, Sir. Yung nabanggit ko po na 24 positions, published po ito noong June 14. Hindi pa po included yung sa Isabela.

What were included are the following positions: for FTSD, Science Research Specialist II, Computer Operator II, Chief TPRO, TPRO III; for IRD, Science Research Specialist I, Market Specialist IV; for Regulations Dept., Senior TPRO; for Ilocos Norte, Senior TPRO and Supervising TPRO; for Candon, dalawa din po na positions published for them, Agriculturist I and II; for Vigan, their Secretary I and Senior TPRO and TPRO I; for Abra, Accountant II and Agriculturist I; for La Union, yung TPRO I (2 positions); for

Pangasinan, TPRO III, Agriculturist I and TPRO I; for Isabela, TPRO I; and for the Admin Dept., yung HRMO IV pa na po namin.

For today, we will be submitting three positions for publication, for the approval of our Administrator. We are planning or we made a draft for publication of the Department Manager III for Isabela Branch Office together with their Chief Agriculturist and Supervising TPRO of Abra, and lastly, the position of Secretary I in my department.

These were all made in consultation with the Operations group headed by DAOP on the necessity of publishing these positions. We are submitting the list to the Office of the Administrator for their consideration and we will publish immediately once these are approved.

We are also anticipating that if there are movements going up, there are also positions that are vacant in lower positions. So until such time po talaga na mag-reach na po natin yung at least 90% or 95% filled up ang mga vacant positions, tuloy-tuloy po ang ating hiring.

DASS Savellano:

With the permission of Madam Chair, we are in constant consultation with the operations group as to yung necessity po sa hanay nila. Of course, yung guide po namin palagi yung succession planning for mandatory retirees. Pero there are other factors din po kasi na variable. Especially po kapag may nag-optional retirement doon sa mga akala namin na maghihintay ng kanilang mandatory retirement.

In that case, we have to fast-track po yung ibang mga ginagawa namin na activities. Kasi yan po yung din namin na-factor-in. So as to the guide we are using, we are basing that on the mandatory retirement of higher echelon.

Pero minsan po, we are being compassionate, siyempre di naman po namin ma-hold back yung ibang mga kasama natin, if they will opt for the optional retirement. So na-didisrupt po ang ating mga activities kapag may ganitong mga cases.

That's why we are pushing for a lot of capacity buildings and trainings para maging ready yung mga nasa ibaba. We are encouraging yung mga ibang Department Managers natin na mag-provide din po ng additional trainings. Parang retired na po lahat yung mga andito po ng 1987, during transition. By 2028 wala na po yung mga original 1987 na transfer sa NTA.

Yun po yung challenge po sa amin, especially sabi ko nga, we cannot discount the fact that there are those who are wanting to go for the optional retirement. Particularly merong binangit si Atty. Bob kahapon na merong info that the CPCS will include a retirement

incentive. We are factoring everything para mapag-handaan po natin yan.

Kasi ang hirap din na mag-introduce ng ibang mga employees na hindi nila kabisado ang kultura ng tabako. As much as possible, we want to prioritize insiders. Pero siyempre we cannot also discount possibilities of outsiders entering the agency especially if the positions are badly needed and they fit in talaga. So talaga po once we open talaga competitive po yung magiging labanan po so to speak.

For the other positions na vacant po, of course papakita din namin ito lahat kay Ma'am Bel. It's up for her to decide as to the exigency and urgency ng filling up. Then kung whatever will be her recommendation, agad na gagawin po namin, kung ano po yung mga vacant positions na to be published.

DAOP Casela: With the permission of Madam Chair, as far as operations concerned, there's really an urgent need for the filling up of vacant positions. Because this is an anticipation for the upcoming tobacco season again.

Of course, we don't like to create vacuum in the provision of services. That's why I requested for the immediate filling up of vacant positions under the operation group. And I really appreciate also the initiative of the Administrative Department through of course Sir Benedict.

Another limiting factor to facilitate the filling of vacant positions is the unavailability of qualified personnel or applicants. That's why I really appreciate, they're coming up with a succession plan program. The succession plan is to determine if ever there will be retirees, there is an immediate probable employee to fill up the position. With that, I would say that Admin is really on the right track in expediting the filling up of positions. Not only for operations of course, but there are other positions that have to be filled up for administrative and other departments. Thank you.

DASS Savellano: Thank you for the kind words, Sir DAOP. This is also a collaborative effort among the Members of the HRMPSB, and of course, all the Department Managers. We greatly appreciate the help that you are providing us. Of course, this is all through the direction of our Administrator, Ma'am Bel.

We thank you all. We ask for your kind patience as we continuously try to improve everything throughout the National Tobacco Administration.

Atty. Obusan: Thank you, Sir DASS and Ma'am Zeny. Any other discussions on this matter? Hearing none, we now move to our next agenda.

Atty. Rohbert A. Ambros requested that he be allowed first to discuss Agenda B, Briefing on the Regulatory Jurisdiction of the National Tobacco Administration (NTA), before that of Agenda A-3, The Request for Discussion on a Possible Execution of a Memorandum of Agreement between NTA and the Philippine Coast Guard (PCG). These two agendas go hand in hand according to him.

Madam Chair, may we recognize Atty. Rohbert A. Ambros, Manager, Regulations Department to render his report.

**B. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**1. BRIEFING ON THE REGULATORY JURISDICTION OF THE NATIONAL TOBACCO ADMINISTRATION**

Atty. Ambros: Good morning, to our Vice-Chairperson, Ma'am Bel, to the Honorable Members of the Governing Board, to the Deputy Administrators, and to my colleagues in the NTA, good morning.

I was informed yesterday that Usec DV Savellano would want to know the scope of our regulatory jurisdiction based on laws and issuances.

For my first presentation, I'll give you the legal basis on why NTA have the regulatory authority over tobacco.

The mother law that was issued was Act No. 2613, regulating the tobacco industry. This power was jointly undertaken by the Bureau of Agriculture and the Collector of Internal Revenue. So surprisingly, wala pa tayo dyan. Wala pa kasing mga tobacco agencies during that time. The authority to regulate was granted to the Director of Agriculture and the Collector of Internal Revenue.

Then Republic Act No. 1135 in 1954. This was the first tobacco law establishing the Philippine Tobacco Administration (PTA). The regulatory authority was concentrated only to native type of tobacco.

Again, succeeding law amending Republic Act 1135 is R.A. 2233. So aside from the PTA, meron din syang board. Just like now, meron tayong Governing Board. Every administration, meron syang supervising board. That's the Native Tobacco Classification Council.

The next legal basis we have is Republic Act No. 2265. Ito naman, it created the Philippine Virginia Tobacco Administration (PVTA) sometime in 1959.

Then Executive Order No. 331 was also issued. Nag-create din sya ng Philippine Virginia Tobacco Board, similar to the Native Tobacco Classification Council.

Then in 1978, ito na yung ating Presidential Decree No. 1481. Ito yung Mother Law of All Rules and Regulations. This was issued by no other than former President Ferdinand Marcos. Yung mga existing regulations natin, dyan po nakakabit sya. Yung authority natin to issue rules and regulations was based on 1481.

Then came Executive Orders 116 and 245 in 1987, which were later law. So yung E.O. 116 actually was the merger of the eight tobacco agencies. And then later in July 1987, yung E.O. 245, yan na yung creation ng National Tobacco Administration. Yan na po yung charter ng NTA.

Then there are other similar or related issuances. Ito yung DBM Approved Rationalization Plan of 2007. In-expand kasi ng DBM yung authority ng NTA. Not only service-oriented, nag-dagdag na sya ng mga economic activities, yung income generating activities such as the tobacco dust plant, mga ganyan. And other related functions of the NTA.

Next, NTA Rules and Regulations Governing the Trading & Redrying of Locally Grown Leaf Tobacco, Manufacturing and Processing of Tobacco Products and Import and Export of Leaf Tobacco and Tobacco Products, ito na yung mga existing rules natin, which we are currently implementing.

Next, yung OGCC Opinion No. 114 (2004) and OGCC No. 159, Series of 2022 are confirmation na ang NTA can validly regulate the tobacco industry.

Sa OGCC opinion no. 114, kasi during that time, this was the first year that we implemented the export and import rules. Medyo nagulat yung mga tobacco industry bakit ang NTA nagre-regulate ng import-export. When in fact they were used to PTA or the PVTA previously, local trading lang ang nire-regulate nilang dalawa.

Nagulat sila why we are already covering import and export of tobacco. So yung ating regulatory power was not given to us in a silver spoon but it came with legal challenges. Actually, may case ito, to support it.

Nag-file sila ng quo warranto to question NTA's authority, questioning the implementation of NTA's import and export rules.

So yung importers and exporters, ayaw nila ma-regulate. According to the Opinion of the OGCC, they confirmed that the NTA is authorized to regulate the import and export of tobacco. Ang authority natin covers tobacco leaf and tobacco products based on this OGCC opinion.

Then most recently in 2022, yung mga operators and manufacturers within the economic and free port zones. Sabi kasi nila, free port zones and economic zones are a separate territory of the country. So hindi dapat applicable yung mga local laws within the zone, including yung commodity clearances that we are currently issuing and enforcing.

Sabi naman ng OGCC, since this is an administrative requirement and it involves yung tobacco kasi may health aspect kasi sya. We can implement our requirement within the economic and free port zones. So, tuloy pa rin tayo sa pag-issue ng mga commodity clearances within or outside the economic and free port zones.

Going back, Act 2613 was implemented by the Bureau of Agriculture and the Commission of Internal Revenue. This was the mother law that was issued na nire-regulate na nila yung mga planters, and even those involved in tobacco trading. Wala pa po dito yung import and export.

Of course, the reason why the Internal Revenue was implementing this Act was there was already fees that are being collected in the trading of tobacco. Ito na po yung ating authority on why we are classifying and grading the tobacco.

Sa R.A. 1135, pati yung export po, dito nila nakita yung exact same word. Yung OGCC opinion, ito po ang naging basis nila. Kaya na-confirm na kahit export or import ng tobacco, it is covered within our regulatory authority.

Sa R.A. 2233, that was the creation of the Native Tobacco Classification Council. Sila yung governing body over the native tobacco type and before the creation of PVTA. So ganoon din yung function nila, supervise and control the classification and grading of leaf tobacco, including export nandiyan din.

Sa R.A. 2265, it established the Philippine Virginia Tobacco Administration (PVTA), it empowers the PVTA to prescribe rules and regulations governing the grading, classifying, and inspecting of Virginia tobacco.

Sa E.O. 331, ito yung Philippine Virginia Tobacco Board, primarily to Study and Recommend Systems or Standards of Classification and Grading of Flue-Cured Tobacco. It was only a study or recommendatory body pagdating sa standardization and

classification ng flu cured tobacco. The implementing agency pa rin is the PVTA.

Ito yung sinasabi ko sa inyo na may Other Rules and Regulations with respect to the local trading.

No other than the President of the Philippines signed Presidential Decree No. 1481 in 1979. It granted the following powers to the PVTA Inspectors, among others. They can enter into premises or any conveyances that they believe contains tobacco. They can inspect that. If they cannot produce those requirements required, they have the authority to detain it. So those were the powers granted to the PVTA inspectors before.

Under E.O. No. 116 and 245, na-retain natin yung enforcement on Rules and Regulations, pero pagdating lang sa production, standardization, classification, grading and trading. Dito rin nadagdag yung tobacco products.

I'm not saying this already repealed P.D. 1481. Doon kasi sa una may police power pero dito sa E.O. 245, administrative sanction na lang yung pwede natin i-impose. So yun yung ating kailangan i-resolve.

Would that extend to tobacco products? Kasi yung P.D. 1481 specifically sa tobacco leaf lang ang covered nito. Kasi ang police power should be specifically granted by law. So yun po ang isang issue.

If ever we will be requesting for a resolution on this issue, we will lodge that before the Secretary of the DOJ to confirm kung yung P.D. 1481 ay pwede pa din natin implement? Kung ito ay covered, pwede natin extend yung authority over tobacco products?

So ito po yung dalawang issue na dapat i-resolve ni Secretary ng DOJ. With the specific provision that we can only impose administrative sanctions. Ano ba yung components ng administrative sanctions na pwede natin ipataw? That only involves either suspension or revocation ng licenses and permits, or kung minor violation lang baka fines lang po siya.

Pending itong legal issue, merong naisip si Honorable Usec DV Savellano na alternative. Ito po yung susunod ko na report, collaborative undertaking with the Philippine Coast Guard.

**3. REQUEST FOR DISCUSSION ON A POSSIBLE EXECUTION OF A MEMORANDUM OF AGREEMENT BETWEEN NATIONAL TOBACCO ADMINISTRATION (NTA) AND PHILIPPINE COAST GUARD (PCG)**

Atty. Ambros:

Collaborative Governance is a participatory approach to decision-making and problem-solving by bringing together various sectors, including government agencies and other stakeholders, working together in a cooperative manner to identify common goals, share resources and responsibilities, and develop and implement policies, programs, or initiatives aimed at addressing complex societal challenges or achieving mutually beneficial outcomes.

With this principle ito po yung naisip ni Usec DV na alternative natin habang hindi pa natin re-resolve yung legal issue.

Sa Rationale for Adopting Collaborative Governance, NTA has administrative regulatory powers but have no police power. So that is our strength, meron tayong administrative regulatory power; and meron tayong threat, wala tayong police power.

Pero meron tayong opportunity, merong mga other government agencies na willing naman to help us without need for further legislative action, we just need to coordinate with existing law enforcement agencies. Yung weakness natin is insufficient fund. Wala tayong intelligence fund.

Bawal na daw ang intelligence fund ngayon according to the Congress except for the Office of the President and yung mga law enforcement agencies. Parang border control lang rin tayo, so we are not allowed to ask for intelligence fund.

In order for PCG to help us, syempre we should provide their administrative or overhead expenses. Just like syempre may mga allowance din dapat, may mga pang-gasolina para mabilis yung sasakyan na makahabol, especially if we say Philippine Coast Guard, mga boats yan. There must be gasoline for their motorized boats. Medyo malaki rin ang funding na kailangan natin dito, pareho natin gagamitin, NTA and PCG together.

Hindi kasi pwede yung they are using their own and we are using our own. Mas mahirap yung coordination especially if there are intelligence information and we have to act immediately. Ang hirap naman na pupunta tayo sa office nila. If we have our own office to maintain, dun nakalagay na lahat ng mga kailangan. We will just let the Heads of Agencies to issue the Mission Order.

Under Proposed Collaborative Undertaking, pwede po nating ride-on sa negotiation ng DA and PCG for the apprehension of smuggled agri-fishery products itong tobacco leaf and tobacco products. Technically the agreement is a quadrilateral agreement with the secretaries of both Department of Agriculture and Department of Transportation being the supervising heads of the NTA and PCG. Among the advantages are PCG has existing police powers and has sufficient manpower and equipment.



The Salient Features of the MOA to be drafted is that it strengthens linkages, enhance coordination, and develop new skills and expertise. Meron silang intelligence expertise pero tayo meron tayong technical expertise with respect to tobacco. If we will share that expertise together, mas mapapa-igting ang curbing ng illicit tobacco trade.

What are the responsibilities of the NTA?

1. Will lend support in the investigation and enforcement of rules and regulations.
2. Define the specific tasks/functions, duties and responsibilities of the duly authorized/ personnel of the PCG.
3. Conduct capacity-building activities or trainings to the authorized personnel of PCG.
4. Effect necessary adjustments in its systems and processes to accommodate the effective implementation of this joint undertaking;
5. Conduct regular monitoring of the performance of the authorized personnel of PCG.
6. Issue appropriate internal administrative measures necessary for the full implementation of this agreement. These are internal administrative measures, mga pro-forma na lang ng MOA yan. If there are other tasks that may be directed by the Secretary or the OP, we will do that for them.
7. Provide regular updates and status reports.
8. Submit report to the Secretary of the Department of Agriculture and the Office of the President; and
9. Perform such other tasks as may be directed.

What are the responsibilities of the PCG?

1. Lead in the conduct of investigation, intelligence gathering and enforce laws involving illicit tobacco trading.
2. Perform such other tasks as may be directed by the Secretary of the Department of Transportation, Secretary of the Department of Agriculture and the NTA Administrator; and
3. Retain disciplinary jurisdiction for offenses committed by Coast Guard personnel in the performance of their duties and responsibilities.

Since yung budget for 2025 is ongoing na po ang hearing, baka hindi na natin maibasok yung MOO for this collaborative undertaking. Baka sa 2026 na po natin ito maisasama sa budget. Yung specific fund allocated for this activity, kanya-kanyang expense muna. So PCG will spend for their own and NTA will spend for our own.

This shall, however, not prevent either Party, subject to compliance with government budget, accounting and auditing rules and

regulations, from providing appropriate financial support or other resources that are necessary in the implementation of this MOA.

Usually, yung agreement with both government agencies, wala siyang specific effectivity. They are envisioned to be implemented perpetually to combat illicit trade of tobacco.

One-year muna yung pinalagay ni Usec DV and then it can be pre-terminated provided there is at least 30-day prior written notice on the following grounds:

1. Non-accomplishment or non-performance of duties and undertakings.
2. Delay or breach of obligations; and
3. Evidence of non-commitment.

For example, may joint operation tapos bigla yung sinasabi natin na smuggler is nakatunog and then we found out na sila yung nag-leak. We can terminate the agreement based on that ground.

Moving forward ano bang kailangan natin gawin? Of course, the MOA is still a working draft so the Honorable Members of the Governing Board can still make their comment and suggestion and that will be included on the revised draft. Once the MOA will be signed, idadaan natin po ito sa Board for ratification. Considered ratified na po siya kapag during the consultation sabihin ni Secretaries of DA and DOT na it is final na, we will sign it already, then we will abide with that.

In case lang kung ganoon yung magiging scenario, either kung meron tayong sufficient time, if the Secretaries will allow us to seek muna yung authority to sign the MOA we will do that. Otherwise, ratification nalang.

That ends my second presentation. I think medyo mahaba kasi yung MOA so we will just give the Honorable Members time to read. Thank you very much.

Atty. Obusan: Thank you very much Atty. Bob, the floor is now open for comments or discussions from Members of the Governing Board.

Dir. Padayao: With the permission of Madam Chair, very informative itong report mo Atty. Bob, at least nalaman nating lahat ang basis ng regulatory powers ng NTA.

We are the one who prescribe the fees for licenses, and permits, di ba?

Atty. Ambros: Yes, Ma'am.

Dir. Padayao: Sa mga fees na imposed natin sa kanila, parang may na-alala ako noon na parang may exemption, tama ba? If you have to review para magkaroon lang tayo ng estimate kung magkano ang nawawala na inspection fees sa atin? May we review that part, baka pwede na nating tanggalin na itong agreement na ito?

Atty. Ambros: Actually Ma'am, court sanctioned po itong Compromise Agreement na ito and entered into between NTA and the PTI Members while the case is ongoing then when they were questioning the authority of the NTA with respect to import-export.

Ito pong ating importer and exporters, in lieu of payment of monitoring fees, they are paying CEF. Dito po na-create yung Competitive Enhancement Fee (CEF). Pero actually mas mababa siya compared doon sa monitoring fees for import and export.

The Administrator created a Revision of Fees Committee. Nire-review na namin lahat ito kasi there was already a Commission on Audit observation with respect to that exemption ng PTI members.

Dir. Padayao: Why those exemption was granted to PTI members?

Atty. Ambros: Kasi yun nga po, may pending case, nagkaroon ng Compromise Agreement, subsequently, the case was dropped, nag-withdraw na ang PTI group in pursuing the case.

Meron siyang condition before you can avail the exemption. Dapat bumili ka muna ng local tobacco as part of your raw materials, otherwise hindi ka entitled.

Unlike yung mga other companies kasi Ma'am, totally lahat ng mga raw materials nila ay imported, hindi sila bumibili locally.

Dir. Serna: Papano kapag itong PTI Members ay hindi bumili ng local tobacco?

Atty. Ambros: Sir, if they are not buying locally, hindi natin sila exempt, kahit PTI Member siya. Nasa record naman natin, usually si Doc Vani ang nag-report kung may deliveries yung mga local traders natin sa mga manufacturers.

Dir. Guzman: Should we continue this exemption? Magkano ba yung difference na pinag-uusapan natin?

Atty. Ambros: Sir, sa monitoring fees po for import and export, it is PhP3.00 per kilo, while sa Competitive Enhancement Fee, it is PhP1.20 per kilo, that is difference of PhP1.80 per kilo. Malaki po yung difference.

Dir. Padayao: Attorney, di ba hindi pwede mag-import ng raw materials kung available naman ito sa local market? Tama ba?

Atty. Ambros: Since we are adopting the free trade scheme, anybody na gusto mag-import pwede mag-import. Wala kasi tayong minimum volume or maximum volume allowed.

Dir. Padayao: With respect yung sa volume na ini-import, hindi sya restricted, pero sa importation ng raw materials, at least 15% di ba? Ganun ang treatment natin sa PTI Members according sa Compromise Agreement?

Atty. Ambros: Yes ma'am, yun yung requirement ng law.

Dir. Serna: Gaano kadami ang import ng PTI Members?

Atty. Ambros: Based po sa record namin mas mataas yung percentage na binibili nila, umaabot sila ng 30%.

Dir. Padayao: Attorney, kasama din ba smuggled, yung sa illicit trade, itong mga finished products na nakakapasok sa bansa?

Atty. Ambros: Actually, Ma'am yung illicit trade na sinasabi natin is tobacco products na siya.

Ang isa po kasing issue ay yung police power ng NTA, kung totally nawala na ba talaga ito sa E.O. 245?

Actually, may mga instances kasi Ma'am we are attending yung hearings sa Senate, or sa House of Representatives, nakakasabay ko kasi yung Bureau of Customs. Sa mga Legal Officers nila doon, nag-ask din ako, saan yung source ng mga police powers nila? So, talagang expressly granted by law.

Hypothetical question, how about sa NTA? Merong tayo dati tapos merong amending law, ano ang masusunod? Eto po sabi nila, devil's advocate lang, pañero. Pwede ka naman mag-implement ng police power, let the concerned party question that before the Court. Parang ganoon po ang suggestion nila.

Isa rin itong option na, baka pwedeng explore natin. Mag-implement muna tayo, mag-confiscate muna tayo, tapos kung may may mag-question, kung may mag-reklamo na wala kayong authority, let the court decide.

Atty. Obusan: Any other comments or discussions from Members of the Governing Board? If there is none, we now move to our next agenda. Let us go back to the last item under Agenda A.

**4. REPORT UPDATE ON THE MEMORANDUM OF AGREEMENT (MOA) AND SIDE CONTRACT AGREEMENT BETWEEN NATIONAL TOBACCO ADMINISTRATION (NTA) AND THE DEPARTMENT OF AGRARIAN REFORM (DAR)**

Atty. Obusan:

Madam Chair, with your permission, I'll just give an update to the Honorable Members of the Governing Board regarding this matter. And for the benefit also of our newest Director, Director Willford Reyes, I'll just give a brief timeline regarding this subject matter.

Last July 8, there was an informal meeting between Secretary Conrado M. Estrella III of the Department of Agrarian Reform (DAR) and our Administrator Belinda S. Sanchez, together with Sir DAOP and Sir Ben, regarding the NTA's Branch Office in Brgy. Carmay East, in Rosales, Pangasinan, which is currently occupied by a small team of extension workers and also as temporary storage of sample tobacco products, from the Internal Research Department (IRD). Currently, the NTA is occupying as its Branch Office the one located in Poblacion 1, Villasis, Pangasinan.

The informal meeting is regarding the Rosales, Pangasinan Branch Office of NTA. DAR is planning to use it as their regional office. In exchange for its use, they offered a consideration amounting to PhP20 Million to be used for the refurbishment of the Villasis, Pangasinan Branch Office. However, in the draft Memorandum of Agreement (MOA) that DAR provided, this consideration was not reflected.

Upon the directive of the Honorable Chairperson, Usec DV Savellano, last July 31, we had a virtual meeting together with Attorney Rexford Ramos, his legal counsel together with the Honorable Directors, Sir DAOP, and Ma'am Bel. Atty. Ramos proposed that the PhP20M consideration be reflected into another Side Contract Agreement, subject to the approval of DAR.

Last August 16, Board Resolution No. 267 was passed and approved by the NTA Governing Board, allowing our Honorable Administrator and CEO, Belinda S. Sanchez, to enter into a Memorandum of Agreement (MOA) and Side Contract Agreement with DAR, as represented by its Secretary, Conrado M. Estrella III, subject to the conformity of Department of Agriculture Secretary Francisco P. Tiu Laurel Jr., NTA being an attached agency to the Department of Agriculture.

On August 21, we wrote a letter to Secretary Francisco P. Tiu Laurel Jr., asking or requesting approval for our Administrator to enter into a MOA and Side Contract Agreement with DAR. This is in accordance to the General Memorandum Order dated January 22, 2024, which states under Provision Letter I, Number 6 that the Issuances, Orders, Memorandas, Contracts, Instruments, Memorandum of Agreements, or Understandings, Usufruct, Circulars, Letters, and Related Communication shall be approved by the Secretary. With the intention of transparency and full disclosure, we included in our letter that the NTA office in Rosales, Pangasinan is subject of an Audit Observation Memorandum by

Commission on Audit (COA), and to date, NTA had not complied with the Recommendations of COA.

On the following day, or on August 22, they returned our communication. In their reply, they invoked the second paragraph of Letter I, *"All other issuances, orders, memoranda, circulars, contracts/instruments, letters and internal communications relating to matters within the areas of responsibility of Heads of Regional Field Offices, Bureaus, Attached Agencies and Corporations shall be respectively signed by them insofar as the authority is confined to their respective offices."* So, as if they are letting our Administrator, Ma'am Bel, whether or not it will enter into such MOA and Side Contract Agreement with DAR. Ipina-paubaya po nila kay Ma'am ang pag-decide patungkol dito.

But after that, I had another discussion with Atty. Kristine Lea O. Rabaja, Legal Counsel also under the Office of Secretary Tiu Laurel Jr., I asked her, just to be consistent with the signatories, both being in the Department Secretary level, if Sec. Francisco P. Tiu Laurel Jr. is amenable to be included as one of the signatories in the MOA and Side Contract Agreement? She told me that it can be arranged.

On another correspondence last August 27, we sent back the revised the MOA and Side Contract Agreement, which indicates also as one of the signatories, D.A. Secretary Francisco P. Tiu Laurel Jr.

Last September 10, we informed Sec. Conrado M. Estrella III of DAR through its Legal Counsel, Atty. Rujhen Rujh R. Magliba, that we already have a copy of the signed MOA and Side Contract Agreement by the DA Secretary. On the same day, Atty. Magliba picked up the contracts for signature of Sec. Estrella.

Yesterday, or on September 11, it was already signed by Sec. Estrella of DAR. The only thing left to be done is the notarization of the said agreements, the MOA and the Side Contract Agreement.

Then comes the big problem. Since the PhP20M consideration was reflected in the contract, medyo malaki po yung hinihingi for its notarization, alam po ni Director Guzman, himself having a Commission for Notarial Services. Usually, the prevailing rate is 1% of what is stated in the contract. Legally speaking, that is PhP200,000.00

On my end, nagtanong-tanong na po ako sa mga Notary Public within our vicinity. So may nakita po tayo ang amount is PhP10,000.00. Noong kausapin ko po si Ma'am Mila of the Finance Department together with Sir Gerald of Records, ang sabi lang po nila ay dapat may Official Receipt para ma-reimburse ito which I

confirmed only today na meron naman pong O.R. yung nakausap ko na law firm.

Kasi actually kahapon, pumunta rin po ako sa DAR, may nahanap po sila na sabi ni Atty. Magliba ay Php50,000. Pero natawaran daw po nila ito ng Php40,000. I don't tell him that may nakita na po ako at a much-reduced rate.

Casually, I asked Atty. Magliba, pwede ba hati ang NTA and DAR sa notarial fee? Tumatawa siya, sabi niya, parang mahirap sabihin kay Secretary Estrella. Pero susubukan daw po niya.

Sa ngayon po, kasi ang sabi po kahapon ni Sir Gerald, meron daw siyang revolving fund na Php10,000 para sa notarization, pero right now may mga for reimbursements pa siya.

Suggestion po niya at ni Ma'am Mila, si Ma'am Bel muna ang magbayad, tapos for reimbursement na lang. Sabi ko po kay Ma'am Bel, hintayin muna natin ang sagot ng DAR, baka pumayag na makihati sila, para mas maliit po ang babataran ng NTA.

Dir. Reyes: Kailangan ba talaga na ang notarization ay sa Quezon City gawin? Hindi pwede sa province na lang?

Atty. Obusan: Sa Quezon City po dapat since all the signatories and the agencies that they represent are all based in Q.C.

On my end, this is the update on this agenda. According to Atty. Magliba, the Special Allotment Release Order (SARO) is now being readied by DAR. After notarization, all the parties will be given their personal copies of the MOA and the Side Contract Agreement.

Anyway, may safeguard na po si Administrator, since we are able to convince Sec. Francisco P. Tiu Laurel Jr. to sig it also. Fully disclosed din po lahat ng usapin sa nasabing office, I am referring to the A.O.M. from COA.

DAOP Casela: Regarding the Php20M, was there a provision in the agreement as to how it's going to be utilized?

Atty. Obusan: Ang nakalagay po doon sa Side Contract Agreement is, it will be used for the refurbishment of NTA's Branch Office located in Villasis, Pangasinan. Part of the justification is to ensure that the displaced small team of extension workers that is currently occupying the Rosales, Pangasinan Branch Office will be accommodated, so are the research materials of the IRD for storage. DAR will download to NTA the said amount as the project implementor. Thank you.

Any other comments or discussions from Members of the Governing Board? If there is none, we now move to our next agenda.

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**1. REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES (IG) OF THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) FOR CY 2024-2025**

Atty. Obusan: Madam Chair, may we recognize Mr. Nestor C. Casela, our Deputy Administrator for Operations (DAOP), to render his report. Go ahead Sir DAOP.

DAOP Casela: Good morning, once again. The request for approval of the IG of the TCGS is hereby submitted to the Honorable Members of the Governing Board. Because there were some gray areas and flaws as to the implementation, rendering the implementers confused on how it's going to be properly implemented.

With a series of meetings with the Technical Working Group, we came up with the final Implementing Guidelines of TCGS which is considered the banner program of NTA. Those colored wordings in the presentation are the suggested changes of the previous Implementing Guidelines. For 2024-2025 and onwards, since we always implement this yearly, if there will be additional or some changes, that will be added onwards so that the whole Implementing Guidelines will not be replaced and reviewed anymore.

As a policy statement, the NTA has adopted the Integrated Farming and Other Income Generating Activities Project-Tobacco Contract Growing System (IFOIGAP-TCGS), to increase tobacco farmers' productivity and income level.

As a component of this project, NTA shall provide subject to availability of funds, production assistance, post-harvest facilities, and marketing scheme assistance directly to the farmer who are members of the block farm under the TCGS to augment the production support being extended by Buyer Firms and Local Government Units (LGUs). There are also facilities needed after the production process and the LGUs and the private traders are willing to augment the requirements of the farmers for these facilities they want to purchase.

Buying Stations, Field Canvassers, and the Viajeros participating in the TCGS shall strictly comply and adopt the requirements of the Good Agricultural Practices (GAP) and Agricultural Labor Practices



(ALP) to ensure enhancement of the crop integrity and to abate the occurrence of health hazards.

Yung pong nakapula yung mga viajeros, lalo na din sa mga field canvassers, they're allowed to participate in the TCGS under certain conditions. It is emphasized, I mean, good agricultural practices (GAP) and ALP or agricultural labor practices are emphasized here because these practices or this program would ensure the integrity of tobacco. Integrity would mean its usefulness in terms of abating health hazards.

This is, for special purposes with the Tobacco Farmers Associations and Cooperative (TFACS), duly registered with the Cooperative Development Authority (CDA), Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI), and Department of Labor and Employment (DOLE) may be engaged to participate in the TCGS project.

We included this; it was not a provision of the old Implementing Guidelines. We included this to serve the interest or purpose of our TCGS in Mindanao. In Mindanao, we don't have any traders or buyer groups there. They cannot establish a marketing agreement with this. So logically, there is an existing cooperative there who was willing to collaborate with NTA and consider this as a buyer firm. They will be the buyers in the future.

Well, here is the criteria for the site selection which is very basic.

The farmers or the clusters should at least have 20 hectares. Well, we know the situation in the field, contiguousness of farmland is quite difficult to achieve. But provided the nearby lot, by this project, must have 20 hectares, adjacent barangays may be considered as well.

Next is, with adequate source of good quality irrigation water, and with good soil structure and soil drainage (preferably sandy loam), soil chloride content of not more than 1%; and

With no incidence of tobacco bacterial wilt, fungal wilt, root-knot, and other tobacco diseases for the last 2 years. We should emphasize this because for last year, there were so many reports coming in from the branch offices that there was a proliferation of or a high incidence of bacterial wilt. So, aside from this, our research is coming up with some measures on how to abate or control this fungal weed.

For Qualifications of the Farmer Cooperator (FC) or Block Farm Member (BFM), daanan na lang po natin yung mga may changes from the previous version of the IG.

So, Number three, you may want to change this, willing to comply strictly with the prescribed good agricultural practices (GAP) and agricultural labor practices (ALP) for Virginia Improved/Neutral Flavor, Burley Improved/Neutral, Native Batek, Native Cigar Filler, Cigar Wrapper tobacco in order to produce the desired leaf quality of tobacco.

Number four, willing to participate and assume the responsibilities required of the project and to enter into a MOA with not more than one Buyer Firm in accordance with the approved policies and guidelines.

Number seven, must have paid in full the amount of production assistance availed from the previous crop year with the certification from the Branch Accountant. Now, this is quite critical. Ibig sabihin po nito, dapat wala siyang previous obligation or loan from the previous program.

Dir. Padayao: Sir, does it include other farmers, outside of TCGS?

DAOP Casela: It's only for farmers under TCGS. If you're very strict on this, you will not include farmer cooperators outside the program.

However, if the non-payment of the production assistance was caused by force majeure, the FC shall apply for the restructuring of his or her past due production assistance and executes another promissory note indicating therein the new schedule of payment for a period not exceeding 2 years.

Kung halimbawa po, yung pagkasira ng crop ay dahil sa freak rains, incidents of pest and diseases, and others, this will be justified. In the ensuing program implementation that is for this year, dapat mag-execute na naman ng panibagong promissory note for the present or current production assistance.

Dir. Padayao: Pero ma-extend po yung duration ng pag-babayad?

DAOP Casela: Ma-extend po, with the same amount. Yun po ang ibig ng restructuring. Hindi natin ma-specify ngayon yung amount, basta merong indication of the willingness to pay the obligation by way of that promissory note indicating the schedule of payment for that particular loan he had.

Dir. Padayao: Kasi, Sir, if we speak of restructuring, dapat deducted na yung balance from the previous loan. For example, may balance po yung farmer na PhP15,000. from his original loan, kung bibigyan mo sya ulit ng production assistance of PhP30,000., ang makukuha na lang niya ay PhP15,000. Then, we are we going to extend the payment for two years? Ito po ba ang mangyayari?

DAOP Casela: We are talking of the original loan, Ma'am. Yun pong balance ng original loan. That is the subject of the restructuring, I mean just to be lenient, just to liberalize yung policy, yung number of years as scheduled repayment will be stretched for additional years, para he has the capability to pay the current loan and hindi sya mabigatan.

Dir. Padayao: For the unpaid balance only?

DAOP Casela: Yes, Ma'am.

Moving on, Number 8. FC or BFM must not be related within the second degree of consanguinity or affinity to the Extension Worker directly assisting them.

Kasi po, one finding of the Internal Audit before, there were some technicians who extend the loan to, mga kapatid, Tatay, pati sa asawa. Legally, I think Director Guzman can explain the implications of that. Kaya we made it more liberal na kasi dapat up to the second degree.

Pwede na po ba dito, Sir Director ang mga uncle, aunties, mga ganun?

Dir. Guzman: Pwede na.

DAOP Casela: We will liberalize it. Kasi if we will be very strict on this, wala na tayong matutulungan. No one will be qualified. That's it.

Next is the Participating Tobacco Buyer Firms (BFs) and Tobacco Farmers Associations and Cooperatives (TFACs).

The BF must have an appropriate License to Buy Tobacco issued by the NTA for the current trading year.

The TFACs shall be issued special permit to purchase unto and in favor of its members, or the authorized representative/s as may be designated by such members, for whom the said association, organization is acting and whose identities must be disclosed and who, upon being found to be otherwise qualified and eligible; Provided, further, that the TFAC shall issue the corresponding Certificate of Purchase (COP) and pay the Research and Regulation (R&R) and Service Fee. The TFAC shall be required to sign the Marketing Agreement for Field Canvassers (RD) Form F-007rev04.

The registered Viajeros participating in the TCGS is only limited to Batek Tobacco, who is willing to pay the R & R and Technical Service Fees pursuant to existing rules and guidelines can be considered as a buyer firm.

Production Assistance. The production assistance shall be provided "in-cash" and "in-kind" directly to farmer cooperators. The cash portions shall include costs for land preparation, seedlings, gas and oil, cost of fuelwood, and labor cost for harvesting and post-harvest operations, while the "in-kind" portion shall be in the form of fertilizers, pesticides, fungicides, and suckercides, which shall be purchased through centralized public bidding.

Production Subsidy. FC who shall plant, Virginia, Burley, and Native Tobacco shall be qualified to avail production assistance and shall be granted with the following subsidies:

1. 40% subsidy.
2. Likewise, the farmer cooperators who planted Native Tobacco in La Union, Pangasinan, Cagayan, and Mindanao can avail of production assistance under NTA financing subject to 40% subsidy material inputs, and cash portion.

Halimbawa, yung farmer cooperators, on these mentioned areas, yung farmer, pag nag-avail niyan, he is entitled for a 40% subsidy of the total production yun, pero may colatilla po yan, he has to comply with the delivery of the required volume based on the stipulated production type of tobacco.

Dito sa provision of subsidy, kasi pantay-pantay pa, magbibigay lang ng cash portion, kasi magbibigay din ang LGU, na in time, 40% din ba yung subsidy na bibigay natin o ipapatong natin sa cash portion na in-avail nila? Kung cash portion lang in-avail ng farmer, subject din ba sa 40%? It's a part of the program. As specified here, it entails the provision of cash and material inputs.

Now, the Imposition of Administrative Charges and Service Fee. There was a lengthy deliberation on this, kasi nung una walang sanction ang NTA kaya naglagay na po kami this time.

The production assistance, net of subsidy, net of subsidy would mean 60% shall be subject to administrative charge of 2% per annum to be paid from the proceeds of the sale of tobacco in accordance with the specified schedules. Dati na natin ginagawa yan, as a fee for NTA. Also, the one-time service fee of 1% shall be collected upon availment, based on the gross amount availed.

There is an exception as far as the cooperatives concerned. There shall be a service fee to be paid by the participating Buyer Firm and registered field representatives who earlier agreed to pay the said fee to the NTA, categorized as follows. Yan na po ang service fee.

Meaning to say that if a farmer would fully be provided with the cash and material inputs, including technical assistance coming from NTA, the buyer will pay a service fee of PhP1.00 per kilo.

Next is combination of assistance, that is cash or farm inputs from BF/LGU or NTA and NTA's Technical Assistance, it is PhP0.50 per kilo.

Lastly, if NTA is providing Technical Assistance only, It is PhP0.30 per kilo.

Dir. Padayao: Sir, yung R&R, if I remember it correctly, nasa PhP1.00 or higher na po ito per kilo, pero yung previous Board po, ibinaba po natin ito sa 60 centavos per kilo. I do not know bakit, what was the reason why it was reduced to 60 centavos. But our present Board here can make and establish a policy as to the revision of this.

DAOP Casela: Actually Ma'am, pinag-aaralan na po ito, may TWG na po tayo revisiting the current fees and the possibility of increasing it. There is really a need to increase our current regulatory fees.

This is also in compliance with a law that after 5 years, an agency can increase the regulatory fees. That's why napag-usapan na namin ito. Maybe this R&R fees can be included.

Dir. Padayao: I think this is valid because Research and Regulation Fees, the collection of which is to be used to fund projects and other research projects and the regulatory functions. These are very vital to the agency. This source of funding, is an additional income or revenue for NTA.

I have also heard, parang hindi natin natatarget yung agency's revenue for the year. So timely mag-increase na tayo. That will also improve the financial liquidity of NTA.

DAOP Casela: Yun po ang categorization ng rate ng Service Fee natin. Within 15 days after the trading operations, an after-trading operations report shall be submitted by each type and subtype of tobacco on the TCGS documented acceptances and deliveries to the contracted buyer firm by each NTA Branch Office to FTSD, Office of the Deputy Administrator for Operations and Branch Accountant. In case of Mindanao Extension Services, the NTA assigned personnel shall immediately collect the R&R and TCGS Service Fee from the TFACS.

Yung sa Mindanao, though the collection method is very crude, gaya sinasabi ko, nakokolekta naman yun ng ating office kasi dito sa bagsakan nila, isa lang ang entrance, at isa yung exit. Yung tabako hindi pwedeng lumabas kung walang Certificate of Inspection ng NTA.

Aside from the inspection fee, may correspondence fee pa na binabayaran yung viajeros sa kanila. Sila ang namamahala sa bagsakan.

Kaya as reported, yung mga farmers' association nila, they have plenty of money. They have as much as PhP500,000. Kaya nagtataka ako minsan, sabi ko Madam Mercy, ba't ka hindi nagrequest ng pa-meryenda sa mga meetings, yung mga farmers' associations na daw ang bahala. I was really amazed kasi comparing it all with the farmers' association here, sila, they are really disciplined.

To show their discipline, noong pumunta po kami ni Sir Ben just for info dissemination of the TCGS grant of P6,000, info dissemination pa lang po, ang dami ng tao nakinig at umattend kung paano makakuha ng grant.

How much more, kung talagang magbigay ka na? Nakita na ni Ma'am Bel yan yung kung paano pagtanggap nila kung magbibigay ka na, kasi galling lang po doon si Ma'am recently.

Moving on, we established some dates there in compliance or in anticipation of the utilization of the funds. In which we are already aware, DBM requires that all funds allotted for each project should be expended up to the end of the year.

Without these dates indicated per activity, we will not be able to comply with that. With what we prepared as Implementing Guidelines and succeeding activities related to this, we projected that middle of November, on the 15th, we can now distribute what is needed by them.

Dir. Padayao: Yung number 2, Sir, yung at least 35 hectares. Ang sinabi mo po kanina, 20 hectares per block farm?

DAOP Casela: At least 35 hectares per technician. So, he must have 2 block farms at 20 hectares each.

Kasi binabaan ko na po ito, dati po Ma'am, you know that figure is 40-80. Pero just to give justice naman sa ating mga farmers, mga technicians na nag-trabaho sa mga terrain, mga mountainous areas, kaya nag-submit ako ng report kung anong condition ng area ng bawat technicians to find out na mayroon mga plain and mountainous areas na coverage nila, mayroon combination, mayroon ganun.

So averaging is, kumbaga, 35, hectares. Pero baka babalik din sa 40 hectares ito, later on.

We just had the Performance Evaluation seminar last week. Nakita na natin yung dapat gawin ng bawat Department, Division at individual.

Sa akin, yung performance evaluation is a way of disciplining also our workforce. So okay, yung mga petsa po na andyan, para ito to comply with the release, I mean the time of release of the requirements, and the subsequent release of the production assistance.

The Finance Department processes the fund transfer for the cash portion for land preparation, seedling, fuel wood, gas, oil, and labor.

One time release only. One time, kasi sinabi ko kanina na dapat po ma-monitor natin ang utilization dito, na dapat maubos natin yung pondo until December 31. Kaya we agreed that one time downloading nalang sa branches, bahala na ang branches mag-control.

Dir. Reyes: With the permission of Madam Chair, mas maganda po sana, dapat ma-monitor din ng EWs natin yung mga farmers, kasi baka wala pang punla, binibigay na yung assistance natin.

Kasi po later on, baka naubos na yung pera, wala pa pong punla. Kung kakailanganin ng pera, wala na, ubos na.

DAOP Casela: Thank you, Sir Director, dapat po si Technician is aware of his duties and responsibilities. Dapat hindi lang to the letter sumusunod, kundi dapat may common sense din yan.

With the advent of IT, yung cellphone, mga gadget na yan. Ang nakikita ko parang, naging medyo tamad na yung mga technician natin na, something like that. Hindi naman po lahat, some only.

But, with the imposition of the individual performance evaluation, I think they will do something to comply with their individual commitments.

Next, yung Release of Production Assistance. For Cash Portion, we have cluster leaders. Let's say for each group of 20, may cluster leader. Yung cheque nakapangalan doon sa cluster leader, after encashment, siya na ang magbibigay sa mga members sa grupo niya. Pipirma po ang bawat member sa corresponding Cash Input Voucher (CIV) and payroll prepared for such purpose.

Dir. Elaydo: If I may be allowed to speak, Madama Chair, Sir, pa-include po yung number of days within which dapat maibalik yung copy ng payroll. Kung matagal sa field yung payroll, hindi tayo sure na baka nagkaroon ng mga erasures.

DAOP Casela: Yes po, Director, duly noted po. Ito po, proposition pa lang yung in pursuance of financial management, the use of cash card. Yung cash card, it is suggested here, every time na tayo ay magbibigay ng assistance, why don't we give a cash card to our farmers? A

team from the Finance Department also coordinated with the Land Bank on how we could establish this.

Dapat lang MOA between NTA and Land Bank. Tapos yung farmer, will just pay PhP100 for the card. Naisip po namin ito kasi noong magbigay tayo grant sa Mindanao, mabagal, yung pondo na makarating sa FTSD.

Ang cash grant po na ating ibinibigay ay PhP10,000. per hectare, which is very inadequate. Ang computation ko po dito, we have only budget of PhP122,459,269.35 for TCGS this year. And based on my computation, itong cash portion represents only 40% of the total production assistance. The rest is for material inputs. If you compare it by the number of hectares, you're only providing about PhP23,000.00 per hectare, which is very, very inadequate. Far, far away from, as you might have heard during the presentation of the cost of production presented by Ms. Vangie of FTSD.

Bakit nasabi ko po ito, hopefully, since we're submitting supplemental requests for DBM, which we already submitted today. Sana ma-approve po yan. Kung ma-approve yan, I'm projecting that we can provide cash grant of up to PhP25,000. per hectare.

Okay, next. Ito po yung Distribution ng Farm Inputs.

Halimbawa po, mayroong nag-withdraw. May immediate po na sasalo doon sa nag-withdraw. Please allow me to discuss.

There was that heated argument dito noon between, dito sa ating Finance Department at saka sa mga branches, na ang gusto dito ng Finance noon, would have a total collection of 100%. Meaning to say, let's say, if your loan is PhP100,000. the farmer should pay first the PhP100,000. Then, if he complies, I mean the farmer complies as to the volume of delivery based on his production, based on his hectare, that's the only time the branch office will request for the refund.

Pero, finally, what prevailed was, kung nakabayad na yung farmer ng 60%, automatic, entitled na po siya sa 40% subsidy. But the technician is liable if the farmer will not comply with the volume of tobacco delivery.

Okay, FC is entitled of the 40% subsidy upon payment of 60% of the production assistance, and delivering the required volume tobacco to the contracted buyer firms based on the production target, per hectare, per type/subtype of tobacco planted. However, if FC fails to deliver the volume of tobacco based on the target per hectare, per type/subtype, he shall be required to pay the full.



Kasi marami tayong amendment dito na ginawa because of this problem. This was a compromise agreement dito na sa Finance Department. This will be fully explained to the farmer. Kailangan ng permits at mga financial requirements, mga administrative and procedural matters.

We will go ahead some more, so Sanctions and Violations. Number one, failure of the NTA TPRO/Agriculturist and his/her Area Supervisor to remit collections, in accordance with the agreed schedule of remittance and the provision of production assistance to farmer cooperator who fails to adopt the requirements of the Sustainable Tobacco Production on GAP and ALP, shall be jointly and severally liable to the following:

1. 3% penalty/month from the date of collection;
2. Restitution of unremitted collections; and
3. Imposition of Appropriate Administrative Sanctions for neglect in the performance of duty and/or dishonesty/grave misconduct pursuant to the CSC provided Rules on Administrative Cases in the Civil Service (RRACCS) after due notice and hearing under the following circumstances.
  - 3.1 Volume of tobacco delivery - Failure to deliver 90% of the total expected volume of production of the FCs to the contracted buyer firm based on the target volume of production per hectare/type-sub type, except whom caused by force majeure supported by evidence of the damage such as: *picture of damaged tobacco farm with the farmer cooperator and certification from the Municipal Agriculture Officer (MAO) on the occurrence of force majeure.*
  - 3.2 Collection of tobacco cash assistance - Failure to collect and/or 100% of total loan exposure of the FCs (Net of 60%) if the FC fully delivered the stipulated volume of tobacco to the contracted buyer firm.

Ito, meaning to say, na kung mayroong violation yung NTA, yung technician, yun ang mga corresponding sanctions. Three percent penalty, kung halibawa hindi nga na-remit, may three percent penalty per month.

Ito, restitution of unremitted collections. Lastly, imposition of appropriate administrative sanctions for neglect in the performance of duty and dishonesty or grave misconduct, pursuant to the CSC provided Rules on Administrative Cases in the Civil Service (RRACCS) after due notice and hearing under the following circumstances.

Volume of tobacco delivery, failure to deliver 90% of the total expected volume of production of the FC to the contracted buyer firms. So, meaning to say, the technician will not be forced to really monitor the marketing of the tobacco produce of the farmer just to comply with this.

Kasi, ito po yung issue natin, yung ayaw magbayad yung company ng service fee. Kasi, nakalagay din sa MOA na dapat ma-deliver lahat yung stipulated volume, kaso hindi po ito na-deliver. So, nakalagay po ito sa MOA na pirmado natin, that the company was not obliged to pay.

Kaya we are trying our best to unify yung contract already. Now, basically, the provision of the contract, the MOA, will emanate from the provisions of the Implementing Guidelines (IG).

Kapag walang nakolekta, especially if the farmer cooperator complies or fully delivers the stipulated volume, meaning to say, kahit nakabayad yung FCs sa BFs, tapos, hindi niya na-collect, we are imposing 100% actual damages, because we observed from the previous implementation of project, and the committed fiscal card ng NTA with the GCG, basically 85% lang po ang required or target collection rate.

But as far as NTA is concerned, it should be 100%. Because if we allow that, if we allow that, and let's say you have a PhP100 million exposure, you only collect 85%, there is a loss of PhP15 million, I mean, it is very huge. If that will go on through the years, what will happen to our budget? I mean the corporate funds, if ever this will come from the corporate funds. Kaya dapat internal collection should be 100% in total.

The following violations of FCs/BF/TFAC are punishable by blacklisting and perpetual disqualification for participating in any NTA production assistance program. *Ito po yung mga kasama dito, (enumerated the violations as listed).*

The following violations of participating Buyer Firms or TFACS, are punishable by revocation of license, or special permit to buy tobacco, or perpetual disqualification to participate in any NTA production assistance program. Meaning to say, these sanctions are established control measures.

Kasi ang sistema ng buyers po dito, yung mga field canvassers natin, to differentiate it from the viajeros. Yung field canvassers, bibili sa mga farmer cooperators pero may kausap na po yan na pagdadalhan na another buyer firm. But these FCs need to secure permit from NTA. On the other hand, ang mga viajeros po, wala yan contracted buyer firm, kahit kanino, pwede nilang ibenta itong binili nilang tobacco.

In the event, I mean, the process of documentation, yung mga nabili ng field canvassers, will all go to the buyer firm.

Dir. Padayao: But sir, kung nangyari, yung mixed up, yung mga field canvassers, ng ULPI, nag-benta ay sa Conleaf. Paano natin yun maiwasan, may parusa ba si Conleaf or pababayaang natin siya?

DAOP Casela: I know the predicament. Because we know for a fact that Conleaf does not provide production assistance to their farmers. Yung other buyers are providing assistance. Kaya kung bumibili ang Conleaf, pwede niyang taasan ng PHP50. bawat kilo.

Wala siyang financial risk. Financial risk, meaning hindi naman nagpa-utang. On the part of those buyer firms who provided production assistance, yun ang risk nila. If they cannot collect, they cannot recoup what had been advanced to the farmers. So that is indicated.

Pero ngayon, labanan mo talaga, pataasan. Alam naman ng mga negosyante, alam nila na you can have profit by volume. Meaning kapag maraming volume, maraming kita. Kaya nagkaka-agawan sila.

Ang nangyayari dito, mataas yung bili ng Conleaf, mababa yung sa ULPI. Syempre, doon binibenta ng farmers yung tabako sa mas mataas ang presyo. Tapos yung utang dito sa ULPI, babayaran niya ng cash.

I need to say this, in the position of confirmation in terms of documentation, NTA cannot do it alone. There should be participation of LGUs. Pero sa atin, kung mag-apply sila sa atin for license, bibigyan natin. Kasi wala namang prohibisyon ito.

Pero kung yung LGUs ay may ordinances, na halimbawa, sa sinumang bibili within their respective municipality, they can order them to get first permit from NTA.

Next, is the Production Level. Yan mga requirements natin.

<u>Tobacco type/subtype</u>	<u>Yield, kg/ha</u>
Virginia Neutral Flavor	1,800
Virginia Improved Flavor	2,000
Burley Neutral Flavor	2,200
Burley Improved Flavor	
Region I	2,200
Region II	2,300
Native Batek Chewing	
Region I	2,000
Region II	1,800

Native Cigar Filler	2,300
Native Cigar Wrapper	1,200

These are the recommended fertilizers and pesticides for TCGS. This is based on our production manual.

1. Fertilizers. The number of bags will depend on the recommended rate per hectare for each tobacco type and subtype. The following fertilizer grades shall be used:

10-18-24  
18-46-0  
0-0-50  
21-0-0  
46-0-0  
Vaksi K  
Soil conditioner

2. Pesticides  
Indoxacarb  
Acephate  
Chlorantraniliprole  
Abamectin  
Cinnamaldehyde  
Bascillus thuringiensis (Bt)  
Pyridalyl  
Fungicides: organic tea tree oil, propamocarb HCl

3. Suckercide: Flumetralin 14 EC @ 8 bottles/ha, 500ml/bot

Yung sa level of production. Yan ang contracted volume per hectare per type.

Dir. Padayao: Hindi ba tayong magbibigay ng allowance?

DAOP Casela: We all know the predicament or situations in the field. Ma'am, kung babaan mo pa yan, hindi na tayo nag-improve, what is the use of the technical assistance that we are providing to FCs?

Anyway, I would like to inform the Members of the Governing Board that before we finalize this, this was coordinated to all the Branch Managers, lahat po sila. They commented on this. That's why there were heated deliberations on all provisions of the TCGS Implementing Guidelines.

Atty. Obusan: Any other comments or discussion from the Members of the Governing Board? If there is none, may I ask the pleasure of the body, since it is past 1:00 PM already, are we going to continue and discuss the last Agenda or are we going to pause for a short lunch break?

Dir. Serna: With the permission of Madam Chair, let's have our lunch break first and resume by 02:00 P.M. Thank you.

Admin. Sanchez: Meeting is suspended.

Atty. Obusan: Thank you, Madam Chair. To online participants, we will resume by 02:00 P.M. In the meantime, you can have your late lunch also.

*(Lunch break for 40 minutes.)*

Atty. Obusan: Good afternoon, everyone. We now continue the Joint Board Committee Meeting. We have for our last agenda.

**2. REPORT UPDATE ON THE STUDY "EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES, YEAR 2, (FLUE-CURED & BURLEY) WITH BOARD RECOMMENDATIONS**

Atty. Obusan: Madam Chair, may we recognize Mr. Nestor C. Casela, our Deputy Administrator for Operations (DAOP), Ms. Evangeline C. Cabigan of FTSD to render their report.

DAOP Casela: Thank you very much, Attorney, and my pleasant good afternoon greetings to everybody, including those who are joining us in the virtual platform. Before Engineer Johnny Maloom and Ma'am Evangeline C. Cabigan will report on the agenda, may I please give a short background on this topic.

There was an initial presentation already on this agenda during the last Committee Meeting, but because of the deeper analysis of the Members of the Governing Board, there were findings that has to be straightened out, and everybody agreed that there will be a further study, a further analysis to be conducted by our research team in the FTSD.

So, this afternoon, I mean in the prior days, I learned that they made some efforts as to making the presentation, I mean the result, more realistic, I would say, and may I please give the opportunity then to Ma'am Vangie Cabigan, of course, to be supported by the Manager of FTSD, Engineer Maloom, to make the presentation.

Ms. Cabigan: Good afternoon to everyone. Since Sir DAOP already explained why I am reporting again, this study, I will go directly to the results. We go again to the Objectives; We want to determine the overall economic viability of tobacco cultivation in the Philippines across the different types and sub-types.

Specifically, this time, this is only for the two subtypes, Virginia and Burley. There was a question last time during the last Joint Board

Committee meeting on how to choose respondents for the study. I already discussed this last time, but I will explain it again.

By the suggestion of the socio-economic expert, on how we chose the respondents who will represent the whole tobacco farmers. If the hectares planted to that particular subtype is very large, we selected the top three municipalities na pinaka-malaki yung hectarage. We randomly selected the respondents. The random sample generator ay ginagawa po online.

Then, kung hindi masyadong malaki yung hectarage or the number of farmers, we randomly selected from all the municipalities for each province.

For example, dito po sa Burley Improved Flavor for Ilocos Norte, the top three municipalities with the largest hectarage are in Bacarra, Bangui, and Pasuquin. We selected the respondents there.

Then for Ilocos Sur, the hectarage is only 117.5 ha, so all municipalities were included in randomly selecting the respondents.

This is the final list, which according to the expert, this total number is a representative, statistically acceptable representative of all the tobacco farmers in the different provinces.

We go now to the results. The question last time in terms of grade distribution is parang masyadong mataas ang high and also the low grades. What we did, we required all these parties to give to us their PIVs na pinag-basehan po natin, and we found no error. Same is true in all other subtypes.

For the cost and return analysis, and the cost of production, the suggestions last time were first, sa non-cash labor in is to use the regional wage rate. We did that, and for Region 1, the regional wage rate is PhP402. So ang nangyari po, mas tumahas pa po yung ating non-cash labor.

Kasi po dito sa ating data, there were some provinces na from PhP300. to PhP350. yung rate nila, and according to them, ito po existing rate in their barangays. Pero still we did this. Ito po ang ginawa natin for Virginia.

Pero dito po sa cash labor, dito kami nakakita ng pagbabago natin ng production costs, particularly dito sa priming and hauling activities. So here what we did was we used the standard rate na ginagamit natin sa TCGS, so bumaba po sa priming and hauling, sticking/poling, loading/unloading, and classification/bundling.

We had a total of PhP162,930.89 production costs for Virginia Neutral Flavor Tobacco.

Sa cost and return analysis, we have this. The concept also last time was we wanted to see the profit per unit. So, kita na po natin dito. The net income, kung deduct natin yung total production costs including the non-cash is PhP2,356. The return above cash cost or yung net income kung hindi natin isasama yung non-cash ay PhP62,982. with the yield of PhP1,751. per hectare. The average price received was P94.37. So ang magiging profit per unit was P1.35 per kilogram produced or an ROI of 1.45%. Pero kung pupunta po tayo doon sa hindi na natin isasama ang non-cash labor, we have an ROI of 61.56%.

Now we go to Virginia Improved Flavor. Again, the grade distribution is like that, hindi po ito nagbago. This is the production cost.

Again, dito po, we found na medyo mataas, when we went to the individual data, farmer data, doon sa priming and hauling and sa sticking/poling. Ginamit na naman namin yung sa standard rate used and we were able to reduce the production cost to PhP213,893.59. As I said earlier, doon sa non-cash labor, lahat binago natin, we followed the regional wage rate, tumaas po ito.

Now if we will decide to use yung result ng data, mapapababa po natin ay yung cash labor pa din. Here, the net income is PhP16,793.68 after deducting all costs, both the cash and the non-cash labor. If we exclude the non-cash, our net income is PhP71,641.09, and the average price received was PhP105.46.

The ROI, kung isasama natin lahat ang production cost is 7.85%. If we exclude the non-cash labor, it is 45.04%. Medyo mas mapapa-baba yung ating ROI dito because mas maliit yung non-cash labor nila compared sa Neutral Flavor, wherein mas mataas yung ROI because the non-cash labor is higher also.

For Burley Neutral, maganda po itong grade distribution and we were able to reduce the cost, the total production cost became PhP179,944.38. Sa Cost and Return Analysis, the net income is PhP22,104.83. Kung tanggalin natin yung non-cash, magiging PhP66,849.97 and yung average price received was PhP71.95. Again, we have an ROI of 12.28% kung kasama lahat ang expenditures and 49.44% if we exclude the non-cash labor.

For Burley Improved Flavor, we were able also to reduce the total production cost to PhP198,652.76 because originally it was more than PhP200,000. per hectare.

Unfortunately, hindi natin nagawang positive po ito, bumaba lang ang losses. We have a ROI of negative 19.93%. This is for Burley Improved Flavor in Region I.

Now for Region II, Burley Improved Flavor, unfortunately here, mas mataas pa po ang regional wage rate sa Region II, it's PhP430. This is similar as to what I presented last time. We have an ROI without non-cash labor of 19.72%.

For the Productivity and Profitability Comparison of Virginia and Burley Tobacco Subtypes, if we exclude the non-cash labor, the highest net income would be from Virginia Improved Flavor which is PhP71,641.09.

Sa ROI, the ROI we are using should be the one wherein everything is deducted including the non-cash labor. It would be 1.45% for Virginia Neutral, 7.85% for Improved Flavor, 12.28% for Burley Neutral and negative 36.7% for Improved Flavor in Region I, and 1.38% for Region II.

But for our use, we have this ROI in the last row where we excluded the non-cash labor. It's 61.56% for Virginia Neutral, 45.04% for Improved Flavor, 49.44% for Burley Neutral, still negative 19.93% for Improved Flavor in Region I, and 19.72% in Region II.

This is the net income sa Virginia Neutral from the TCGS last year as compared to what we were able to come up with this year sa ating current study. Halos pareho lang po sila, PhP64,926.06 as compared to PhP62,982.30.

For Virginia Improved, the net income when we exclude the non-cash labor is PhP71,641.09 in our study, compared to what it was last year sa TCGS which was PhP63,415.52

Then for Burley Neutral Flavor, mas mataas po ang net income na na napalabas doon sa TCGS monitoring. For Burley Improved Flavor in Region I, interestingly, halos pareho po talaga sila. Negative pareho.

Then for Region II, mas mataas ng more than PhP23,000 ang net income sa TCGS monitoring. That's all po. Thank you.

Atty. Obusan:

Thank you, Ma'am Vangie. The floor is now open for any comments or discussions or queries from the Members of the NTA Governing Board.

Dir. Padayao:

Ma'am Vangie, were you able to compare the COP in our study to that of the tripartite data?

Ms. Cabigan:

Yes, Ma'am.



- Dir. Padayao: Were you able to determine some, let's say, flaws or non-compliance to established procedures? We gave strict instructions to test the respondents, to really get the real picture, get the real data with the assistance of the extension workers.
- Ms. Cabigan: Yes, Ma'am. Hindi naman po sila pinabayaan ng extension workers. So, for me, I am confident that they did their very best with that number of respondents they have. And actually, we have the database of their results. Binabalik-balikan din namin yun. So, I am confident. I believe in the validity of these results.
- DAOP Casela: Madam Vangie, as mentioned by Ma'am Luz, a while ago, you mentioned the total number of respondents is 411. Am I right?
- Ms. Cabigan: That's right, Sir.
- DAOP Casela: Now, Madam Luz was mentioning if we could decrease the number of respondents so much so that our research assistance can efficiently monitor the activities pertinent to the undertaking of the research study. Would there be significant difference if you reduce the number of participants?
- Ms. Cabigan: I don't think so. If you will look at this table of respondents. I don't think na nahirapan yung research assistants, because bawat provincial branch office ay meron naman. So, yung minimum na 30 na sinabi ng ating consultant ay yun ang minimum na acceptable, statistically acceptable na representative po ng bawat area.
- So, I would say hindi natin ito babawasan. If we want to reconduct it, my suggestion would be to get more research assistants for each branch office.
- Dir. Padayao: In my personal view, I think with the result of the data, I think we cannot make it in public yet because if that will be made as reference, there will be no farmers planting tobacco anymore. If I may have to suggest, we must have to browse the data we used sa tripartite. I'm not telling that it is more accurate, but we must have to see or compare the data for the two projects.
- Para makita natin kung saan mas mataas yung isa or what. Nasa pricing ba or what.
- Ms. Cabigan: Thank you, ma'am. Tingnan po natin itong slide na ito. It's the data on the TCGS monitoring and yun yung nasa tripartite.
- Dir. Padayao: In the first place, who prepared the COP?
- DAOP Casela: Ma'am Luz, are you referring to the COP prepared by NTA or the private sector? The private sector did not submit the COP. May pinag-prepare ang office, ganun din ang farmers.

Yeah, I do agree on your proposal that we have to make some sort of comparison with the data from what we prepared as presented during the tripartite vis-a-vis itong result na yan. Kasi we cannot present that.

Ms. Cabigan: If I may add, Sir, kasi I asked my staff here, yun naman ating COP sa tripartite was a result of the pre-tripartite na usapan.

DAOP Casela: So, it was not the FTSD who gave us the COP, it was the result of the pre-tripartite meeting of all the branch offices and the farmers and the private sector.

Ma'am Vangie, isa yung nag-prepare ng NTA, isa rin dun sa farmers na yung sinabi mo na output ng pre-tripartite conference? So siguro yung galing sa FTSD ay yung sa monitoring din. Pero dun sa pre-tripartite na pinag-submit ng mga tobacco farmers ay nakuha rin sa kanila with the guidance of NTA branch offices din.

Kaya siguro, i-review na lang natin. We cannot publicize this, I mean the data result from this because based on the findings or stipulations or calculations of the PSAC, the Private Sector Advisory Council, it claimed that the income per hectare of tobacco farmers is PhP120,000. Far, far away from that, I mean with the result.

Maybe because that was the data presented by the PSAC we're just wondering who made those calculations? The members of the private sector? Of course, tataasan nila para ma-justify yung claim nila na price per kilo.

Now, with these result, Madam Vangie, in your own opinion, is there still a need or is it needed that we're going to have another trial for this study?

Ms. Cabigan: As I said earlier, Sir, I am quite confident with this result.

DAOP Casela: As we claim, if you conduct research, it is either a success or a failure. But whatever is the result, it's still a result of research. So, you're confident, Madam Vangie, that this is the true picture?

Ms. Cabigan: Yes, Sir.

*(Further discussions ensued. Mrs. Lozano of IRD suggested to also look into the quality of the tobacco seeds that are being used and planted. Also, to consider the soil condition and the amount or type of fertilizers being used. Dir. Guzman said that if this really the true picture, it means that the tobacco farmers are depending solely on the subsidies being given to them by the NTA, LGUs, and the private sector.)*

- DAOP Casela: With those further analysis as mentioned by Madam Luz and others, would that mean an implication that there will be a further study? We have to review more the results of the study?
- Dir. Serna: Yes, Sir. We have to verify so many data that we think are suspicious or not reliable at this point in time. So, further study is needed on this matter.
- DAOP Casela: Would that constitute a motion?
- Dir. Guzman: Madam Chair, I so move that further study on this matter shall be done.
- Dir. Reyes: I second the motion.
- DAOP Casela: With further analysis, there are still a lot of things to consider, and to review. So, this is not final yet, but it's subject for another further study. Thank you.
- Atty. Obusan: Any other discussion on this matter? If there is none, next on the list is adjournment.
- Dir. Serna: Madam Chair, I move that this Joint Committee Meeting be adjourned.
- Dir. Guzman: I second the motion.
- Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.
- Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 3:35 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



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**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**26 SEPTEMBER 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:00 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 26 September 2024 (Thursday), 9:00 AM, at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City. May I request the Honorable Administrator & CEO, Belinda S. Sanchez to call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Research and Extension  
Board Audit and Finance  
Legal Matters and Properties  
Nomination, Remuneration, and Personnel Administration

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer.

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have of course the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO. *Good morning, Ma'am.*

We also have the members of the NTA Governing Board, as follows: Honorables Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Dir. Willford L. Reyes, representing the Tobacco Farmers Sector; and Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector. *Good morning, Directors.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*; Mr. Benjamin V. Sarmiento, Executive Assistant IV and Special Advisor to the Administrator, *good morning, Sir Ben.*

Finally, joining us through the virtual platform are the Department Managers and Branch Managers, OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agenda.

Atty. Obusan: Thank you, Madam Chair.

*“Atty. Obusan read the scheduled Agenda(s).”*

On Other Matters, Madam Chair, may we recognize Honorable Director Jessie Pat M. Serna for his Manifestations.

Dir. Serna: Thank you. Madam Chair, we have additional Agenda on Other Matters. First is the Briefer Report on the Buying System of Viajeros and the second is the Briefer on Export, Import and Transshipment Procedures of the National Tobacco Administration.

Admin. Sanchez: Granted. Mister Secretary, kindly include these in today's Agenda.

Atty. Obusan: This is noted, Madam Chair and Hon. Dir. Serna. With your permission, we now move on to our first Agenda under Committee on Research and Extension.

**A. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**1. REQUEST FOR APPROVAL OF THE BUDGET AMOUNTING TO PhP902,275.00 FOR THE CONDUCT OF ANNUAL SEMINAR WORKSHOP ON ENHANCING EXTENSIONISTS' CAPABILITIES (ASWEEC) ON OCTOBER 15-17, 2024 IN JLP RESORT, PAOAY, ILOCOS NORTE**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Nestor C. Casela, Deputy Administrator for Operations, together with Mrs. Myrna O. Lozano, Manager, Industrial Research Department.

DAOP Casela: Thank you very much, Attorney. My pleasant morning again to each and every one, to Madam Bel, our Administrator & CEO, to our Directors and Members of the Governing Board, Sir DASS, and of course Sir Ben, and to all those who are attending this meeting through virtual platform, good morning to everybody.

I am pleased to present to you the Annual Seminar Workshop on Enhancing Extensionists' Capabilities or ASWEEC. As a briefer, this is an annual training activity of the National Tobacco Administration and with the end purpose of providing the necessary competencies and capabilities for extension workers. And for this year implementation, it's not only the new extension workers or our workforce individuals, but also, we have included some of the employees of Central Office with the line of thinking that it is expected that all employees of NTA should know all about tobacco, especially on the production and other intricacies of the tobacco industry. That's the main reason why we included participants coming from the Central Office.

There are 103 participants for this training to be conducted on Oct. 15-17, 2024 in Ilocos Norte, specifically to the virtuoso place of Madam Director, Luz Padayao.

As feedback, to the JLP Resorts where we conducted the Techno-Updating and the Research Review last week, the ambience is so conducive for learning. I have mentioned to her last time that in advance, we'll be utilizing her facilities again if Ma'am Luz will approve. The good of that is kulang na yung pondo natin and she's trying to help NTA by way of subsidizing some resources for this purpose.

The intention of the National Tobacco Administration is the provision of adequate knowledge, skills, and competencies for extension workers. We are conducting this to provide opportunities to our technical personnel, especially the new technicians, the JOs included, because they are the forefront in the implementation of

our project in the field. It is necessary for NTA to provide adequate information and update on the technical capabilities for them to provide adequate and timely provision of technical assistance to our farmers, especially.

We all know that if a new employee doesn't know all about the organization and its work, he or she cannot be efficient in implementation or in the conduct of his duties and responsibilities within the field. But through this training program we're providing them, they will be given all the chances, opportunities to learn more. With this capacitation we are providing them, they will have the proper education to relay all this information to our tobacco farmers, especially on the production aspect of tobacco.

As you might see in the program, it is a very comprehensive approach in the context of the training because it's not only on the technical aspect that we'll be providing, but also on the social component of the conduct of the duties and responsibilities of our technicians, specifically on values, formation, and how they should conduct meetings, so on and so forth. For our social speaker, we tried our best to get capable and knowledgeable and who has those in that knowledge in all these aspects. As you might see in the program, we secured the confirmation of considered authorities on subject matters.

This will be a 3-day affair. Lahat po ng mga nakikita nating kailangan ng mga technicians natin dito ay mga pag-uusapan. As I mentioned, it is just not timely that we should provide all the competencies to our extension workers and of course those who are with NTA to know all about the tobacco industry.

Likewise, for a new employee, they should know all about the organization, what is NTA, and what are supposed to be the role in the attainment of the predetermined objectives or mandates of the National Tobacco Administration. This ASWEEC is very imperative in its conduct because of these purposes.

To be more specific, we have these following objectives. Madam Myrna, would you like to continue or do you prefer that I'll be the one to continue?

Mrs. Lozano: Yes Sir, you'll be the one to continue please.

DAOP Casela: Yeah, okay. I know you were a part of the preparation of this training program. But anyway, I'll just continue. Just pitch in something if I miss something, okay?

Mrs. Lozano: Yes Sir, okay.

DAOP Casela:

Now, one objective, as I've mentioned, equip extensionists with updated knowledge, best practices, and recommended tobacco production technologies from seedling production to tobacco seed production.

Ensure extension workers can guide farmers through the entire tobacco production cycle.

Instill importance of professional value among extensionists, including integrity, accountability, commitment, and respect.

Number four, encourage extensionists to adopt values-driven approach to their work.

Improve communication and teaching skills, and build the characteristics of a good extension worker.

These are the purported objectives of the conduct of ASWEEC. So, as I've mentioned earlier, this is very imperative for us to conduct because of the necessity to provide capabilities for our extension workers.

Now, we have the expected output. By setting the above specific objectives, the seminar-workshop will ensure that extensionists are well-prepared, capacitated to address the practical, technical, and ethical challenges in their work, enabling them to effectively support the NTA's goals and the farmers they serve.

These are the topics that we will discuss.

All employers, especially new ones, should know about the agency, I mean NTA. Especially its Organizational Structure. The purpose of this organizational structure is for them to know the flow of authority and responsibility. It's important for them to know where they belong in the organization and their corresponding roles and responsibilities. They should know about orders of the laws governing NTA.

Another one is on the administrative aspect. I thank Sir Benedict for allowing our manager to be one of the speakers. Manager, Zenaida Arrojo will discuss the employee benefits and other administrative protocols.

On the technical aspect, well, now I'd like to mention that in the commodity flow, I mean, commodity flow would entail all the practices or the activities from seedling selection up to the marketing aspect.

For the production, we have all these different activities, technical requirements on the production of tobacco, likewise on the post-



production activities in which this would entail about the curing process, grading, so on and so forth. All the aspects of the production activities will be discussed.

Also, on the social concern, what is needed is qualities of a good extension worker.

Included in the qualities of an extension worker are, sound knowledge of subject, burning desire for new knowledge, explicitness, tactful, foresightedness, sympathetic attitude, service attitude, attractive personality, faith in program, enthusiasm, courage, tolerance, honesty, simple living, friendly nature, firm determination, religious outlook, organizing capacity, dignity of labor, and knowledge of rural social values. Next are the roles and responsibility of extension workers.

Everybody has a personality, but it's just how you develop your personality for you to be convincing in the way you converse or convince people to follow what you want them to be following.

Next is the Values and Professionalism Orientation. Under Values are, value-based environmental education, moral values, cultural values, essential values, institutional values, Principles of Values, and Core Values-that would cover integrity, ethics, service learning, civic virtue, respect for others, caring, sharing, honesty, courage, empathy, character, spirituality, tolerance, liberty, and equality.

Professional ethics, this would entail professional responsibility; Professional ethics is a process; Codes of practice – do's and don'ts, ethical behavior in society, within workplace, employee's and employer's unethical behavior, and ethical behavior in academic institutions.

As you might have noticed, the training entails, the technical aspect and the social aspect. So, with all these topics we're going to discuss, we've provided all participants, especially extensionists, and this is a way of improving themselves. Improving themselves would mean that they will be efficient, effective in the conduct of their duties and responsibilities, which will be done, of course, through their contributions to the attainment of the mandates of NTA.

We're requesting for the approval of the budget amounting to PhP902,275.00. for the conduct of this, for this seminar workshop for our extensionists. As you might see, we are very frugal in trying to come up with the budget for this, in consideration of the inadequacy of funds for NTA. Actually, there's a budget of PhP2 Million for this. But we really tried our best to be frugal and to eliminate some unnecessary expenses. That's why we will be having a saving of about PhP1 Million plus for this.

We now submit the request for the approval of the budget amounting to PHP902,275.00 for the conduct of this annual seminar workshop for enhancing extensionist capabilities for your consideration. Thank you.

Atty. Obusan: Thank you, Sir DAOP. Any comments or discussions from members of the NTA Governing Board?

Dir. Sema: Honorable Chair, before we approve for this request, may I know if the savings can be realigned to some other NTA projects? Could we realign the remaining amount to any other NTA projects?

DAOP Casela: Thank you very much for your question, Sir Jessie. On that aspect, on that particular question, management would request indulgence of Finance.

Of course, the purpose of all this implementation, not only for this project or program, is for other project of NTA for us to be frugal. At the end of the year, we should be considering, we should be totaling all expenses for all projects. If there are savings, of course, that will be a decision-making process for management to consider.

DASS Savellano: With indulgence of our Administrator, the normal process, Your Honors, the utilization of the savings should be of the same expense class. Meaning, if ever we have savings, we will try to use it on the same expense class. As to other programs and projects, probably we could also do that. But on normal processes, it is utilized on the same expense class.

Dir. Padayao: Yes. Thank you very much for that explanation. Because in the end of the techno-updating, there seems to be a proposal that there should be also a workshop of the researchers or those who will be working on the different researches. Because our evaluator seems to have seen that the procedures are not that good, especially in data gathering, in evaluating the data. So maybe, Sir DAOP, we can allocate some funds for this so that our results will be better based on the techno-updates.

DAOP Casela: Thank you very much, Ma'am Luz, and with the permission of Madam Chair, as you might have noticed in the presentation of the research undertakings, there were projects which had some savings. As Sir Benedict just mentioned, if there will be savings from research activities, of course, this will be again utilized for research projects or research undertakings. For trainings, of course, those will be used again for training purposes.

Dir. Padayao: It's good that Ma'am Bethzaida will be again a resource speaker in this training. Maybe we can ask her to schedule a workshop for the researchers also, Sir DAOP.

DAOP Casela: Yes, thank you very much. I'm convinced that all of us here, and all those who belong to that kind line of thinking, and that is for the advancement of our workforce, of our employees, where we are in unison for this purpose.

In that line of thinking, if we provide competencies for our workforce, the more the agency would be able to attain its mandates and objectives. That's why we are considering the importance of workforce manpower, because manpower is the best asset of an organization, in consideration of other elements of management. But indeed, manpower is very important, the most important element of management.

That's why we have to have that direction of providing adequate, necessary information or competencies or knowledge for manpower. That's the purpose of all these things. Because if we cannot be efficient, our workforce is inefficient and ineffective, we cannot attain our objectives. Thank you.

Dir. Padayao: The researchers' budget release was a bit late. So, the quality of their researches was also affected. I just want to ask, Sir, if the budget of the researchers has been approved, why can't we release it on time?

DASS Savellano: If there are requests for funding, it is being done automatically. Fund transfer is being done immediately. Anyway, what we are planning to do, is to review also these processes.

Atty. Obusan: Madam Chair, may we recognize Ms. Milagros C. Tiu, Manager of the Finance Department.

Ms. Tiu: With the permission of Madam Chair, kung may request po for funding from Branch Offices, agad-agad po namin itong ipinadadala. Please remember na sa kanila po galing ang requests, kung meron mang delay, definitely, hindi po kami ang dahilan ng delay.

Dir. Padayao: Thank you, Ma'am. I further request, that the release should be based on the cash flows. Because the researchers have cash flows. It should be on time. Because we know that it is difficult, if there is nothing to use, it will be delayed while the activities are being done.

DASS Savellano: Thank you. Okay, Ma'am. We will take note of the request of the Honorable Director Padayao. We will seek remedial measures for us to have a better release process if that is indeed the problem. We will also try to talk to our Branch accountants. We will coordinate with them. If there are documentary requirements that have to be submitted, then we have to comply with that, Ma'am. But of course, we will try to be more liberal on trying to release these

funds if it is necessary and it is in the exigence of our service here at the National Tobacco Administration.

Dir. Padayao: I also noticed that they have a lot of savings in the Branch offices. They said that their savings will be used first, since there is no release of fund yet. It's good that there is some left for the next crop year, to start the conduct research.

With the proposed research activities, they provide all necessary cash flows, program of work, so on and so forth. So, they arrive to a particular fund or budget for a particular study. Specifically, would it be alright for finance to download all the budget for the particular research work or for the whole fund for research? And it will now be the responsibility of the accountant or the branch manager to control the expenditure of the releases of funds to support the expenditures of this project.

DAOP Casela: That is a specific suggestion, Sir Benedict. In this situation, workload of Central Office Finance will be minimized. Because every time a researcher or a research group would request Finance, they will comply with that.

So, a lot of transactions is being undertaken here. Processing of vouchers, so on and so forth. And if, for example, you only download one transaction, can we think about that possibility, Sir Benedict? Thank you.

DASS Savellano: Yes, Sir. We could try to do that. And of course, we will set a meeting with Operations, including our Branch Offices, for us to get the temperament on ground so that we could come up with the necessary recommendations.

As to the downloading of all the funds, we have to also be aware that there are also checks and balances that have to be instituted so that we can at least monitor all the expenditures of our offices. So, if we would download that, probably, there will be a monitoring mechanism.

But I have to discuss with our Finance team before we could make a commitment on providing that facility for our Branch Offices. But definitely, we are very much into the fast tracking also of the processes so that we can improve our system. If it includes digitalizing some of the transactions or recordings, we will do that.

But allow us time to gather the data for us to get also the possible problems that are being encountered by our Finance team as to the downloading, as to the execution of the utilization of funds. But definitely, part of the mechanism that has to be instituted is there's a check and balance. Because basically, when we draw out all the reports, all will emanate from the branches. So, there should also

be a system on how the reporting process is. Because it should be monitored always.

Dir. Padayao: Yes, Sir. I'm aware that monthly, there's a utilization report to be prepared by the accountant and of course, certified by the Manager.

So, siguro, makikita doon yung balance kung magkano naman yung nailabas for that specific period. Siguro, yun ay maganda naman pang-check.

DASS Savellano: Yes, Ma'am. Probably, we could do like a post-audit if ever with regards to the fund utilization. Kasi, there are timelines din.

So, kung kunyari, ginamit yung fund ng January, dapat fully utilized by March. So, dapat may report kaagad na kung paano na-utilize ito ngayon. If hindi na-utilize fully yung funds for the duration of that period, kung magre-request ng extension ng utilization, mga ganoong bagay po. Basta may reporting po dapat kung talagang i-download po lahat.

Pero definitely po i-check po natin. Kasi baka mamaya, we are going to forego the check and balance kung i-download po lahat yung mga funds na yan. So, tingnan lang kung ano yung violations or what is not.

Dir. Padayao: Kung hindi naman pwede na minsan lang ang pag-download, kahit dalawang beses po. Thank you, Sir.

DASS Savellano: We could do that, Ma'am. We will make the necessary recommendation.

Dir. Padayao: Thank you, Sir.

DAOP Casela: Thank you, Sir. Benedict. The point of Sir Benedict is very laudable because for us, we should not compromise or jeopardize the control process. We want to be efficient, but if it's shortcut, then we are not following procedures.

Dir. Elaydo: Madam Chair, can we go back to the agenda, particularly on the qualifications of the extension workers? With pleasing personality, talaga ba? Baka mahirapan tayo or limitado lang ang makuha nating EWs. Just kidding.

DAOP Casela: Thank you, Sir, for that comment or reaction. Those are behavioral qualifications. It's more on the values and everything. But in terms of qualification in getting in or let's say being employed, it is more on the general education and so forth.

But these are the necessary factors in the development of the technician. So, behavioral values needed for the extension worker.

That's why Sir, kung wala sila ganyan, it's now our responsibility to develop or to instill into their personalities of all these requirements. We're trying to improve them. Thank you.

Dir. Padayao: Sir, on the topics to be discussed, there's tobacco grading. But let's increase also the marketing aspect. Because sometimes, the two could go together.

DAOP Casela: Yes, Ma'am, I agree with you on that. Because tobacco grading, there are still other prior activities to the grading process.

Let's say the preparation of the tobacco prior to the delivery of the grading by extensions. That is undertaken as a way of complying to the requirements of good agricultural practices and sustainable tobacco program.

Atty. Obusan: Thank you, Sir DAOP. Any other comments from the Honorable Members of the Governing Board? If there's none, can we make the appropriate motion? Thank you.

Dir. Elaydo: Since there are no more discussions on this agenda, I then move for the approval of the budget amounting to Php902,275.00 for the conduct of Annual Seminar Workshop on Enhancing Extensionists' Capabilities or ASWEEC.

Dir. Reyes: I second the motion.

Atty. Obusan: Thank you, Directors.

**THE REQUEST FOR APPROVAL OF THE BUDGET AMOUNTING TO Php902,275.00 FOR THE CONDUCT OF ANNUAL SEMINAR WORKSHOP ON ENHANCING EXTENSIONISTS' CAPABILITIES (ASWEEC) ON OCTOBER 15-17, 2024 IN JLP RESORT, PAOAY, ILOCOS NORTE is hereby APPROVED.**

Atty. Obusan: We now move to our next two (2) Agenda, as they goes hand in hand, thus, it will be discussed together.

- 2. REQUEST FOR APPROVAL OF THE AMENDMENT TO THE Php122,459,269.35 APPROVED BUDGET FOR THE INTEGRATED FARMING AND OTHER INCOME-GENERATING ACTIVITIES PROJECT-TOBACCO CONTRACT GROWING SYSTEM (IFOIGAP-TCGS), FOR CALENDAR YEAR (CY) 2024-2025, FOR THE MATERIAL AND CASH INPUTS COMPONENTS, AS FOLLOWS: Php62,155,008.00 (MATERIAL INPUT) AND Php60,304,261.35 (CASH INPUT) FOR THE SAME TOTAL AMOUNT OF Php122,459,269.35.**
- 3. REQUEST FOR APPROVAL OF THE "ABC" FOR THE PURCHASE OF MATERIAL INPUTS AMOUNTING TO PHP62,155,008.00**

Atty. Obusan: Madam Chair, may we recognize once again Mr. Nestor C. Casela, Deputy Administrator for Operations, to present this agenda.

DAOP Casela: Thank you very much, Mister Secretary. Permission to discuss this agenda using power point presentation, Madam Chair. There has been an earlier Board Resolution approving the amount of PhP122,459,269.35 as a total budget for the implementation of the Tobacco Contract Growing System for 2024-2025. Based on the proportioning of the budget to all Branch Managers, with the original allotment per branch, there were some changes. And the reason, one is there are branches who utilize their inventories of fertilizers.

Likewise, there are interventions of the LGUs and private sector in terms of the provision of assistance which would change the original allotment for each component, that is, cash and material inputs. For example, for Ilocos Norte with the original allocation, the total allocation for material inputs then was PhP 9,000,000.00, but it went down to PhP 563,274.00. What we did, because of the request of our Branch Managers to increase their cash portion, those changes in the amount of allocated amount for material inputs were relegated to the cash portion.

That's why, correspondingly, there are changes. This is the final budget now for each component, that is, for cash and material inputs. But the total approved budget didn't change.

This would just justify the Board Resolution approved by the Governing Board as to the approving of the total budget for TCGS for 2024-2025. The changes are only on the apportioning of the cash and material inputs, and in which case, we're trying to have this approved in consideration of, we are looking, we are anticipating that if this will not be approved on time, correspondingly, there will be delayed deliveries of farming inputs. And of course, we know, technically, we are following a technology for the production, and there is specific time for the utilization of these farming inputs.

If this will be approved today, for next week, it will be published through Philgeps, and we expect, I've been coordinating with the Admin Department, and we expect that if things will push through with all these processes, we expect that deliveries will be done, the latest will be on November 15, which still be on time for the start of the new tobacco season and for the use of the fertilizer, especially the basal fertilizer. So those are the considerations.

Likewise, I'm considering also that if this will be delayed, and we cannot utilize this on time, there will be, again, question of DBM as to our efficient utilization of funds. So those are the reasons why I'm trying to make this request on time. Thank you very much.

Dir. Padayao: The amount allotted for material inputs, which were not utilized, based on the original allocation, was relegated to the cash portion. Kaya tumaas na yung cash portion? Magkano na po per hectare?  
DAOP Casela: Ang per hectare po dito, kasi originally ay PhP10,000. Siguro aabot na po siguro mga PhP12,000.00 per hectare, something like that. I anticipated the situation that for purposes of compliance for the technology, knowing that the budget is not adequate to fully sustain technology, it was stated in my memorandum to our Branch Managers that if they cannot sustain the technology, they can request the LGUs and the private sector for that intervention or initiative for the counterparting in terms of cash and material inputs.

Dir. Reyes: Kung maaari po sana, hanga't-maaga, kailangan na po natin kung hindi na aabot ng November 15, mas maganda sana. Kasi may mga farmers na mas maaga ang pagtatanim dahil doon sa panahon. Di po ba? Karamihan po kasi, October pa lang ay nag-sisimula na yan magtanim. Para wala din po masabi ang mga farmers natin na hindi maganda yung pananim nila kasi late na naman yung pagbibigay ng farm inputs.

DAOP Casela: Thank you Sir Willord for that and your observation, your suggestion will be taken care of properly. We all know that we are advocating the proper technology for tobacco and we are adopting the policy of early planting.

Based on our technology, production guideline, dapat ang planting natin should not be later than December 31. November will be the announcement of the winner of the bidding and if possible, this should be delivered even prior to, even early days, I mean early weeks of November. But we expect that all deliveries will be completed up to the middle of November, Sir.

We are anticipating all implications of this. That's why these are all considered in our planning just to comply with a lot of requirements for this. Of course, we know, we are advocating technology for tobacco and the bottom purpose of this is to improve quality and of course increase yield per hectare.

We have to consider also the capability of those who are providing, those quoting prices for this. Nakita ko na malaking disparity. So, para hindi ma-antala yung preparation ng budget, we adopted yung level of pricing last year. We adopted that level of, which I anticipate for this time because of some information. Ito lang kasi for the purpose of establishing the ABC. Now ABC is just the upper limit of the budget for the purchase of these materials.

But when it's subject to bidding, we expect a much lower quotation for this. I have learned, I have that information that for the imported fertilizers, and in this case for our complying with our technology,



we use the nitrate-based fertilizer, not the di-ammonium phosphate. That is our recommendation, the nitrate-based.

Ang nakalagay doon mataas eh, PhP6,000.00, pero I expect bababa din yan ng around, not less than PhP500.00-PhP700.00. It will be reduced considerably. So, I can foresee na yung ABC natin baka bababa pa ng more than PhP4 Million. So ayang po.

Now the purpose of this is just to establish the ABC. For us to proceed with the Philgeps, the, the publishing to Philgeps. Just to come up with the timeline. Thank you.

Dir. Padayao: Ask ko lang Sir, yung mga imported ba may ample time pa ng one month, if ever? Kasi October na po, if we have to publish it pa, it will take another month?

DAOP Casela: If ever who will be the winner, meron naman yung mga requisites, yung mga terms and conditions na ilalagay.

One requisite for this is of course after yung winning bidder will be known or awarded with the purchase, meron post-qualification activity. Post-qualification is to really establish kung talaga yung kumpanya na yun makapag-deliver on or before November 15, based on the terms and conditions. Kasi ilalagay natin ito sa terms and conditions, that the commodity has to be delivered not later than Nov. 15.

Kasi ang in-anticipate ko po dito, kung mag-failed bidding, wala na. So failed bidding will entail another month or two. So, we will not be able to meet the target delivery date anymore. So those are my anticipations.

Dir. Elaydo: By the way, Sir, is the granting of cash incentives and the distribution of material inputs be done at the same time?

DAOP Casela: Sir, thank you very much for your comment on this. We have finished already the implementing guidelines for the TCGS.

It is for cash portion; it is specified what are the expense items. This cash portion are going to be utilized for seedling, gas and oil, barn repair, land prep, and sustenance, that is for labor.

In the preparation of the farm plan and budget, nandoon po ang timeline ng pag-release. Kasi depende sa activity ng farmer.

In terms of usage, sa cash portion, mauuna yung land prep, mauuna yung gas and oil. Pero I've been suggesting kung pwede, sinabi ko na noon sa Finance and kay Sir Benedict, kung pwede isahan na lang yung download para yung accountant and the

Branch manager sila lang may control, specified ang time of utilization.

Dir. Reyes: Sir bakit po ba minsan na-late lagi yung input katulad ng mga basal natin? Hindi ba pwede mas maaga na tina-trabaho na ito para hindi naman laging late? Lagi na sana-ready.

DAOP Casela: Yes, Sir. I'm not trying to make comparison to the previous years, but I cannot make comparison. I don't know what happened. I don't like to make comparison. But in all honesty, with all these things that have to be complied with, I'm considering all the timeliness, the timeline for all these activities to be done just to comply with the requirement of technology.

Siyempre kapag wala yung basals, hindi naman pwede maghintay yung halaman na tabako. Kasi pag-late yung kakainin niya na fertilizers, mawawala na yung quality.

Dir. Reyes: Yun po ang experience namin, Sir.

DAOP Casela: Ako din, sinasabi ko parati yung phrase mo na, *di ka pala dumadag kanaka, awa pwede abono ma?* Something like that. So yun po ang mga statement ng farmers natin.

I'm giving due consideration to these observations. Kaya kung maaari, we are trying my best to be on time, following all the timeliness and plan for all the activities prior to the acquisition of this material inputs.

Kaya inilalagay namin doon sa terms and conditions, whoever will be the winner, inilalagay namin na yung basal must be delivered before or not later than Nov. 15.

Pero kung may schedule na po ng delivery, Ilocos Norte, ang pinaka-malayo. Kaya usually yun ang mas mahuhuli na ma-deliver. Kaya siguro we have to talk with the supplier na mas marami siyang gamitin na delivery trucks para naman at least sabay-sabay yung dating.

Atty. Obusan: Any other comments from Members of the Governing Board? If there is none, may I request from one of the Honorable Directors to kindly make the appropriate omnibus motion for the approval of the two agenda. Thank you.

Dir. Serna: Madam Chair, I move for the approval of request for the Amendment to the previously approved budget for the IFOIGAP-TCGS for CY 2024-2025, for the Material and Cash Input Components as Follows: PhP62,155,008.00 (Material Input) and PhP60,304,261.35 (Cash Input) for the Same Total Amount of PhP122,459,269.35. Also, I move for the approval of the ABC for

the Purchase of Material Inputs Amounting to PhP62,155,008.00.  
Thank you.

Dir. Padayao: I second the motion.

Atty. Obusan: Thank you Directors.

THE REQUEST FOR APPROVAL OF THE AMENDMENT TO THE PhP122,459,269.35 APPROVED BUDGET FOR THE INTEGRATED FARMING AND OTHER INCOME-GENERATING ACTIVITIES PROJECT-TOBACCO CONTRACT GROWING SYSTEM (IFOIGAP-TCGS), FOR CALENDAR YEAR (CY) 2024-2025, FOR THE MATERIAL AND CASH INPUTS COMPONENTS, AS FOLLOWS: PhP62,155,008.00 (MATERIAL INPUT) AND PhP60,304,261.35 (CASH INPUT) FOR THE SAME TOTAL AMOUNT OF PhP122,459,269.35. **is hereby APPROVED.**

THE REQUEST FOR APPROVAL OF THE "ABC" FOR THE PURCHASE OF THE MATERIAL INPUTS AMOUNTING TO PHP62,155,008.00 **is hereby APPROVED.**

Atty. Obusan: We now move on to our next agenda.

#### **4. PRESENTATION OF MARKET STUDY ON PHILIPPINE TOBACCO**

Atty. Obusan: Madam Chair, may we recognize Mrs. Myrna O. Lozano, Manager, Industrial Research Department together with Engr. Renzo Reas to present this agenda.

DAOP Casela: Thank you very much, Mr. Secretary. Madam Chair, permission to make the introductory briefing regarding this agenda.

We included this as an agenda for today's discussion as compliance to the urgent request of our Honorable Usec DV Savellano as to his inquiry as to the processes involved in the marketing of Philippine tobacco. The bottom-line statement is, how can we make the Philippine tobacco competitive both in the local and international markets? As you can see, based on the earlier reports by our resource speakers, we have importations, as well as exportations.

With this report, a clear representation will be provided by the Manager of IRD, in the Person of Manager Myrna O. Lozano. Madam Myrna, go ahead please.

Mrs. Lozano: Thank you, Sir DAOP. Good morning, Ma'am Bell, to our energetic and handsome Directors, Ma'am Luz, good morning to all of us.

Thank you for giving us the opportunity to present one of the studies of the Industrial Research Department on the Market Study

of Philippine Tobacco. We conduct this yearly, the assessment of our local tobacco. At this point, may I request that Engineer Renzo Vien C. Reas, the OIC of the Market Research Division, be recognized to present the status of our study on market research.

Engr. Reas:

Good morning, to each and everyone. Today, we will represent the Market Research and Development Division through the Industrial Research Department.

We will present the Market Study on Philippine Tobacco. So, before we present the current status or the current activities of our division, we will first present the background and what we have done for the past years.

So, our completed data, our data is from 2022, the supply and demand of our Philippine Tobacco. All the raw data that we used are from the Regulation Department. In our division, we analyze and process and the data from the Regulation Department to provide a clearer view of our supply and demand.

For 2022, the Virginia Tobacco had a production of 42,607 metric tons, 37.24% of our supply is locally produced and 62.76% is imported.

For Burley Tobacco, our gross supply was around 20,021 metric tons that year. We produced around 44.11% of Burley Tobacco that year and we imported around 55.89%.

For the Native Tobacco, our gross supply was around 20,555 metric tons and we produced 93.03% and we imported around 6.97%.

For Oriental Tobacco, all of those are imported since we did not produce Oriental Tobacco, or amounts to 4,483 metric tons.

In totality, our gross supply of tobacco that year is 86.126 metric tons, of which 50.87% are locally produced and 49.13% are imported.

For the gross demand, since we do not know the blending of cigarettes, we do not know the exact numbers of Virginia and Burley that they use per cigarette stick. What we did is to estimate and calculate our gross demand, we used the removals and exports of cigarettes and cigars and we computed the average of that through the results of our Quality Assurance Division.

That is why we had an estimation of how big our domestic production is. Our local demand for 2022 is 65,128 metric tons and our exported leaf, basically, that of Virginia, Burley and Native tobacco leaf, is at 18,173 metric tons.

In terms of percent share, we can see 78.18% is our local demand and in terms of exported leaf, we can see that it is around around 21.82% of our demand.

Now, to show where we are, where our Philippine tobacco is placed in our market situation, so, in 2022, according to the report I mentioned earlier, our supply is at around 86,126 metric tons and our demand is at 83,302. So, our supply minus demand, equals 2,824 metric tons, meaning, we can accommodate the demand that we have in the Philippines with the supply that we have.

So, let's say oversupply, surplus, we can address our demand, but we will also go back to our gross supply, we are at almost 50-50 level, 50% produced and 50% imported is our supply.

In terms of our import and export, or our trade deficit, for 2022, we can calculate our trade deficit by the difference between our import volume and our export volume. So, we can see here that our trade deficit is 24,139 metric tons.

What does a positive trade deficit mean? It means that our import is bigger than our export. We can consider the Philippines as an importing country of tobacco, rather than being an exporting country.

To know where we are sending our tobacco, this is the overview of our tobacco export in 2022.

Our total volume of exports in 2022 is around 18.17 million kilograms. The total value is around 113.12 million US dollars, and 18.53 million dollars came from Virginia Tobacco, 11.96 million US dollars from Burley Tobacco, and 82.62 million US dollars from Native Tobacco.

This is our percent distribution of tobacco exports, 55% of our exports are from Native Tobacco, 30% from Virginia Tobacco, and 15% from Burley Tobacco.

These are our top countries of destination of Virginia Tobacco, exported per country of destination in 2022. So, our top country of destination for 2022 is Belgium, with a share of 21.3% followed by USA (17.2%) and UAE (12.9%). The lowest volume of Virginia Tobacco is exported to Hungary.

We can see here that the highest value per kilo that we can sell our tobacco is in Germany, which is at PhP259.56 per kilo. Take note that the conversion of Peso to US dollar in 2022, is PhP54.50 to 1 US dollar.

Next is Burley Tobacco. This is where we export our Burley tobacco in 2022. Our top country of destination is Indonesia with a share of 34.1%. The smallest volume is exported to Croatia. The highest price that we can sell our Burley tobacco is in the US, which is at PhP312.08 per kilogram.

Next is the Native Tobacco. Our top country in 2022 is the Dominican Republic, with share of 33.6% of our total exported volume. The smallest is in Italy, with 0.01% volume share recorded.

There are also records of exports of Native/DAC Tobacco in the Philippines. There are 1,250 metric tons of them exported. In our opinion, we have to coordinate with the Regulations Department regarding this. But our initial thought was that it might be trans-shipment.

The highest price that we can sell our Native/DAC Tobacco is in Italy at PhP733.03 per kilogram, however, we were able to export only 0.6 metric ton or 0.01% volume share.

Dir. Padayao: Excuse me, does this include the Batek ones?

Engr. Reas: Yes, Ma'am. They are mixed, it includes all Native types of tobacco.

After we determine the top countries of destination of Philippine tobacco, we do country profiling. The top 10 countries in terms of volume that we identified are USA, Dominican Republic, Belgium, Indonesia, UAE, Taiwan, Germany, Korea, Sweden, and Netherlands.

The contents of our tobacco country profiling market research and development division are statistics about their exported tobacco from the Philippines, current trends of their tobacco market, current events about tobacco market within their respective country.

We get this information through the journals that are subscribed by NTA, tobacco magazines, and international private research organizations that conduct their studies.

This is our exported tobacco map. In the copies of our presentations, I will not go through them one by one. The top 5 are the countries that we presented in our country profiling.

The USA is one of the top countries of destination. What we see here are mostly Virginia Tobacco, at 26.05% of their volume share. We also have tobacco stems (25.28%), native/dac tobacco (24.57%), scrap tobacco (16.01%), burley (8.07%), and tobacco samples. The tobacco samples are small. We only sent 27.5 kilograms to the U.S (less than 0.1%).

I will just read the country profile that we got from our research about the USA. That year, or in 2022, high inflationary pressure in the USA had affected the consumption of cigarettes. Consumers tend to allocate more of their budget to essentials such as food and fuel.

That year, Philip Morris International Inc. acquired Swedish Match AB to compete with Altria Group Inc. for the smoke-free tobacco products in the country. This is an example of the content of our country profiling.

We also have this country profiling for the Dominican Republic, Belgium, and Indonesia.

Currently, because we can already see the situation of our tobacco market, the Market Research and Development Division is doing an activity which is a market survey for tobacco manufacturers, importers, and exporters. The main objective of this market survey is to have a clear view of the tobacco industry in the Philippines. This market survey is the initial study for us to identify export opportunities of our Philippine tobacco.

Some of the questions that will be asked to the identified respondents are the following: the current trends of products they manufacture, import, and export; the current challenges that they face in manufacturing, importing, and exporting; the opportunities they identified to expand their market.

These are our sample survey questions for importers. Of course, this is compliant under the Data Privacy Act. We will not say which company answered the following questions.

For example, what kind of tobacco and tobacco products have you been importing from other countries for the last 5 years? We will ask them the volume and value share. We can confirm it thru the Regulations Department record. Of course, our data on RD is better because they are applying for their certificates there.

These are our sample questions for importers. This is another question for importers locally and internationally. What are the problems that you have encountered as a tobacco importer? What are the actions that you have taken to resolve these problems? For example, we have one respondent who answered illegal smuggling of tobacco.

These are the questions for manufacturers, what is your perspective and experience as a tobacco manufacturer? What are the existing markets for tobacco locally and internationally? We also want to know this.

Lastly, for exporters, these are our questions for them. What are the types of distribution channels that you have used in exporting tobacco products to other countries? Where are they being sold? How are they exporting tobacco to other countries?

This is the current status of the study. Based on the data we requested from the Regulations Department, we identified 55 participants in 2023. We gave invitation letters sent by our NTA Administrator, Ma'am Belinda Sanchez. After they confirm that they will participate in our market survey, we will send our questionnaires to them.

After they respond, we will conduct a face-to-face interview for them to confirm and validate so that we can talk to them about their responses. Currently, as of Sept. 20, 2024, only 6 participants have agreed to participate in our survey, and only one has answered our survey.

That's would be all on my end, Sirs and Ma'am. Thank you.

- Atty. Obusan: Thank you, Ma'am Myrna and Engr. Renzo. The floor is now open for any comments or discussions from Members of the Governing Board.
- Mr. Sarmiento: With the permission of Madam Chair, in terms of tobacco production, what is the rank of the Philippines?
- Engr. Reas: Sir, we are not that high. I cannot give the exact ranking, but we are not that high in terms of tobacco production.
- Mr. Sarmiento: Can we share this presentation to the provincial or municipal level? For them to know the current percentage level of our export and import as compared to the volume of our locally produced tobacco. Because they understand the capping, under R.A.'s 8240 and 7171. But in terms of production, they seemed to compete with other LGUs in terms of campaigning to plant more.
- Mrs. Lozano: Actually, Sir, we can release these reports. The reports are available. We can send them to Branch Offices so that they can disseminate it accordingly to the LGUs.
- We have current market for exportation. So that our farmers can be encouraged to plant more.
- Mr. Sarmiento: That is why I asked earlier, in terms of production, so that they will know what is the current tobacco type which has a higher market demand. For them to know, what type or subtype do they need to plant more.



It will be up to the provincial government, especially the Governors and the Municipal Mayors to decide what type or subtype of tobacco to plant within their respective localities.

Mrs. Lozano: Yes, Sir. Because data on importation is a good gauge, a measure that we need to expand. So that we don't import anymore. Then the trade deficit, we import more than we export. So, to replace the importation, we need to produce more locally. Subsequently, we will increase what we export. Because, like earlier, there are a lot of countries that are very willing to buy our tobacco.

DAOP Casela: This is a very good means to export this data or have it in public. Because we are supported by the data on this from the Regulations Department. So that the private sector can see, the farmers and the private sector, the true picture of the pricing.

Ma'am, based on your observation, are the farmers content with the price?

Mrs. Lozano: This year, there was an interplay of demand and supply. There was high demand, but low supply, resulting into higher buying price. That is why, even if the quality is low, the field canvassers, they buy expensive tobacco. Because they're chasing the price.

Then we saw the grading, because when we did the sample, we reclassified the grade. Although the grading is low, there are still many that are high. But the price is more than the price of AA. Those are the true pictures. This is favorable to the farmers. That is, it. Maybe next year, we will have more tobacco farmers.

Mr. Sarmiento: Now, if we can present this to the farmers, hopefully, in the coming years, if we can maintain the high buying price, and we can show to them that their profit is steady in tobacco, at least, maybe we can encourage more farmers to go back to planting tobacco.

Mrs. Lozano: Yes, Sir.

Mr. Sarmiento: Because currently, in Ilocos Norte and Ilocos Sur, some farmers have shifted to planting eggplant and onions because of its higher farm gate price. Also, the production cost is much lower to that of planting tobacco.

Hopefully, we can change that if we can maintain the high buying price of tobacco in the coming years.

Mrs. Lozano: Our purpose in our interview is to find out what is the problem of the exporter. Is there a shortage in the tobacco he exports? Does he have a future client abroad? To tell them about the shortage, we can encourage our partners to produce more.

- Mr. Sarmiento: If we give a copy of this presentation to the Governors and the Municipal Mayors, are we not violating any policy of the agency?
- Mrs. Lozano: Sir, because once we released the data, and we gave a copy to the provincial government, LGUs, and others, it became a public document in the process. There is no problem with that, I think.
- Our recommendation is that the Native Tobacco is good because our exportation is big on that. But then, it still depends on our buyers and what the demand is. If the buyer says, they need Virginia like this, or nicotine level of like this, that is the problem. We have to comply with their requirements.
- For the Native Tobacco, especially the NAB, our problem is that a company monopolizes it. But if we can't penetrate that, that's the problem. Because they are the only ones buying the NAB, and they are the ones exporting it.
- There is no participation of the NTA in their export. They just need to secure ECC, or ICC from us, and that is it.
- Dir. Guzman: With the permission of the Chair, I want to know what is the bulk of our importation? What is the variety of the bulk of the tobacco that we import?
- Because the importation and exportation are almost at 50-50 level. I want to know what is the bulk of the tobacco we import? So that we can address it locally, so that we will not import anymore in the future. Any data?
- Mrs. Lozano: Sir, here we can see that the bulk of what we import is the Virginia Type tobacco. We can provide the exact data in 2023, but we have not processed it in this format yet, but as per records gathered, it is still Virginia.
- Dir. Guzman: How many kilos? Is there also data regarding how much we bought Virginia type tobacco from other countries or other sources? In relation to what we are selling abroad, is the cost of importation equal or higher?
- Engr. Reas: We have these data Sir, but as of the moment, we do not have it with us. We will just include this information in our next report, tomorrow, during the Board Meeting.
- Dir. Guzman: Okay.
- Dir. Padayao: Maybe we should also filter the information. Because in other countries, like Brazil and China, if they have oversupply, the price is really cheap. But our manufacturers do not tell the truth. They grab the opportunity that imported tobacco is cheap. Don't you

notice when they usually say, are you are going to plant it? It is much easier to import cheap tobacco. That's how it is.

Maybe that's the role of our regulation. We must regulate also importation, in order to protect locally grown tobacco.

Mrs. Lozano:

I have an observation. Some manufacturers, they tend to import cheap tobacco in large volume, then have it stored. Because they can afford not to sell their tobacco for a period of three years, while this is cheap in international markets. They wait for the proper timing to sell it.

For the businesses, they have trade secrets. They monopolize everything, like the LP2 and LP4, because they are buying it as Native type. Since the LP2 and LP4 are used as Native type in other countries.

If they share the information on that, our farmers will surely see it and they may shift to planting these tobacco types. Because those are high yielding varieties.

Also, if we should keep expanding the Native and the Burley types, because they use these types in the blend of cigarettes, then maybe, we should just choose the type of tobacco that we will plant.

DAOP Casela:

If we are campaigning for expansion, definitely the LGUs will help. Ultimately, here comes the problem with R.A. 7171.

They only consider the volume, not the quality. That's the deficiency. That's what we saw. Our tobacco is of low quality. It's indicated there. It's included in the total production, it's the total volume that is considered only.

The LGUs will always provide assistance to the tobacco farmers, because frankly speaking, they are counting their share from the excise taxes collected.

Under R.A. 7171, which covers Virginia Type tobacco producing municipalities, the cap is PhP17 billion. If you compute the PhP17 billion, over the total national production, that's the price value per kilo for the national.

For the Burley Type tobacco, covered by R.A. 8240, it's PhP4 billion over the total production. That's how it's calculated. That's a big difference. Thank you, Ma'am.

Mrs. Lozano:

Sir, that's just our recommendation. It's the basis of our study. It's up to the top management to decide if our recommendation is accepted or not.

Atty. Obusan: Thank you very much, Ma'am Myrna. Any other comments from the Members of the Governing Board?

Dir. Padayao: Ma'am, I hope that the questions you included in the survey should answer your objectives and expected outcomes. So that's one thing. Look at the prepared set of questionnaires that should answer all the objectives that you have to formulate.

See if the question can be improved. And your questions, don't include business secrets, be very careful with this matter.

Mrs. Lozano: Yes, Ma'am.

Dir. Reyes: Ma'am, you said in your presentation that, currently the ratio of importation and local production is almost at 50-50 level?

In terms of quality, the local tobacco is approximately of the same quality of the imported.

So, what I mean to say, if that's the case, then, cigarette manufacturers can absorb all of the local production, without the need to import?

So, it means that there is a tendency that we can add local production to reduce the importation.

Mrs. Lozano: Sir, the manufacturers, they also have a target yearly or every five years, that is how they produce cigarettes. They have long-term projections. They also have projections on how many they need to import. Now, if this is how the Philippines will produce, they can't reach the target, so they import in advance.

Also, they maintain their blend and by maintaining it, it entails them to import tobacco from other countries, ito po yung under din sa kanilang trade secrets. Since it is a free trade, hindi po natin sila pwede pagbawalan na mag-import.

*(There was also a short discussion on the possibility of putting up a communal curing barn as suggested by Mr. Sarmiento. He inquired if in the event that it was done in San Juan, if there are no rules and regulations as imposed by the NTA will be violated, DAOP Casela replied that it is allowed.)*

Atty. Obusan: Any other discussions? If there is none, we now move on to our next agenda.

**B. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: Dir. RAY A. ELAYDO  
Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

1. **REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING NATIONAL TOBACCO ADMINISTRATION (NTA) TO ENROLL ITS BANK ACCOUNTS UNDER THE LAND BANK OF THE PHILIPPINES (LBP) TO ELECTRONIC MODIFIED DISBURSEMENT SYSTEM (eMDS)**
2. **REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING NATIONAL TOBACCO ADMINISTRATION (NTA) TO ENROLL ITS BANK ACCOUNTS UNDER THE LAND BANK OF THE PHILIPPINES (LBP) TO INTERNET BANKING FACILITY KNOWN AS "weAccess"**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, together with Ms. Milagros C. Tiu, Manager, Finance Department.

DASS Savellano: To our Administrator, the Honorable Belinda Sarmiento Sanchez, Members of the Governing Board present, Director Padayao, Director Reyes, Director Serna, Director Guzman, and Director Elaydo, Deputy Administrator for Operations, Mr. Casela, Special Assistant to the Administrator, Mayor Ben Sarmiento, to our colleagues at the National Tobacco Administration, Department Managers, Branch Office Managers, and Central Office Managers, and also to our Board Secretary, good morning po sa ating lahat.

The request is in line with the directive of His Excellency, President Ferdinand Marcos, Jr., during his last SONA, directing all government agencies to digitalize all public services as contained in Malacanang Executive Order No. 170, May 2022, the adoption of digital payment of government disbursement and collections.

In line with the request, Your Honors, there are two requests, actually, Agenda B1 and B2. One is the enrollment in the electronic modified disbursement system (eMDS) and enrollment in the bank accounts under the Land Bank of the Philippines to internet banking facility known as "weAccess".

It is earnestly requested for the issuance of a Board Resolution authorizing NTA to enroll its bank accounts under the Land Bank of the Philippines, to the electronic modified disbursement system (eMDS), and also the internet banking facility known as the "weAccess".

The internet banking facility is the interbank provider, which will set how the transactions will be conducted, while the electronic modified disbursements, these will be the transaction types that the NTA will be utilizing under such internet banking system. The modules are fund transfer, bill payments, ATM payroll, ACIC file upload, auto-debiting requests, current account services.

In furtherance of the request, we are requesting the following officers and personnel to be given authority and providing the functions to be undertaken as stated.

Also, the existing Memorandum of Agreement (MOA) on ATM Payroll Facility shall also be amended, updated, to fully comply with the rules, regulations, and provisions of the AMLA, and eCommerce and the directive on digitalization towards better public delivery.

To further discuss the details on the authority and other necessary guidelines, may we request Ma'am Mila to answer queries if ever there are.

Dir. Serna: Madam Chair, if my colleagues will agree with me, I think there is no need for further discussion on this, because this is a banking requirement in our banking system. I then so move for the approval of these two agendas.

Dir. Elaydo: I second the motion.

Dir. Padayao: Just a clarification, Ma'am Miles, with this new system of banking transactions, how would it affect the usual conduct of transactions in the present system? What will be its effect? Will it be more efficient?

Ms. Tiu: Good morning, Ma'am Bel, to the Members of the Governing Board and to the Deputies, Mayor Ben, and to the Department Managers and the Branch Managers, also to Atty. George, good morning, everyone.

Actually Ma'am, this is not new. We already have the old Board Resolution in 2022 and in June 2024 for these bank requirements. We are just updating. We already have it before.

As regards to online, we used to transfer funds through issuance of checks. Now, it can be transferred online. It just needs a debit memo, but it is basically the same.

Dir. Elaydo: So, this will be more efficient?

Ms. Tiu: Yes, Sir. We are also moving to paperless transactions.

Dir. Padayao: If this system would be adopted, of course, your workload would be lessened?

Ms. Tiu: Yes, Ma'am.

This holds true even to farmer beneficiaries. In the TCGS, we can also have cashless issuance of assistance, not thru checks. Sir DAOP, perhaps you can explain this. It's related to the cash card that we are talking about.

DAOP Casela: There is an initial talk already with the Land Bank with respect to the assistance we are providing to the farmers. Because year in, year out, we are doing this. And there is that intention to adopt this online system. Let's say if there is assistance by NTA, if there is an account, accounts of farmers, that's where we will deposit the assistance.

But according to Madam Mila, if this will be established as an agreement between NTA and Land Bank, there should be a Memorandum of Agreement. If Ma'am Bell would agree to this, then we can facilitate transaction, and this would benefit also our farmers.

Admin. Sanchez: Why not? I am amenable to this; I will sign the MOA. Just prepare it.

Ms. Tiu: Thank you, Ma'am. In relation to that, Sir DAOP, there is also part of that module that we could avail. Those are parts of the type of transactions that NTA will be availing of with this digitalization. So that we can access many transaction types to facilitate this.

Dir. Padayao: Ma'am Mila, going back to the earlier discussion on the late release or transfer of funds of their projects for branch offices, wala ba tayo magagawa dito?

Ms. Tiu: Actually Ma'am, we are the not the ones who decide when the requests or the vouchers in this case will arrive here at the Central Office. They are the ones who are preparing the vouchers. Once we received it, we always process it right away. The delay does not come from the Finance Department.

Dir. Padayao: Maybe, let's fix the system. Because their understanding, in the Branch Offices, when the budget is approved, maybe, it will be transferred automatically or electronically to them.

But if you have a requirement, maybe, it must be prepared early.

Ms. Tiu: Ma'am, the Budget Division now, have a device for monitoring, and they will have to update it monthly, for us to monitor the utilization of all projects. When they do it properly, it will be faster.

Because, there are instances that some Branch Offices, they still have money. In that case, we don't release it right away. For example, they have 30% savings, they usually exhaust it first.

DASS Savellano: It seems like the research projects are requesting a lot for their cash flow. That is why, a while ago, Your Honors, we were trying to provide that we need to sit with the Finance team and the Branch Offices to gather the data on what's really going on.

Like what Ma'am Mila was saying right now is of course, there are documentary requirements needed to initiate the transaction that will comply with the fund transfer. So, if that would be the case, there are internal procedures that are being put in place. At the same time, they also have a control mechanism that they don't just download and download to at least control the funds.

That is what we will do on our part with the Finance Department and of course, in coordination with the Operations Group under DAOP Casela, particularly our Branch Offices. And of course, Ma'am Mila will also coordinate with our accountants so that at least the funds are fully expended because like what she said, there are excess funds. So, that is the plan so that at least we can find a way during that cycle to still use the funds on the same quantities related to the program expenditure.

For example, PhP1 million is requested for the project, then PhP 500,000.00 is only expended for that particular project, then why did you propose PhP1 million in the first place? That is what we also need to answer when we attended budget deliberations.

Why did you not fully utilize your funds? We are the ones who answer these questions. If you requested funds, we expect you to fully utilize it.

In terms of fund utilization, we have a commitment to GCG, we have a commitment to DBM, we have a commitment to Congress, Senate, and so on. The effect of that is agency-wide, not just in one branch. Because when we requested and we don't expend it, we will also be called by the DA, because where is your catch-up plan? They will still do that if you don't utilize it.

Because it's expected that everything that we requested will be utilized 100%, up to the last centavo, because your proposal is already there. If you don't utilize it, that's where we have a problem.

That's what we need to understand when making a budget proposal. The implication of what DAOP said that we have to be realistic and prudent in preparing the budget. Maybe we have to make them understand the consequences when we need to defend the utilization of our budget.



It doesn't mean that it has surplus, it's automatically savings. Like what was mentioned, maybe there are expenses that were sacrificed that the programs were not implemented well. Because of the sacrifices.

So that's it. Maybe we have to be prudent and realistic when making a budget proposal.

We're not singling out the research. This is true to all of our programs, projects, and activities mentioned. Let's work hand-in-hand so that we can improve the system. Thank you.

Atty. Obusan: Thank you so much, Sir DASS. Any other comments from the Honorable Members of the Governing Board?

Anyway, the pending motion earlier was already approved and duly seconded, meaning we are now finished with these two agendas under the Committee of Board Audit and Finance.

**THE REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING NATIONAL TOBACCO ADMINISTRATION (NTA) TO ENROLL ITS BANK ACCOUNTS UNDER THE LAND BANK OF THE PHILIPPINES (LBP) TO ELECTRONIC MODIFIED DISBURSEMENT SYSTEM (eMDS) is hereby APPROVED.**

**THE REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING NATIONAL TOBACCO ADMINISTRATION (NTA) TO ENROLL ITS BANK ACCOUNTS UNDER THE LAND BANK OF THE PHILIPPINES (LBP) TO INTERNET BANKING FACILITY KNOWN AS "weAccess" is hereby APPROVED.**

Atty. Obusan: May I ask if we're going to continue or we're going to suspend for lunch break? We still have four agendas to tackle.

Dir. Serna: Madam Chair, I move for a 30-minute suspension to have our lunch. Thank you.

Dir. Guzman: I second the motion.

Admin. Sanchez: It has been moved and seconded, meeting is suspended. We will resume at 1:00 PM. So, Ordered.

Atty. Obusan: We will resume at 1:00 PM. To online participants, you can also have your lunch first. Thank you.

*(Lunch break from 12:30 PM to 1:00 PM)*

Atty. Obusan: Good afternoon, everyone. We now continue with our Joint Board Committee Meeting and we now move on to our next agenda.

**C. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**1. REPORT UPDATE ON THE USUFRUCT AGREEMENT BETWEEN THE NATIONAL TOBACCO ADMINISTRATION (NTA) AND THE PHILIPPINE RED CROSS (PRC) – ABRA CHAPTER**

Atty. Obusan: Madam Chair, may we recognize the Resource Person, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, together with Engr. Abraham C. Dela Peña, OIC for GSPD and yours truly as legal adviser to the Asset and Inventory Management Committee headed by Sir DASS.

With the permission of Sir DASS, I will just give a brief update regarding the Usufruct Agreement between NTA and the PRC Abra Chapter. On September 20, 2024, I am happy to report before the Honorable Members of the Governing Board that this agreement was already signed and notarized and kudos to the efforts of Engineer Abraham C. Dela Peña, he personally hand-carried the contract. It was signed by the Representative from the Philippine Red Cross Chapter, Abra Chapter on the abovementioned date and on the same day, it was notarized.

Attached in your respective folders is the copy of the Usufruct Agreement for your perusal. Already incorporated here are the suggestions of Director Gerry Virgilio V. Guzman regarding the inclusion of the proposed Land Development Plan as an integral part of the agreement. It was stipulated under No. 2 of the Usufruct Agreement.

With regard to the recommendation of Honorable Usec DV Savellano regarding the setting of timeline for the PRC ABRA Chapter to commence its land preparation and securing activities. Your Honors, we give them six months from the date of the signing of the agreement to commence such activities. Otherwise, if they fail to do so, it can be a ground for the termination of the contract. And with that, there's no longer need for a demand or a court order. Their failure means that they will surrender the occupied parcel of lot.

So, with that, Madam Chair, may we recognize Engr. Abe, if he would like to add something related to this agenda.

Engr. Dela Peña: Yes, good afternoon and with the permission of Madam Chair, in addition to what Atty. Obusan have said, timeframe for the Philippine Red Cross ABRA to construct their new building is set to be done by this month.

During the signing the document, Atty. Parado told me that as per the Chairperson of the Philippine Red Cross Abra Chapter, they will be constructing their new building starting next month until the second week of November. This is because they will be outsourcing manpower to do the job. That's the additional info and updates for the timeframe from my end. Thank you.

**DASS Savellano:** Before we end discussion on this agenda, Your Honors, just a quick rejoinder lang po sa report nila Atty. Obusan and Engr. Abe. We would like to express our gratitude to our Administrator for advocating the said agreement.

Of course, we would like to thank also the efficiency of those who undertook the endeavor of having the documents updated and signed. So, we commend the efforts of Engineer Abe and special kudos to Atty. George Obusan, who was very efficient and proficient in coming up with the Usufruct Agreement and incorporating all others, the recommendations from the Board. So, we commend them, Your Honors. Thank you.

**Atty. Obusan:** Thank you for the kind words, Sir DASS. Another update before I forgot, Your Honors, regarding the Memorandum of Agreement and Side Contract Agreement between the NTA and DAR. It was already notarized last September 17, and a copy of the contract was already forwarded to the Department of Agrarian Reform.

Later on, this week, because I will need to coordinate with the Legal Department also of DAR regarding the two security guards currently assigned in the Rosales, Pangasinan Branch Office of the NTA, as relayed to me by our Administrative Dept. Manager, Ma'am Zeny Arrojo.

I will also coordinate with DAR regarding the specific timeline on their intended takeover of the said branch office. Actually, may initial coordination na po tayo with Superb Security Agency informing them regarding this Memorandum of Agreement between NTA and DAR, and that we will be requesting the termination of the services of the two security guards effective upon the takeover of DAR. Siguro after po noon, matanong ko na rin po kung kailan yung possible target date nung consideration that they have promised, kung kailan po ito ma-download sa NTA, yung PhP20,000,000. As previously agreed, upon.

**DAOP Casela:** Another rejoinder, Ma'am. I talked with Manager Madriaga during the Techno-Updating seminar and informed him the necessity of transferring all NTA's belongings to Villasis, Pangasinan. I think this is in compliance with your issued Memorandum, Ma'am Bel, regarding the immediate transfer of all belongings of NTA. Thank you.

DASS Savellano: Also on the part of the support services, we are currently monitoring also the winding down of the activities of said area so that we could also provide the necessary support in securing and also transferring some of the properties of NTA, to the main branch in Villasis. And again, kudos again to the excellent work of Atty. Obusan for taking the pains in reviewing the documents between the two agencies.

We feel your pain. We express our utmost trust and confidence to Atty. Obusan in gathering all the data and coming up with the necessary agreement so as not to put our agency especially Ma'am Bel on the battle line. Particularly there are certain issues and concerns that were raised during the discussion of this matter. We thank our Board Secretary, Atty. Obusan for doing his job.

Atty. Obusan: Again, thank you Sir DASS. We now move on to our next agenda.

**D. COMMITTEE ON NOMINATION, REMUNERATION, AND PERSONNEL ADMINISTRATION**

Chairperson: Administrator & CEO BELINDA S. SANCHEZ

Members: Dir. RAY A. ELAYDO  
Dir. JESSIE PAT M. SERNA  
Dir. WILLORD L. REYES

**1. REQUEST FOR ISSUANCE OF A BOARD RESOLUTION APPROVING THE CONTINUED GRANT OF ANNUAL GROCERY ALLOWANCE NOT EXCEEDING AN AMOUNT OF PhP10,000.00 TO NTA EMPLOYEES RETROACTIVE TO CALENDAR YEAR (CY) 2023**

Atty. Obusan: Madam Chair, with the permission of Sir DASS, I'll be presenting also this agenda. This is in relation to the grocery allowance that was released to 288 NTA employees totaling to PhP2,880,000.00 at PhP10,000.00 peso each last calendar year 2023.

Last May 2, 2024, we received an Audit Observation Memorandum from COA asking the NTA top management on what is the basis in the giving out of such a grocery allowance. During the exit conference, there was an agreement that the COA will give us an ample time or until December 31 of this year to secure an approval from the Office of the President regarding the grocery allowance. Thus, the finding was not included in the Annual Audit Report. In the event that we're not going to be getting an approval from the Office of the President, a subsequent Notice of Disallowance will be issued to the agency and also to the employees that received the grocery allowance.

With that in mind, on July 3, 2024, with the initiative of the NTA Employees Association, they wrote to the President through the office of the Former Chief Justice Lucas Bersamin regarding this,

seeking an approval through him from the Office of the President. Among the cited reasons are that during the implementation of the CPCS, which standardized bonuses and allowances and other benefits among GOCCs, this eliminates the benefits not common among the national government agencies, including the grocery allowance.

In this letter, they reiterated that the continued giving out of the grocery allowance resulted from the austerity measures implemented by NTA personnel that reduced the government spending of the agency. The savings from these measures funded the grocery allowance. And then it further reiterated that employee benefits should not diminish with changes in the salary structure within the bureaucracy. Since the NTA are giving out this grocery allowance for such a long time, it has ripened already to a customary practice and as such, the sudden scrapping of it is tantamount to diminution of benefits.

However, on the reply letter dated July 18, 2024, from the Office of the Deputy Executive Secretary for General Administration, NTA is advised to seek the comments and or concurrence of the Governance Commission for GOCCs on its request pursuant to Executive Order No. 150, Series of 2021. Eto na po yung sa CPCS na implementation.

We received another letter recently, only two days ago from the GCG informing us that since the GCG does not receive any further communications from NTA, the NTA's request is hereby deferred. It also reiterated that all additional compensation outside of the CPCS shall be approved by the Board, and endorsed by the Supervising Agency, recommended by the GCG and approved by the President of the Philippines.

With that in mind, Madam Chair, the request for issuance of a Board Resolution approving the continued grant of the grocery allowance and retroactive to calendar year 2023 is requested, just to comply with the necessary requirements that will enable us to request a recommendation from the Honorable DA Secretary Francisco P. Tiu Laurel Jr.

This is respectfully submitted before the Honorable Members of the NTA Governing Board, hopefully for your approval, your Honors.

Dir. Serna:

Madam Chair, how come that it is only this time that there is an issuance of a Board Resolution needed whereas in previous years we are not doing this? It is stated here that retroactive to calendar year 2023, and that's the time when Madam Belinda takes over as the Administrator?

Atty. Obusan: Thank you, Honorable Director Serna. Because it's only in 2023 when CPC was implemented. Previously, agencies have a leeway in giving out such bonuses and extra allowances. However, when CPCS was implemented, it standardized these allowances and bonuses.

Dir. Serna: What will happen then if the Sec. Tiu Laurel will disapprove our request?

Atty. Obusan: On our end, Honorable Director, there is no harm in trying, anyway if we will not act on this, COA already told us in the exit conference that if we are not going to be able to secure an approval from the Office of the President, subsequently a Notice of Disallowance will be issued to us. So, personally for me, there is no harm in trying.

Who knows, maybe we will be able to get an approval from the Office of the President.

Dir. Guzman: Madam Chair, may I be recognized? Anyway, Christmas is just around the corner. I move for the passage of the resolution for this purpose, Madam Chair.

DASS Savellano: In addition, Your Honors, you could surmise also from the letter of the GCG requesting us to submit the necessary documents like the letter of request and including the approval of the Board. If ever it is not positive to them, they would not have deferred this said action. They should have immediately denied the request.

We are positive that the documentary requirements and the approval of the Governing Board are the necessary attachments to said request for them to fully endorse our request to the Office of the President. With that, Madam Chair, I reiterate my motion for the passage of the requested resolution.

Dir. Elaydo: There's an earlier motion, I second the motion.

Atty. Obusan: Thank you, Directors Guzman and Elaydo.

**THE REQUEST FOR ISSUANCE OF A BOARD RESOLUTION APPROVING THE CONTINUED GRANT OF ANNUAL GROCERY ALLOWANCE NOT EXCEEDING AN AMOUNT OF PHP10,000.00 TO NTA EMPLOYEES RETROACTIVE TO CALENDAR YEAR (CY) 2023 is hereby APPROVED.**

Atty. Obusan: With that, we now move on to our next agenda on Other Matters.

## 1. BUYING SYSTEM OF VIAJEROS

Atty. Obusan: Madam Chair, may we recognize Attorney Rohbert A. Ambros, Manager, Regulations Department, to render his report regarding this.

Atty. Ambros: Thank you. Good afternoon to everyone.

This presentation actually was requested by Usec DV Savellano last Board Meeting about the Buying System of Viejeros and the Procedure in the Import and Export of Tobacco and Tobacco Products.

We will first tackle about the Buying System of Viejeros. So as a brief background, "viajero" is a Spanish term for traveler or sometimes referred to as passenger. Viajero kasi, always on the go sila. Walang eksakto kung kailan nagkaroon ng viajeros actually, pero based dun sa mga historical account natin, since Batek is a Native tobacco, so presumably, this is one of the varieties that the Spaniards brought into the Philippines. So, mga 1500s yan or 1600s. They operate mainly in Visayas and Mindanao, where Batek is predominantly produced. Also, they are operating in some parts in Region 1, particularly in Pangasinan and La Union.

More recently, bago lang ito sa Cagayan province, merong pinalisensyahan si Manager Gilbert na mga viajeros in Cagayan kasi meron ding Batek na tinatanim doon.

Kailan ba na-regulate itong mga viajeros? So from the time na nag-operate sila, noong 1989 lang sila na-require na mag-register with the NTA when there was already a merger among the 8 tobacco agencies into the NTA.

May na-establish na Cagayan de Oro Branch Office before from 1989 until 2007. Noong 2007 na-abolish po yung Cagayan de Oro branch natin. Pero for now, meron naman tayong mga outreach personnel na nag-re-regulate or nagbabantay ng trading ng Batek sa Mindanao area.

Viajeros before, they are considered as cowboys kasi very mobile sila, kung saan sila nakikita. Pero yung cowboys na ginagamit natin sa Region 1, pinalitan natin ng field canvasser para ma-erase ang negative connotation sa kanila. Kasi ang cowboy before, kahit hindi na nila kakontrata, binibili pa din nila.

Doon naging rampant noon yung pole-vaulting na tinatawag natin. Para ma-professionalize ang mga cowboys natin, pinalitan natin ng pangalan. Of course, may mga bagong regulatory requirements tayo na in-impose sa kanila.

Ano ang pagkakaiba ng viajeros and field canvassers, or large buyers? Sa field canvassers, they should be accredited by a buying station kasi doon nila i-deliver later on yung mga nabibili nilang tobacco.

So kapag nag-trade and ang bumili ay viajero, immediately meron na siyang in-issue na COP, we call that Certificate of Purchase, and binabayaran na rin niya yung RNR fees para doon sa documentation.

In contrast, sa field canvasser nag-issue siya ng COP pero ita-translate pa yan into PIV pagka nag-deliver na sa buying station. Otherwise hindi ma-document ang kanyang purchase. Kasi si buying station ang magbabayad ng RNR fees, hindi si field canvasser.

Sa field canvassers in Region 1, color-coded siya and location-specific. Kung ano lang yung kulay ng license na binibigay natin sa kanila, doon lang sila sa province na pwedeng bumili. Kung bibili sila sa ibang province, they have to apply for another license from another branch office.

Basically, yung system of buying is the same. So ano ba yung process flow natin kung paano tini-trade ang mga Batek from farmer to viajeros? So yung farmer pupuntahan siya ni viajero from their farm tapos yung tabako ay dadalihin sa Bagsakan Center/Tabo System thru auction sale. Kung sino yung highest bidder siya ang makakakuha ng tabako.

Take note na si viajero hindi kaagad siya mag-issue ng COP or magbabayad ng RNR fees. Pag nabili na from the Bagsakan Center, nabili na yung tabako niya, saka lang siya mag-issue ng COP and magbabayad ng RNR fees.

Kung mayroon pang natitira doon sa dinala niya sa Bagsakan Center, naka-stock lang muna ito. Mag-wait uli sila for another round of auction sale, this is according to Ms. Mercy kasi nakausap ko siya previously kung ano yung system and kung paano sila nagdo-document ng tabako purchases ng mga viajero.

So noong 2019, 1.7 million kilos lang yung volume ng Batek. As years went by, nag-increase siya, pero medyo bumaba lang ng konti sa 2023. Right now, August pa lang pero nasa 5.7 million kilos na yung documented volume ng Batek. We still have September, October, November, December, 4 months to go, so tataas pa siya, baka abot yan ng 6 million plus kilos.

In Mindanao, hindi pa na-harvest yung 2nd cropping nila. Nakatanim pa yung 2nd cropping nila sa ngayon.



Batek tobacco are not subject to tobacco excise tax but production of this type is entitled to a share from the tobacco excise tax collection under R.A. 8240.

So kahit hindi sila nagbabayad ng excise tax, we have to allocate share for the LGUs.

Batek tobacco are consumed as raw leaf or partially processed into "Mascadas". Parang pina-pack lang siya into smaller packaging.

And this year mag-umpisa na tayo yata ng Batek sa TCGS?

DAOP Casela:

Not yet?

Atty. Ambros:

Ang hindi ko na-ilagay pala diyan, ang Batek is exclusively for local consumption lang.

Wala pa din kaming nare-record na Batek tobacco for export. That is all from my end on this agenda. Thank you.

Atty. Obusan:

Any comment from Members of the Governing Board?

Dir Padayao:

Paano kung madaming na-register na mga viajeros? They or some cannot purchase?

Atty. Ambros:

Dito sa ginagawa natin na certificate of production, we based yung ating certification doon sa validated area.

For now, Ma'am wala kasing validation pa ng area sa Mindanao.

Dir. Padayao:

Meron ba tayong control when it comes to documentation ng Batek production? Baka kasi hindi natin alam may nagagaling din sa Visayas area, and hindi tayo nag-certify ng production sa Visayas kasi wala namang report ang ating mga staff na may mga nagtatanim in this area.

DAOP Casela:

But little by little, we are going to that point na lahat ng mga nagtatanim na provinces, will have a fair share doon sa excise tax natin.

Dir. Padayao:

Ang effect kasi nito kung ganito kataas yung production sa Mindanao, kawawa naman yung sa Northern Luzon na mababawasan yung share nila.

DAOP Casela:

We do understand your concern, Ma'am.

There is motivation for Mindanao farmers to plant Batek because of the high prices. Meron silang sariling technology ng production. Hindi nila ina-adopt yung NTA recommended na may certain number of bags na fertilizer na dapat gagamitin.

Meron ding tinatanim sa Ilocos Norte at Ilocos Sur, pero hindi siya same quality ng La Union at Pangasinan, and especially in Mindanao.

Hindi masyadong maganda dahil hinaharvest ng green pa, and yung maturity is affected.

Atty. Obusan: Any other comments? If there is none, we now move to our last agenda for the day.

## **2. EXPORT, IMPORT & TRANSHIPMENT PROCEDURES OF THE NATIONAL TOBACCO ADMINISTRATION**

Atty. Obusan: Again, Madam Chair, may we recognize Atty. Rohbert A. Ambros to render his report.

Atty. Ambros: Thank you. So, kanina na habang nagpresent sila Ma'am Myrna, may mga data sila na pinag-present pero 2022 yun. Meron din akong data pero more updated kasi 2023 yung basis natin.

For our legal basis for the regulation of the exportation, importation and transshipment of course no. 1 is yung charter ng NTA, under E.O. 245. Based on this charter we issued yung rules and regulations covering these activities, over sales, distribution, import and export of tobacco and tobacco products, including ingredients na ginagamit for manufacturing, and yung machine itself and spare parts. So dumadaan po lahat yan sa atin, we collect fees for those activities. Particularly in the issuance of import and export commodity clearance and inspection.

So ito po yung flowchart ng ating licensing procedure, submission of application to OAD, regulation department to process everything, then pagbabayad ng regulatory fees, and then i-recommend namin ng DAOP to Administrator for the issuance or approval of the application, finally the office of the Administrator releases the approved application directly to the applicant.

Ano naman yung ginagawa natin sa issuance ng commodity clearance? Almost ganoon din yung procedure, DAOP and I will recommend the application for approval ni Administrator and release ng approved na commodity clearance sa office pa rin ni Administrator.

Then pupunta na si Inspector sa location ng commodity. After ng inspection, mag-issue na lang certificate of inspection. The inspectors conduct inspection at the warehouse of the entities.

Kapag i-load na yan or malapit nang i-load, pupunta na ang ating inspector doon and then i-check kung kompleto o tama yung description ng commodity. Then iri-release natin kaagad sa

applicant para ma-process na niya yung release ng commodity niya from the Customs office. Kasi medyo matagal ang issuance ng clearance sa customs so mauuna muna ang application sa atin. Kung ano yung document na makuha nila from NTA, it shall be part of the documents to be submitted sa Customs.

Ang no. 1 na ini-import natin is of course Virginia followed by Burley, then Oriental Tobacco, then Native and Others, the sum of which are very minimal 64,109.80 kilograms lang, 0% nga yung share niya.

Yung Virginia natin is predominantly galing sa Brazil, galing sa Malawi, some of which galing din sa China, followed by Belgium with 1.987 million kilos, and Indonesia with 1.971 million kilos. Yung number 4 is Philippines, constructive importation kasi nag-operate sila within the economic and free port zones. They are considered as not part of the country and South Korea with 1.216 million kilos.

The top importer is PMFTC, followed by JTI Asia with 13.718 million kilos and JTI Philippines with 6.381 million kilos. Maraming mga companies na nag-iimport. Ang accumulated volume nila is 53 million kilos comprising 36.28% of the total volume imported.

Based doon sa 2023 data namin, out of the imported leave, 56% ginagamit for the production of cigarettes and cigars, so that's 30.2 million kilos. So, 30.2 million kilos are used for the manufacture of cigarettes for local distribution niya. Then around 40% or 20.8 million kilos are manufactured as cigarettes then exported.

Meron tayong document galing sa BIR, there are 44B sticks manufactured. So, out of that 44B sticks produced, 40% ng raw materilas galing sa local purchases nila. Mas malaki ang imported component, 60%. So, 40-60 level ang share niya sa raw materials component.

Doon naman tayo sa export. Yan naman ang ating export document sa leaf export destinations. Ang total ng export natin is 20 million kilos. Kasama pa din ang Philippines sa economic zones with 1.8 million kilos, then USA 1.7 million kilos, and all others accumulated with 7.6 million kilos. So yan po yung countries kung saan pumupunta yung ating leaf exports.

Ano ba yung mga tobacco types na in-export natin? Virginia, Burley and Native. Mas malaki ang native at 44% siya with 9.2 million kilos of Native Broadleaf. Most of the component ng Native dyan is NAB. Others are 4.8 million kilos accumulated na ito mga other leaf tobacco types na hindi siya Burley, and hindi rin siya Native. So that's 23%. So yan po ang distribution ng leaf export variety natin.

Next is the Top 5 Leaf Exporting Companies. First is ULPI at 78.84%, followed by JTI Asia, TransManila, Conleaf Philippines, PMFTC; and yung iba, or Others accumulated lang, 44,000 kgs.

Next is the Top Countries of Origin for cigarettes. So ito nag-concentrate lang muna kami sa number of sticks ng cigarettes. First is Philippines, next is Taiwan, Indonesia, United Arab Emirates and South Korea. Tapos meron Others, 139M sticks.

Top importer of cigarettes is Japan Tobacco Philippines. Kung ano yung ini-out ni Japan Tobacco Asia Manufacturing from the economic zone, yun yung volume na ini-import ni JTI Philippines. Kaya malaki yung volume. Next is Pishon Corporation, then Kenstand Phils. Inc., ang ini-import naman niya is yung heated tobacco. And then other companies very minimal lang sila.

Ano namang mga countries ang top destination ng ating cigarette export? Number 1 is Thailand. Malaki silang bumili from the Philippines. Followed by South Korea, Malaysia, Singapore and Vietnam. So yung others, yung 3.2 accumulated na yan na other countries of destination.

So, kaya ganyan kalaki yung mga ini-export natin kasi yung Japan Tobacco and PMFTC are the Asian hub for the manufacturing of cigarettes para dito sa South East Asian countries. So tayo yung manufacturing hub in Asia.

Sino yung top exporting companies sa cigarettes? So yan na yung last slide for the data as of 2023.

Magkano ba yung import cost ng leaf? Ang imported manufactured leaf cost \$4.51 per kg or equivalent to P252. Bakit nag-import tayo ng ganito kamahal, eh ang average buying price locally is P114.00? We import more volume kasi ang mga manufacturers, meron silang mini-maintainin na consistency ng taste or blend nila. Sila ang nag-determine kasi kung ilang portion from Malawi, Brazil, China, ihalo-halo kasi nila yun and then part of it is from Philippine tobacco. Kasi kung hindi na kasing lasa nung dati nila using yung Philippine tobacco lang, baka mawalan din sila ng customer or market.

As an additional info, yung mga Philippine counterpart ng mga companies na ito they have no discretion to choose kung saan sila bibili. They are being dictated by their global marketing arm na parang meron silang trade secret na a certain percent dapat ang magagaling sa iba-ibang countries. Hindi naman natin pwedeng i-limit yung volume of importation kasi wala pang batas na nagsasabi na we can limit it.

Pagka siguro sobra-sobra na ang pumapasok na imported tobacco, that's the time na pwede tayong mag-request for quantitative restriction sa tobacco to protect yung local farmers natin.

Ang no. 1 kasi diyan yung basic commodities, rice, sugar, talagang may volume restriction yan provided by law. Sa atin kasi sa tobacco, wala pang batas na nag-restrict kung ilan lang yung pwede import. Dahil tayo ay partner or signatory doon sa free trade agreement, FTA, na wala lahat ng volume restriction except for basic commodities just like rice and sugar.

That ends my report your Honors, thank you.

Atty. Obusan: Thank you, Atty. Bob. Any comments or discussions from Members of the Governing Board?

Dir. Padayao: How about the vape? Is it really synthetic nicotine?

Atty. Ambros: We don't know where the nicotine content came from, but based on other researches, they are synthetic.

The regulation is based on vape and cigarettes, based on the Republic Act 11900.

There are ongoing talks between DTI and the Bureau of Product Standards. It's like they will tap the services of the NTA because we have a testing laboratory.

DAOP Casela: It's like we will be a testing site every time there is an importation of these products.

That's where we can see if there is nicotine content. If there is nicotine, we can determine if it's chemically prepared or extracted from tobacco. Because we can supply nicotine.

But based on the costing, it's more expensive to extract nicotine than to produce tobacco for cigarettes.

Dir. Padayao: But now, the cost of vaping compared to cigarettes?

Atty. Ambros: It's cheaper, Ma'am. Because there are many puffs in vaping. In cigarettes, there are only a few puffs. But compared to one pack of cigarettes and one pack of vaping, vaping lasts longer.

Dir. Padayao: Thank you. Because I see a lot of people, even the kids in high school, they are already vaping. It's another competition of the tobacco industry.

- Atty. Ambros: Before, Ma'am, there was no regulation on vaping. Now, it's a bit strict. The payment of excise tax started only this year, Ma'am.
- Atty. Obusan: Any further comments or discussions? If there is none, the next agenda will be for the adjournment. Likewise, can we also have a motion for adjournment.
- Dir. Guzman: I move that today's Joint Board Committee Meeting be adjourned.
- Dir. Reyes: I second the motion.
- Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.
- Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 2:45 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
**NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING**  
**HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,**  
**QUEZON AVENUE, QUEZON CITY**  
**21 OCTOBER 2024**  
**9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:30 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 21 October 2024 (Monday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to kindly call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Trading Operations and Regulation  
Research and Extension  
Corporate Governance

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer.

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairperson, Honorable Belinda S. Sanchez, Administrator & CEO.  
*Good morning, Ma'am.*

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; and Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; *Good morning, Directors.*

Also present at the NTA Board Room and joining us are, Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP*; Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*;

Finally, joining us through the virtual platform are the Department Managers, Branch Managers, and OICs, of the Central and Branch Offices, *Good morning, everyone.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan Madam Chair, on Other Matters, as requested by Sir DAOP, for inclusion in today's agenda, **"Request for discussion on the MOA and Side Contract Agreement between the NTA and DAR regarding the NTA Branch Office located at Rosales, Pangasinan"**. Thank you.

Admin. Sanchez: Granted.

Atty. Obusan: Thank you, Madam Chair. We now start with our first agenda.

#### **A. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

#### **1. REPORT UPDATE ON TOBACCO ACCEPTANCES (AS OF SEPTEMBER 30, 2024)**

Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations together with Atty. Rohbert A. Ambros, Manager of the Regulations Department.



DAOP Casela: Thank you, Attorney. Good morning again to everyone. On the first Agenda, that is the Update on the Tobacco Acceptances, as of September 30, 2024, may I request the Manager of the Regulations Department, in the person of Attorney Rohbert A. Ambros, to make the presentation.

Atty. Ambros: Thank you, sir. Good morning to the Honorable Members of the Board, headed by the Presiding Officer and Vice-Chairman, Belinda S. Sanchez. I will be reporting to you the updates on the local tobacco acceptances as of September 30, 2024.

For our trading operations, all 34 buying stations have ceased operations as of date. On the other hand, viajeros trading is still ongoing in Mindanao.

With respect to our tobacco acceptance performance, we already have 108.88% accomplishment for this year.

Based on purchase commitment, the buyers committed to buy 40.2 million kilograms for this year. The total acceptance as of September 30 is already 43.8 million kilograms, valued at PhP5,097,314,365.63. So that's 108.88% with an average buying price of PhP116.44 per kilogram with, of course, the Batek or Morada type having the highest average price for this year at PhP301.46.

As to volume Virginia and Burley has already attained a positive increase of percentage in terms of volume difference compared to last year. Now, Virginia and Burley have a positive increase of 13.70% and 17.52% respectively. Native Type, also increased by 16.05% as of last year's data. But overall total is, we have already attained a positive increase of 15.40%. The same is true with the value, there is also 32.76% increase.

As to buying prices, our average buying prices now is PhP108.24 per kilogram. That is higher than the PhP98.70 per kilogram last year.

For the Virginia type, we already accepted 16.8 million kilograms, valued at PhP1.56 billion, with an average price of PhP93.19 per kilogram. La Union has the highest buying price for Virginia, with an average of PhP107.58.

For the Burley type, we have already accepted the total of 8.1 million kilograms at a value of PhP631 million with an average price of PhP77.95. The highest buying price for Burley is at Cagayan with PhP90.44.

To continue, after the Burley type, we will now proceed with the Native type. Okay, so the Native-Batek/Morada has a very good average buying price for this season.

Mindanao still has the highest average buying price at PhP356.14 per kilogram, followed by Cagayan, Pangasinan and La Union. I think we have a very good prospect for this Batek/Morada type of tobacco.

Next is the Native Broadleaf, the average buying price for Broadleaf in Isabela is PhP85.40. And we already have surpassed the 7 million kilos mark as to volume of acceptance.

For the Native Cigar Filler, Isabela and Cagayan are the only one's planting Cigar Filler for now. But the average buying price is still high as compared to the average buying price for this particular type. We already have a 287,255 kilograms acceptance for this type.

For the traditional type, our total acceptance as of September 30 is now 4.96 million kilograms, valued at PhP364.5 million with an average price of PhP73.46 per kilogram.

Let us go now to the grade distribution. For the highest grade of AA, it is 12.56%; for grade A, it is 9.41%; grade B, it is 12.5%. It went down or maintain from grades, from grades D to R, more or less. Reject on the other hand is at 22.67%.

So, for the Burley type, for grade A, it is at 14.81% and R, is at 6.22%.

And for the Native type, there is no change, actually. Even if we have increased our volume, the percent of grade distribution is the same as what is reported previously for each type. So, it is still the same, 33.16% for Batek/Morada, 39.06% for NAB, 1.52% for Cigar Filler, and others.

Next is the total grade distribution for all the types. Our combined high to medium grades is at 86.67%. That is still higher than the GCG target of 83% for crop years 2023-2024. The percentage for the reject is still below the 10% threshold, at 9.84%. We hope that this trend will be sustained until the end of the trading season in Mindanao.

So, that will be my last slide. And thank you very much to the Honorable Members of the Board.

Atty. Obusan:

Thank you, Attorney Bob. The floor is now open for discussion or further comments from Members of the Governing Board. Hearing none, once again, thank you Sir DAOP and Atty. Ambros, we now move to our next Agenda.

## **2. UPDATES IN THE CONDUCT OF THE INTERNATIONAL TOBACCO SUMMIT**

Atty. Obusan:

To discuss this agenda, Madam Chair, may we recognize once again, Atty. Rohbert A. Ambros, Manager of the Regulations Department.

Atty. Ambros: Good morning once again. I will just give an update in the upcoming International Tobacco Summit, to be held on Oct. 23-24 at Seda Vertis North, Diliman, Quezon City.

*(Atty. Ambros proceeded by informing the Governing Board of the activities slated for the 2-day event including the expected guests who have confirmed their attendance.)*

*(Following is the program of activities.)*

**Second International Tobacco Summit  
Advancing the Local Tobacco Industry and Combatting Illicit Trade  
23-24 October 2024 (Wednesday-Thursday) | Quezon Rooms 1-2, Seda Vertis North,  
Diliman, Quezon City**

*In recent years, the Philippine tobacco industry has faced significant challenges due to the persistent issue of illicit tobacco trade. This serious crime is frequently underestimated by both the government and society, despite its severe repercussions. Illicit tobacco trade adversely impacts government revenue, public health, national security, and the livelihoods of Filipino tobacco farmers. The ongoing illegal activities within the tobacco sector pose a grave threat to the country's institutions, creating an uneven playing field. This imbalance gives illegal operators an unfair advantage, which undermines legitimate tobacco businesses and results in substantial revenue losses for the government.*

*The proliferation of illegal tobacco sales in the local market is causing a decline in government revenue. This reduction in funds limits the resources available for essential public services, particularly universal health care. Moreover, the revenue lost to illegal tobacco sales empowers organized criminal groups and poses a serious threat to national security. This diversion of funds fuels organized crimes, including money laundering and trafficking in humans, weapons, and illegal drugs. To safeguard the country's security and economic stability, there is an urgent need to strengthen both national and regional policies and enforcement mechanisms against illicit tobacco trade.*

*In this light, the Department of Agriculture (DA) and the National Tobacco Administration (NTA) is organizing a two-day International Tobacco Summit, carrying the theme "Advancing the Local Tobacco Industry and Combatting Illicit Trade," which will be held from October 23-24, 2024 (Wednesday and Thursday) at Quezon Rooms 1-2 at Seda Vertis North, Diliman, Quezon City.*

*This summit aims to highlight the importance of the local tobacco industry and discuss opportunities, challenges, and strategies for its further development. This event will also serve as a platform for stakeholders in government, academic institutions, and civil society groups to identify challenges and opportunities in the ongoing efforts on combatting the illicit trade in tobacco.*

*Addressing the illicit tobacco trade requires a multi-faceted approach that includes strengthening national policies, enhancing regional cooperation, improving enforcement mechanisms, and increasing public awareness. By implementing a comprehensive*

*strategy, the impact of illicit tobacco trade on public health, economies, and governance can be mitigated, ultimately contributing to a safer and more secure society.*

### **DAY 1**

- 8:00 AM – 9:00 AM      *Registration*
- 9:00 AM – 9:15 AM      *Opening Remarks*  
*Hon. Belinda Sanchez (CONFIRMED)*  
*Administrator, National Tobacco Administration (NTA)*
- 9:15 AM – 9:30 AM      *Keynote Address*  
*H. E. Ferdinand Marcos Jr.*  
*President, Republic of the Philippines*

#### *Session 1: Global Tobacco Outlook and Opportunities*

*This session will provide an in-depth analysis of global trends in the tobacco industry, highlighting key opportunities for expansion. Stakeholders will discuss strengthening economic cooperation, strategic industry development, and effective strategies for growth.*

*Moderator:  
Ms. Triciah Terada (CONFIRMED)  
Public Relations and Communication Specialist*

- 9:30 AM – 9:45 AM      *Keynote Address*  
*Hon. Francisco Tiu Laurel Jr.*  
*Secretary, Department of Agriculture (DA)*
- 9:45 AM – 10:00 AM      *An Overview of the Philippine Tobacco Industry*  
*Mr. Nestor Casela (CONFIRMED), Deputy Administrator for*  
*Operations, National Tobacco Administration (NTA)*
- 10:00 AM – 10:15 AM      *Empowering Philippine Tobacco Farmers: Strategies for*  
*Success*  
*Mr. Saturnino Distor (CONFIRMED)*  
*President, PhilTobacco Growers Association*
- 10:15 AM – 10:30 AM      *Safeguarding the Future of Philippine Tobacco Through*  
*Innovation*  
*Mr. Winston Uy (CONFIRMED)*  
*President, Universal Leaf Philippines Inc.*
- 10:30 AM – 11:15 AM      *Panel Discussion*

11:15 AM – 12:30 AM      Lunch

**Session 2:**  
**Navigating the Growth of the Philippine Tobacco Sector**

*In this session, stakeholders from the government will explore strategies to advance the Philippine tobacco sector. Discussions will center on promoting inclusive modernization of the tobacco industry and examining the sector's role in supporting livelihoods and strengthening local economies.*

**Moderator:**  
**Ms. Triciah Terada (CONFIRMED)**  
**Public Relations and Communication Specialist**

- 12:30 PM – 12:45 PM      **Keynote Address**  
**Hon. Amenah Pangandaman (CONFIRMED)**  
**Secretary, Department of Budget and Management (DBM)**
- 12:45 PM – 1:00 PM      **Government Initiatives in Promoting Inclusive Modernization of the Tobacco Industry**  
**Hon. Deogracias Victor Savellano (CONFIRMED)**  
**Undersecretary, Department of Agriculture (DA)**
- 1:15 PM – 1:30 PM      **Agriculture and Sustainability Considerations**  
**Mr. Leonardo Montemayor (CONFIRMED)**  
**Federation of Free Farmers**
- 1:30 PM – 1:45 PM      **The Tobacco Industry's Role in Supporting Livelihoods and Strengthening Local Economies**  
**Hon. Matthew Manotoc**  
**Governor, Province of Ilocos Norte;**  
**Chairperson, Regional Development Council (RDC) -1**
- 1:45 PM – 2:00 PM      **Panel Discussion**
- 2:00 PM – 2:15 PM      **Break**

**Session 3:**  
**Strengthening the Presence of Philippine Grown Tobacco in the Global Market**  
*This session will explore how the Philippine tobacco industry can strengthen its position in the global market. Topics will include identifying market challenges, leveraging opportunities, and formulating strategies to improve trade relations.*

**Moderator:**  
**Mr. Gerard De La Peña (CONFIRMED)**  
**Senior Correspondent, TV5**

- 2:15 PM – 2:30 PM      **Strengthening the Global Presence of Philippine Grown Tobacco: Navigating Legal Landscapes**  
**Hon. Amanda Marie F. Nograles (CONFIRMED)**

*Undersecretary for Legal Services Department of Trade and Industry (DTI)*

*2:30 PM – 2:45 PM*

*The Laffer Curve of Tobacco Taxation and Economic Development Challenges for the Tobacco Industry  
Mr. Bienvenido "Nonoy" Oplas, Jr. (CONFIRMED)  
Columnist, "My Cup of Liberty", BusinessWorld;  
President, Minimal Government Thinkers*

*2:45 PM – 3:00 PM*

*Strengthening Philippine Tobacco Industry's Global Market Presence Through Free Trade Agreements  
Hon. Allan Gepty (CONFIRMED)  
Undersecretary, International Trade Group, Department of Trade and Industry (DTI)*

*3:15 PM – 3:45 PM*

*Panel Discussion*

*3:45 PM – 4:00 PM*

*Closing Remarks*

*Mr. Benedicto M. Savellano (CONFIRMED)  
Deputy Administrator for Support Services, National Tobacco Administration (NTA)*

*Host: Ms. Triciah Terada (CONFIRMED)  
Public Relations and Communication Specialist*

## **DAY 2**

*8:30 AM – 9:30 AM*

*Registration*

*9:30 AM – 9:45 AM*

*Introduction and Synthesis of Day 1*

### *Session 1:*

#### *The Scope of the Illicit Tobacco Problem in the Region*

*This session will assess the extent of illicit tobacco trade across Southeast Asia and its implications for the Philippines. Stakeholders will review current data and trends to better understand the impact of illegal trade on the market.*

#### *Moderator:*

*Ms. Michelle Ong (CONFIRMED)  
Business News Correspondent and Presenter, ABS-CBN Corporation*

*9:45 AM – 10:00 AM*

*Keynote Address*

*Hon. Juanito Victor C. Remulla  
Secretary, Department of Interior and Local Government (DILG)*

- 10:00 AM – 10:15 AM *Combatting Illicit Trade in the Philippines*  
*Hon. Jericho Nograles (CONFIRMED)*  
*President, Philippine Tobacco Institute (PTI)*
- 10:15 AM – 10:30 AM *Socio-Economic Impact and NTA Efforts in Curbing Illicit Tobacco Trade*  
*Atty. Rohbert A. Ambros (CONFIRMED)*  
*Manager, Regulation Department*  
*National Tobacco Administration (NTA)*
- 10:30 – 10:45 AM *Crossing Borders: The Challenges of Illicit Tobacco Flows*  
*Mr. Rodney Van Dooren (CONFIRMED)*  
*Regional Illicit Trade Expert*  
*Philip Morris International*
- 10:45 AM – 11:30 AM *Panel Discussion*
- 11:30 AM – 12:30 PM *Lunch*

*Session 2:*  
*The Way Forward: Strengthening Regional Cooperation*

*In this session, stakeholders will explore opportunities for enhancing regional cooperation to address illicit tobacco trade. The focus will be on building stronger partnerships, sharing best practices, and implementing coordinated actions across Southeast Asia.*

*Moderator:*  
*Ms. Michelle Ong (CONFIRMED)*  
*Business News Correspondent and Presenter, ABS-CBN Corporation*

- 12:30 PM – 12:45 PM *Strengthening Borders: Combatting Illicit Trade*  
*Mr. Chris Humphrey (CONFIRMED)*  
*Executive Director, EU-ASEAN Business Council*
- 12:45 PM – 1:00 PM *Aligning Border Controls and Regulations*  
*Hon. Isabelo Tibayan III (CONFIRMED) Director,*  
*Enforcement and Security Service, Bureau of Customs (BOC)*
- 1:00 PM – 1:15 PM *Enforcement Challenges on the High Seas*  
*Representative from the Philippine Coast Guard (TBD)*
- 1:15 PM – 1:30 PM *Tackling Illicit Trade in the Philippines: Insights from the Industry*  
*Mr. Jesus Lim Arranza (CONFIRMED)*  
*Chairman, Federation of Philippine Industries (FPI)*
- 1:30 PM – 1:45 PM *Cross-Border Illicit Trade: Examining Regional Tobacco Trade Flows*  
*Mr. Axel Hein (CONFIRMED)*

*Managing Director, Brand Protection, ApiraSol GmbH*

1:45 PM – 2:15 PM      *Panel Discussion*  
2:15 PM – 2:30 PM      *Break*

*Session 3:  
Intensifying Actions of the Philippine Government*

*This session will discuss the Philippine government's current and future initiatives to combat illicit tobacco trade. It will highlight policy measures, enforcement strategies, and potential collaborative efforts with industry stakeholders to address the issue effectively.*

*Moderator:*

*Ms. Mara Cepeda (CONFIRMED)  
Philippines Correspondent, The Straits Times*

2:30 PM – 2:45 PM      *The BIR's Intensified War Against Illicit Trade of Cigarettes  
and Vapes*  
*Hon. Romeo Lumagui Jr. (CONFIRMED)*  
*Commissioner, Bureau of Internal Revenue (BIR)*

2:45 PM – 3:00 PM      *Building a Predictable Business Environment and Recovering  
Government Revenue by Capturing What is Due from  
Nicotine Alternatives Cigarettes*  
*Hon. Jethro Sabariaga (CONFIRMED)*  
*Assistant Commissioner of the Large Taxpayers Service,  
Bureau of Internal Revenue (BIR)*

3:00 PM – 3:15 PM      *Navigating the Legal Landscape: Upholding Justice Under  
the Anti- Agricultural Economic Sabotage Law*  
*Hon. Richard Anthony Fadullon (CONFIRMED)*  
*Senior Deputy State Prosecutor; Officer-in-Charge,  
Prosecutor General Department of Justice (DOJ)*

3:15 PM – 4:00 PM      *Panel Discussion*  
4:00 PM – 4:15 PM      *Closing Remarks*  
*Hon. Belinda Sanchez (CONFIRMED)*  
*Administrator, National Tobacco Administration*

*Host: Ms. Michelle Ong  
Business News Correspondent and Presenter, ABS-CBN Corporation*

Atty. Obusan:      Thank you, Atty. Bob. If there are no queries from the Members of the  
Governing Board, we now move on to our next agenda.



**B. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**BRIEFER ON THE OUTCOME OF THE CONDUCT OF THE ANNUAL SEMINAR WORKSHOP ON ENHANCING EXTENSIONISTS' CAPABILITIES (ASWEEC) HELD LAST OCTOBER 15-17, 2024**

Atty. Obusan: Madam Chair, may we recognize Mr. Nestor C. Casela, Deputy Administrator for Operations to render his report for this agenda. Thank you.

DAOP Casela: Good morning once again. I am happy to report before the Governing Board that the conduct of the ASWEEC is a success. I would like also to thank Dir. Luz Padayao for accommodating the participants in her resort though the budget is limited. The venue is very conducive to learning and I am hopeful that all the participants learned a thing or two after the activity.

Allow me to give a short summary of what transpired.

***ANNUAL SEMINAR-WORKSHOP FOR ENHANCING EXTENSIONISTS' CAPABILITIES***

*A total of 93 technical and administrative staff participated in the Annual Seminar-Workshop for Enhancing Extensionists' Capabilities (ASWEEC) from October 15 to 17, 2024, at the Paoay Lake JLP Resort in Paoay, Ilocos Norte. ASWEEC serves as a strategic platform to equip NTA staff with essential tools, knowledge, and skills to effectively support tobacco farmers. The three-day seminar covered a range of topics, including NTA's role as a government agency, employee benefits, tobacco production technologies, data collection protocols, qualities of a good extension worker, leadership skills, and values orientation.*

**KEY PRESENTATIONS:**

**NTA as a Government Organization by Fortuna C. Benosa**

*Ms. Benosa provided an overview of the agency's history, mission, vision, mandates, powers, and functions. She also discussed the funding sources, organizational structure, and introduced top management, including department managers and branch office chiefs.*

**Employee Benefits and Administrative Protocols by Zenaida T. Arrojo**

*Ms. Arrojo discussed various allowances, benefits, incentives, and the different types of leave available to permanent employees. She clarified that vacation leave monetization requires no justification as long as five vacation leaves remain. However, sick leave monetization requires a justification letter.*

### Variety Selection and Recommended Varieties by Evangeline C. Cabigan

Ms. Cabigan highlighted different tobacco types and subtypes, focusing on recommended varieties and their key characteristics. She explained the distinction between open-pollinated and hybrid varieties, outlining the pros and cons of using hybrid seeds. She also presented agronomic performance data, including cured yield, grade index, leaf count, and chemical composition per variety.

### Seedling Production to Harvesting by Engr. Warlie V. Oribello

Engr. Oribello provided a detailed overview of seedling production, covering site selection, seedbed preparation, seeding rates, sterilization, fertilization, mulching, watering, pricking, and clipping. He also discussed field and crop management, from land preparation and transplanting to fertilization, irrigation, sucker control, and harvesting.

### Flue-Curing Principles, Design, and Process (Virginia) by Engr. Kenneth Russell L. Tanaval

Engr. Tanaval presented the components of curing barns, barn capacity calculations, and curing management practices. He explained barn loading, curing schedules, techniques for controlling wet-bulb temperature, and common curing problems.

### Air-Drying (Burley and Native) by Gilbert A. Taguiam

Mr. Taguiam discussed various curing methods—fire, sun, flue, air, and fermentation—and provided design guidelines for curing sheds. He also shared techniques for loading, unloading, stripping, sorting, and classifying Burley, Batek, and cigar tobacco varieties.

### Tobacco Grading by Myrna O. Lozano

Ms. Lozano gave a brief history of tobacco grading and explained the parts of the plant relevant to grading. She also outlined the grading systems used for different tobacco types and described the characteristics of each grade.

### Good Agricultural Practices / Sustainable Tobacco Program by Jay Edward Andres

Mr. Andres presented good agricultural practices for seedbedding, land preparation, transplanting, fertilization, irrigation, and harvesting. He also discussed common tobacco diseases, their management, and key rules related to sustainable tobacco production, including child labor regulations.

### Leadership Principles and Practices by Dr. Giovanni B. Palabay

Dr. Palabay explored the historical roots of Filipino leadership values, essential leadership concepts, and the characteristics of effective leaders. He emphasized different leadership styles, challenges, and strategies for developing leadership skills.

### Integrated Pest Management (IPM) and Safe Use of CPAs by Evangeline P. Agres

*Ms. Agres explained the role of natural enemies in pest management and the principles of IPM. She emphasized the concept of economic thresholds and discussed NTA-recommended pesticides, including proper usage guidelines.*

#### Data Collection Protocols by Bethzaida M. Catudan

*Ms. Catudan discussed the importance of farm record-keeping and outlined the seven steps of conducting a farmer survey which are (1) identify the problem, (2) develop the survey objectives, (3) develop the survey instruments, (4) pretest the questionnaire, (5) choose sample respondents, (6) implement the field survey, and (7) code and analyze survey data.*

#### Qualities of a Good Extension Worker by Dr. Melinda Mangabat

*Dr. Mangabat defined agricultural extension, guiding principles and features of extension, five roles of agricultural extension, and ten (10) qualities of a good extension worker/leader which are integrity, dedication, magnanimity, humility, openness, creativity, assertiveness, sense of humor, and intrinsic traits. She also explained the elements of an effective meeting, things to consider when planning for a meeting, five (5) tips for following up after a meeting, and how to handle difficult trainees.*

#### Values Orientation by Alma C. Aguinaldo

*Ms. Aguinaldo discussed core values and ethics that extension workers should uphold to foster trust and professionalism in their interactions with farmers and stakeholders.*

#### Closing Activities

*The seminar concluded with a post-test, where the highest score reached 63 points, reflecting a 53.66% improvement compared to the pre-test results. Participants shared their impressions, expressing gratitude for the knowledge gained, which they believe will enhance their efficiency at work.*

*This year's ASWEEC successfully strengthened the participants' capacity to support tobacco farmers, fostering professional growth and reinforcing their commitment to the NTA's mission and vision.*

Atty. Obusan: Thank you very much Sir DAOP. The floor is now open for any comments or discussions from Members of the Governing Board.

Dir. Padayao: Siguro po Sir, better management of time. Kasi po halos umaabot yung presentations ng 8-9pm. Pagod na din yung mga participants, and I am sure na hindi na din nila talaga ma-aabsorb yung ibang lectures. Another thing, the topics that will be covered by each speaker must be clearly defined, may ilang topics po kasi na nagkaroon ng repetitions. Thank you.

DAOP Casela: Your observations are well noted, Ma'am Luz. These are the things that we need to look into in the future. Thank you.

Atty. Obusan: Any other comments, hearing none, we now move to our next agenda.

**C. COMMITTEE ON CORPORATE GOVERNANCE**

Chairperson: Sec. Francisco Tiu Laurel, Jr.  
Members: Usec. Deogracias Victor B. Savellano  
Admin. & CEO Belinda S. Sanchez  
Dir. Gerry Virgilio V. Guzman

**REPORT ON THE RESULT OF ARTA'S INSPECTION ON NATIONAL TOBACCO ADMINISTRATION HELD LAST OCTOBER 9, 2024**

Atty. Obusan: With your permission Madam Chair, as Chairperson of the Committee on Anti-Red Tape, I will be the one reporting this matter.

On October 2, 2024, Wednesday, the Office of the Administrator, received an email from the Compliance Monitoring and Evaluation Office (CMEO) of the Anti-Red Tape Authority informing the National Tobacco Administration that a regular agency spot-checking or inspection will be conducted in the Central Office between October 8-11, 2024.

In the conduct of the aforesaid inspections, the ARTA will look into the compliance of the NTA with the following:

- a. Provisions of Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018;
- b. ARTA Memorandum Circular No. 2019-002 or the Guidelines on the Implementation of the Citizen's Charter in Compliance with R.A. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018," and its Implementing Rules and Regulation (IRR) and its Supplemental or ARTA Memorandum Circular No. 2019-002-A Series of 2019;
- c. ARTA Memorandum Circular No. 2022-05 or the Guidelines in the Implementation of the Harmonized Client Satisfaction Measurement (CSM) and its Amendment or ARTA Memorandum Circular No. 2023-05;
- d. ARTA Memorandum Circular No. 2023-08 or the Amendment on Certain Provisions of ARTA M.C. 2020-007, pertaining to the Guidelines on the Designation of a Committee on Anti-Red Tape (CART);

- e. Establishment of a Public Assistance and Complaints Desk (PACD);
- f. ARTA Memorandum Circular No. 2021-09 or the Issuance of the Whole-of-Government Reengineering Manual;
- g. ARTA Memorandum Circular No. 2022-02, with Subject "Reiterating the Provisions of the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 or R.A. 11032 on Automatic Approval or Automatic Extension for Pending Application or Requests of Agencies Beyond the Prescribed Processing Time and for the Submission of Zero Backlog Report; and
- h. ARTA Memorandum Circular No. 2023-03 with the subject, "Campaign Against Fixers".

With the upcoming inspection in mind, the CART held an emergency meeting on October 4 to address or to review the agency's compliance to the abovementioned ARTA's Memorandum Circular. The following were agreed upon:

- a. Establishment of a Public Assistance and Complaints Desk (PACD);
- b. Printing of tarpaulin with the detailed steps of the services that NTA caters;
- c. Updating of the Citizen's Charter;
- d. Explore the possibility of making an audio-visual presentation explaining in details the processes on how to secure license and how to apply for commodity clearances; to be played in the monitor near the PACD;

The ARTA Inspection took place on October 9, 2024. The CMEO team is headed by Ms. Alyssa P. Celis, Project Development Officer III of the CMEO. They arrived around 9am and the inspection including the exit conference were done by 12:30pm. An entrance and exit conference were held.

The inspection will not be graded, the findings will be highlighted for the agency's compliance. If subsequently, a contracted third party will be the one making the routine inspection, that it is the only time that the agency will be graded according to its compliance. NTA is given 9 days from the date of inspection or until October 18 to submit

an Action Plan with the corresponding timeline to address the findings.

NTA submitted already the Action Plan on October 16, 2024 and to date, we already received confirmation from ARTA that they have received it already.

This will be all from my end, Madam Chair. If there are no more comments from the Members of the Governing Board, we now move on to our last agenda for today, on Other Matters under Committee on Legal Matters and Properties.

**D. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**REQUEST FOR DISCUSSION ON THE MOA AND SIDE CONTRACT AGREEMENT BETWEEN THE NTA AND DAR REGARDING THE NTA BRANCH OFFICE LOCATED AT ROSALES, PANGASINAN**

Atty. Obusan: Madam Chair, may we recognize Sir DAOP together with Manager Roger Madriaga of the NTA Pangasinan Branch Office.

DAOP Casela: I would like to request Manager Roger to present the progress undertaking of the activities necessary for the transfer of possession of NTA Rosales to the Department of Agrarian Reform. I think he would like to make an update as to the activities he is undertaking in the area. Manager Roger can you make the presentation please? Thank you.

Mr. Madriaga: Thank you very much sir. Once again good morning to the Honorable Members of the Governing Board. I just would like to inform the body that I was invited for a meeting last Friday at the Department of Agrarian Reform Provincial Office.

From there we had a meeting with the Regional Director of DAR. They informed me that they have certain requirements before they can seek the downloading of the said amount promised to DPWH. These are the requirements which the Regional Director Maria Ana Francisco informed me that we must submit all of these, if possible before this coming Friday.

There should be a Board Resolution from the tobacco farmers addressed to the Department of Agrarian Reform that they need a training center to be constructed in the Villasis, Pangasinan Branch Office. The second requirement is the project profile wherein I was able to talk with Sir Neyo, and he promised to help me with it.

They are scheduled to come here tomorrow for the initial inspection and design. Now, another requirement is the Program of Works for the improvement of the project. According to the DAR engineers, they will be the ones to do this requirement. And the last requirement is the DENR permits, requiring the geo-hazard certification for this branch.

That's all for my update on the DAR requirements. That's all. Thank you very much.

Atty. Obusan: Thank you very much, Sir Roger. Any comments from Members of the Governing Board?

Admin. Sanchez: During our initial talks with Secretary Estrella, it came from him that he will seek a resolution from the tobacco farmers that they need a training center. Now, it's up to us to provide this resolution?

DAOP Casela: So, a resolution that these farmers need a training center, Manager Roger, the resolution that will come from us, you suggested NAFTA, right?

Mr. Madriaga: Yes, Sir.

Atty. Obusan: Madam Chair, may we recognize Ma'am Myrna O. Lozano of the Industrial Research Department.

Mrs. Lozano: Good afternoon po sa ating lahat. Before the establishment of training centers in the province of Ilocos Sur, Abra, Cagayan, and Isabela, we made a project proposal for its construction. I will just send a copy of the proposal to you, Sir Roger.

Mr. Madriaga: Thank you, Ma'am Myrna.

Atty. Obusan: With your permission, Madam Chair, and for the information of everyone.

I already called Atty. Magliba of DAR regarding this. I told him that the PhP 20 million that was promised should be downloaded to the NTA as project implementor. This was agreed upon as stated in the contract. Atty. Magliba recommended instead that Ma'am Bel to call Sec. Estrella and remind him of this agreement for immediate action and to resolve outright the issue at hand.

Admin. Sanchez: I will do that later today.

Atty. Obusan: Also, Sir Roger, as per our last conversation, DAR is amenable to absorb the employment of the two security guards that are currently assigned in Rosales, Pangasinan Branch Office. Further, with regard

to the temporary use for storage of our fertilizers, okay din po sa kanila Manager Roger.

Tutulong po ako doon sa kailangan na Board Resolution, ipapadala ko na lang po ito sa inyo for your comments.

Mr. Madriaga: Thank you Attorney.

DAOP Casela: Attorney, I will provide you with list of the National Officers of NAFTAC to help you with the Board Resolution. They will be the signatories, together with the Pangasinan President of the organization.

Atty. Obusan: Thank you, Sir DAOP. Any other discussion on this matter? If there is none, next on the list is adjournment, Madam Chair.

Dir. Serna: Madam Chair, I move that this Joint Committee Meeting be adjourned.

Dir. Guzman: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 1:35 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



## JUSTIFICATION

The following Appointive Directors attended the Committee and Board Meeting on October 21 and 22, 2024:

- |                                      |                                  |
|--------------------------------------|----------------------------------|
| 1. Director Ray A. Elaydo            | Tobacco Manufacturing Sector     |
| 2. Director Jessie Pat M. Serna      | Tobacco Traders/Exporters Sector |
| 3. Director Willord L. Reyes         | Tobacco Farmers Sector           |
| 4. Director Gerry Virgilio V. Guzman | Tobacco Farmers Sector           |
| 5. Director Luzviminda U. Padayao    | Tobacco Farmers Sector           |

They are also scheduled to attend the 2<sup>nd</sup> International Tobacco Summit scheduled on October 23-24, 2024. However, this event was cancelled due to inclement weather brought about by Typhoon Kristine. Initially, only the first day activities were cancelled. The total scrapping of the event was announced in the afternoon of October 23. To monitor the situation better and to avoid traveling back to their respective provinces through the night, they all decided to go back in the morning of October 24, 2024.

I hereby certify that the information and statement above are true and accurate based on my personal knowledge.

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



11<sup>th</sup> Floor, Upper Class Tower, Quezon Ave., Quezon City  
Tel No. (02) 8374-3987 / Fax. No. (02) 8374-2505 / website: nta.da.gov.ph  
**ISO 9001: 2015 QMS CERTIFIED**

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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
05 NOVEMBER 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 9:20 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 05 November 2024 (Tuesday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City, may I request the Honorable Administrator & CEO, Belinda S. Sanchez to kindly call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:  
Legal Matters and Properties  
Trading Operations and Regulation  
Research and Extension  
Committee on Corporate Governance

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, our Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; and Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; *Good morning, everyone.*

Also joining us online via virtual platform is Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; *good morning, Sir;*

Present here at the NTA Board Room and joining us, is Mr. Nestor C. Casela, Deputy Administrator for Operations, *good morning, Sir DAOP;*

We have also the team from the Department of Public Works and Highways (DPWH), headed by the Project Engineer, Engr. Edgardo Ramos. *Good morning po sa inyong lahat Engineer.*

Finally, joining us through the virtual platform are the Department Managers, Branch Managers, and OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan: Madam Chair, with your permission, we now start with our first agenda.

**A. COMMITTEE ON LEGAL MATTERS**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**1. REPORT UPDATE ON THE CONSTRUCTION OF THE NEW NTA BUILDING**

Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mrs. Zenaida T. Arrojo, Manager, Administrative Department, Engr. Abraham C. Dela Peña, OIC, GSPD and Engr. Edgardo Ramos and his team from the DPWH.

Engr. Dela Peña: Magandang umaga po sa ating lahat. I will be giving the floor to DPWH personnel to render their accomplishment as of today for Phase 1, Phase 2, and Phase 3 of the project.

Engr. Ramos: Good morning, Ma'am and Sirs. I would like to introduce to you my colleague, Project Inspector, Engr. Rhoen Malaylay, who will present to us the present condition and accomplishment of our project.

Engr. Malaylay: Good morning, again. I'm Engineer Rhoen Malaylay, I will report on our ongoing construction of the National Tobacco Administration Building, Quezon City. Eto po ang update so far, for Phase 1 and Phase 2.



### PROJECT PROFILE NTA BUILDING - PHASE I

Contract ID:	22000051
Contractor:	C.B. GARAY PHILWIDE BUILDERS/ HAWK KEY CONSTRUCTION & GEN. MERCHANDISE CORP. (JV)
Original Contract Amount:	Php 192,564,038.61
Contract Effectivity:	July 8, 2022
Original Contract Duration:	360 Calendar Days
Original Expiry Date:	July 2, 2023
Time Extension No. 1:	130 Calendar Days (due to V.O.#1 - change in structural design)
Revised Contract Duration:	490 Calendar Days
Time Extension No. 2:	580 Calendar Days (due to V.O.#2 – due to the introduction of new item of work, addition of quantities)
Time Extension No. 3:	670 Calendar Days (due to limited working space at project site)
Revised Expiry Date:	May 07, 2024
Remarks:	Completed



### PROJECT PROFILE NTA BUILDING - PHASE II

Contract ID:	23000062
Contractor:	C.B. GARAY PHILWIDE BUILDERS/ HAWK KEY CONSTRUCTION & GEN. MERCHANDISE CORP. (JV)
Original Contract Amount:	Php 283,239,641.41
Contract Effectivity:	May 11, 2023
Original Contract Duration:	360 Calendar Days
Original Expiry Date:	May 04, 2024
Work Suspension Order No. 1:	May 15, 2023
Work Resumption Order No. 1:	November 17, 2023
Time Extension No. 1:	186 Calendar Days (in lieu of Work Suspension Order No. 1)
Revised Contract Duration:	546 Calendar Days
Revised Expiry Date:	November 06, 2024 (due to Time Extension No. 1)
Time Extension No. 2:	77 Calendar Days (due to inclement weather condition at project site)
Revised Contract Duration:	623 Calendar Days
Revised Expiry Date:	January 22, 2025 (due to Time Extension No. 2)
Planned Accomplishment:	78.27%
Actual Accomplishment:	82.05%
Slippage:	(+)3.78%

Eto naman po ang record so far, sa ating releases with the contractor, C.B. Garay Philwide Builders and Hawk Key Construction & Gen. Merchandise Corp.

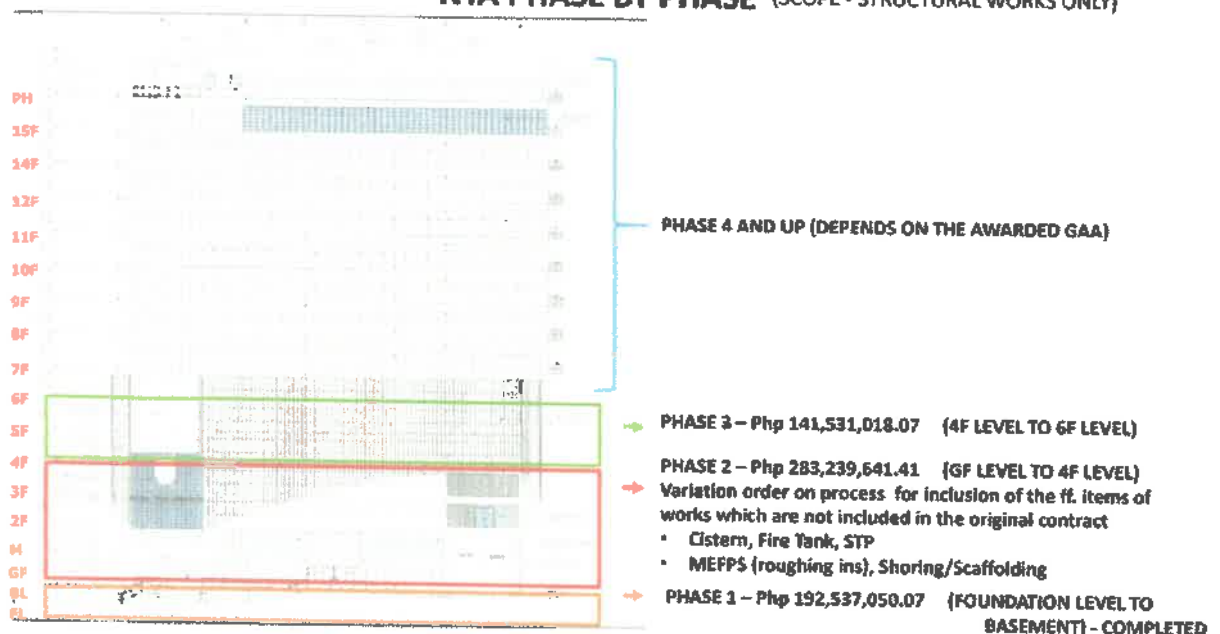


## GENERAL APPROPRIATIONS ACT (GAA) ALLOCATIONS AND RELEASES

PROJECT	ALLOCATION	OBLIGATIONS	DISBURSEMENTS
PHASE I	PHP 200,000,000.00	PHP 192,537,050.07	PHP 160,652,914.58
PHASE II	PHP 300,000,000.00	PHP 283,239,641.41	PHP 128,628,340.94
PHASE III	PHP 150,000,000.00	PHP 141,531,018.07	PHP 21,229,652.71

Eto naman po ang Scope, Structural Works Only, phase by phase.

### NTA PHASE BY PHASE (SCOPE - STRUCTURAL WORKS ONLY)



Eto naman po yung pictures ng accomplishments so far.



**Erection and Installation of Structural Steel**



**Erection and Installation of Structural Steel**



**Installed Sewerage Treatment Plant (STP)**



**Concrete Pouring on Ground Floor Level and Mezzanine Level**

*During the discussion after Engr. Malaylay's presentation, the following were taken up:*

- *Dir. Elaydo proposed that site inspection must be scheduled to validate the actual and physical accomplishments as reported. Schedule to be coordinated with Engr. Ramos once finalized.*
- *Dir. Padayao inquired on how come Phase I has been declared completed already and yet only 83.4% had been disbursed out of the total obligations. Engr. Malaylay replied*

that DPWH had to conduct material or strength testing first before billing can be finalized, for example, after pouring of concrete, testing can be done only after 28 days.

- *Engr. Dela Peña countered that in reality, strength test can be done after 7, 14, or 28 days after pouring of concrete. Engr. Malaylay answered that as per contract and program of works, testing can be done only after 28 days.*
- *Dir. Padayao reiterated that maybe the delay in the construction was contributed by the late conduct of testing, leading to late payment of the obligation due to the contractor. Engr. Ramos replied that there was no delay and based on the project profile, the slippage is still positive. The time extensions were attributed to project variations which needs to be addressed as encountered during the construction. These variations were not included in the original program of works (i.e. installation of cistern, fire, and sewerage treatment plant, or stp).*
- *Mrs. Arrojo and the Members of the Governing Board, asked on when will the construction be completed? Engr. Ramos replied that it is hard to predict as this will depend largely on the budget that will be allocated by the DPWH.*
- *DAOP Casela inquired on how much budget is needed to complete the construction and the exact timeline. Engr. Ramos suggested to invite the Planning Department next meeting to answer this inquiry. Letter of invitation to be prepared by the Board Secretary.*
- *Engr. Dela Peña requested for Contract Status Report, Statement of Work Accomplished and other pertinent documents such as costing as to time frame, and DPWH to send it in advance prior to next meeting. DPWH promised to comply.*

Atty. Obusan: Any other comments from Members of the Governing Board, hearing none, we now move on to our next agenda. But before that, on behalf of the Presiding Officer, Vice-Chairperson, and Administrator & CEO, Ma'am Belinda S. Sanchez, and from the Members of the Governing Board, we would like to thank the DPWH team for finding time to be with us today. Thank you, Engr. Ramos, Engr. Malaylay, to our new District Engineer, and to all, maraming salamat po.

Moving on, our next agenda for today.

#### **B. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO

Dir. GERRY VIRGILIO V. GUZMAN

#### **ACTION PLAN FOR THE PROMOTION OF LOCAL TOBACCO PRODUCTION AND REDUCTION OF IMPORTATION OF UNMANUFACTURED TOBACCO**



Atty. Obusan: Madam Chair, the Hon. Usec. DV Savellano requested that this agenda be discussed next meeting when he is around. Also, the resource person, Atty. Rohbert A. Ambros, is also out today attending CESB convention.

DAOP Casela: If that is the case, I think it is just and proper that this agenda be deferred for next meeting. With of course, concurrence from our Directors.

Dir. Padayao: It's fine with us, Sir.

Admin. Sanchez: Let us just reserve this topic for our next Committee and Board meeting. Thank you.

Atty. Obusan: This is duly noted Madam Chair. It is already 12:55 PM, may I ask the pleasure of the body if we will have first a short lunch break or are we going to have a working lunch?

Dir. Reyes: Madam Chair, let us have a short lunch break, with your permission.

Admin. Sanchez: Okay, we will resume by 1:30 PM.

*(Lunch break for 35 minutes....)*

Atty. Obusan: We now continue and move to our next agenda.

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. WILLORD L. REYES

**1. PRESENTATION OF THE RESULT OF THE ACTUAL SURVEY OF AREAS PLANTED TO TOBACCO FOR CROP YEAR 2023-2024**

***(MAPPING AND VALIDATION OF TOBACCO PLANTED AREAS USING DRONES - FINAL REPORT)***

Atty. Obusan: Madam Chair, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations, and Manager Johnny M. Maloon, Manager, Farm Technology and Services Department.

DAOP Casela: Thank you very much, Attorney. This agenda was initially presented sometime last month, but that was only a partial report. But for this time, the report on the result of the Actual Survey of Areas Planted to Tobacco for 2023-2024 is finished already.

The main objective or purpose of conducting the survey is to determine the actual area planted to tobacco and planted to tobacco per municipality, per province. And this will serve as a basis in the determination of the actual volume of production per LGU. Based from this, this will serve as a reference in the determination of the actual volume of tobacco acceptances per

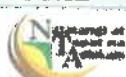


## Total Number of Tobacco Farmers & Total Area Planted (ha) per Tobacco Type

BRANCH / PROVINCE	NUMBER OF FARMERS AND AREA PLANTED (HA) PER TOBACCO TYPE						TOTAL	
	VIRGINIA		BURLEY		NATIVE		NO. OF FARMERS AND AREA FOR ALL TYPES	
	FARMERS	AREA (HA)	FARMERS	AREA (HA)	FARMERS	AREA (HA)	FARMERS	AREA (HA)
<b>LUZON</b>								
Abra	1,637	1,153.02	-	-	266	135.09	1,903	1,288.12
Cagayan*	-	-	475	185.60	340	167.96	815	353.56
Candon	4,240	3,286.79	501	253.41	2,079	1,145.04	6,820	4,685.24
Ilocos Norte	3,265	1,442.76	656	264.12	915	444.67	4,836	2,151.55
Isabela	6	2.79	3,135	1,735.52	5,699	4,303.82	8,840	6,042.13
La Union	930	571.73	51	16.65	2,565	868.96	3,546	1,457.34
Pangasinan	-	-	1,002	400.33	2,992	1,790.06	3,994	2,190.39
Vigan*	4,307	3,394.11	177	123.50	857	387.10	5,341	3,904.71
<b>Sub-Total</b>	<b>14,385</b>	<b>9,851.20</b>	<b>5,997</b>	<b>2,979.13</b>	<b>15,713</b>	<b>9,242.70</b>	<b>36,095</b>	<b>22,073.04</b>
<b>MINDANAO</b>								
Agusan del Norte								
Agusan del Sur					46	5.44	46	5.44
Maguindanao del Sur					1,805	660.97	1,805	660.97
Misamis Oriental					4,162	2,882.80	4,162	2,882.80
North Cotabato					837	228.73	837	228.73
Zamboanga Sibugay					146	75.35	146	75.35
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,996</b>	<b>3,853.29</b>	<b>6,996</b>	<b>3,853.29</b>
<b>GRAND TOTAL</b>	<b>14,385</b>	<b>9,851.20</b>	<b>5,997</b>	<b>2,979.13</b>	<b>22,709</b>	<b>13,095.99</b>	<b>43,091</b>	<b>25,926.33</b>

## Total Area Planted (ha) per Tobacco Type per Branch / Province

BRANCH / PROVINCE	TOBACCO TYPE & AREA PLANTED (ha)			TOTAL AREA (ha)
	VIRGINIA	BURLEY	NATIVE	
Abra	1,153.02	-	135.09	1,288.12
Cagayan	-	185.60	167.96	353.56
Candon	3,286.79	253.41	1,145.04	4,685.24
Ilocos Norte	1,442.76	264.12	444.67	2,151.55
Isabela	2.79	1,735.52	4,303.82	6,042.13
La Union	571.73	16.65	868.96	1,457.34
Pangasinan	-	400.33	1,790.06	2,190.39
Vigan	3,394.11	123.50	387.10	3,904.71
<b>Sub-Total</b>	<b>9,851.20</b>	<b>2,979.13</b>	<b>9,242.70</b>	<b>22,073.04</b>
Agusan del Norte				
Agusan del Sur			5.44	5.44
Maguindanao del Sur			660.97	660.97
Misamis Oriental			2,882.80	2,882.80
North Cotabato			228.73	228.73
Zamboanga Sibugay			75.35	75.35
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>3,853.29</b>	<b>3,853.29</b>
<b>GRAND TOTAL</b>	<b>9,851.20</b>	<b>2,979.13</b>	<b>13,095.99</b>	<b>25,926.33</b>



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## 2023-2024 VS 2022-2023 VALIDATED AREAS

BRANCH / PROVINCE	TOBACCO TYPE & AREA PLANTED (ha) PER CROP YEAR						TOTAL AREA (ha), ALL TYPES		REMARKS (2023-2024)	
	VIRGINIA		BURLEY		NATIVE		2022-2023	2023-2024	DIFFERENCE	INC./DEC.
	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024				
Abra	1,263.41	1,153.02	-	-	133.20	135.09	1,796.60	1,288.12	108.77	Decrease
Cagayan	-	-	264.01	185.60	109.40	167.96	373.40	353.56	19.93	Decrease
Candon	3,481.05	3,286.79	173.11	253.41	1,277.30	1,145.04	4,937.46	4,685.24	252.66	Decrease
Ilocos Norte	2,548.20	1,442.76	261.29	264.12	736.40	444.67	2,043.70	2,151.55	107.85	Increase
Isabela	-	2.79	1,274.92	1,735.52	4,461.30	4,303.82	5,704.54	6,042.13	337.59	Increase
La Union	1,109.44	571.73	143.60	16.65	789.63	868.96	1,549.22	1,457.34	111.88	Decrease
Pangasinan	-	-	251.43	400.33	1,540.00	1,790.06	1,197.00	2,190.39	1.61	Decrease
Vigan	1,094.58	3,394.11	111.50	123.50	655.04	387.10	1,822.22	3,904.71	81.49	Increase
<b>Sub-Total</b>	<b>10,097.61</b>	<b>9,851.20</b>	<b>2,730.65</b>	<b>2,979.13</b>	<b>9,212.69</b>	<b>9,742.70</b>	<b>22,040.96</b>	<b>22,073.04</b>	<b>32.08</b>	<b>Decrease</b>
Agusan del Norte	-	-	-	-	1.25	-	1.25	-	1.25	Decrease
Agusan del Sur	-	-	-	-	18.00	5.44	18.00	5.44	12.56	Decrease
Maguindanao del Sur	-	-	-	-	337.30	660.97	337.30	660.97	323.67	Increase
Misamis Oriental	-	-	-	-	2,641.05	2,882.80	2,641.05	2,882.80	241.75	Increase
North Cotabato	-	-	-	-	137.06	228.73	137.06	228.73	91.67	Increase
Zamboanga Sibugay	-	-	-	-	141.50	75.35	141.50	75.35	86.15	Decrease
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,296.76</b>	<b>3,853.29</b>	<b>3,296.76</b>	<b>3,853.29</b>	<b>556.53</b>	<b>Increase</b>
<b>GRAND TOTAL</b>	<b>10,097.61</b>	<b>9,851.20</b>	<b>2,730.65</b>	<b>2,979.13</b>	<b>12,509.45</b>	<b>13,095.99</b>	<b>25,337.72</b>	<b>25,926.33</b>	<b>508.61</b>	<b>Increase</b>



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Masaganang Agrikultura, Maunlad na Ekonomiya



- Engr. Maloom discussed next the Summary for the validated tobacco planted areas per Branch Office. This includes the Total Number of Tobacco Farmers & Total Area Planted per Tobacco Type & per Sub-Type for the Province/Municipality of Abra, Cagayan, Ilocos Norte, La Union; including the Candon, Pangasinan, and Vigan branch offices; and in Northern Mindanao, Maguindanao, and North Cotabato.
- Engr. Maloom ended his presentation by mentioning the problems encountered and solutions made during the conduct of the activity together with the recommendations of the activity.

### 1. Personnel

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Workloads of Drone Pilots and Data Processors – no issued SO for their temporary relieved from their current workloads	• Do the additional workloads simultaneously
2. Transportation/Travelling Expenses	

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Travelling expenses	• Used of the travelling allowances + personal funds – their travelling allowances is good for their areas of assignments and with their tasks, they need to visit all the tobacco planted areas within the branch area coverage that entails additional costs for them
2. Mobility	• The pilots carry their drones on motorcycles - this is not safe both for the pilots and for the drone but sometimes they were provided of

### 3. Data Storage

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Not enough storage devices for the captured drone images	<ul style="list-style-type: none"><li>• Used of External Hard Drives available from the branch stations and some are personal</li><li>• Bought External Hard Drives (SSD) from the project of Engr. Kenneth and distributed to the branches</li><li>• Engr. Kenneth created/provided cloud storage for both raw and processed images – <i>but the issue was on internet connections</i></li></ul>

### 4. Drone

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Low capacity of SD cards installed in the drones	<ul style="list-style-type: none"><li>• Immediate transfer of files to laptops prior to full capacity of the SD cards (i.e., 6-8 flights)</li><li>• Bought higher capacity SD Cards c/o Engr. Kenneth</li></ul>
2. No enough batteries / batteries drain fast	<ul style="list-style-type: none"><li>• Charged drained batteries to nearby farmer's house - <i>1 fully charged battery is good for 40-50 hectares ( 1 full flight)</i></li></ul>

### 5. Flight Issues

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Weather – (Strong wind and rainfall)	<ul style="list-style-type: none"><li>• Monitor weather condition to the target areas regularly</li><li>• Do other workloads</li></ul>
2. Cannot perform flights in some areas due to NPA and AFP encounter	<ul style="list-style-type: none"><li>• Re-scheduled flight operation - <i>wait for the notice of the LGUs</i></li></ul>
3. No FLY ZONES (i.e., near airports)	<ul style="list-style-type: none"><li>• Validated tobacco planted areas using Field Area Measurement App and Google Earth</li></ul>

### 6. Processing Computers

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. Limited number of computers for image processing and validation (only 1 laptop given per branch)	<ul style="list-style-type: none"><li>• Used available computers (desktop/laptop) in the branch stations</li></ul>

### 7. Area Validation

PROBLEMS ENCOUNTERED	SOLUTIONS MADE
1. No/incomplete masterlists tobacco farmers in some municipalities	<ul style="list-style-type: none"><li>• Master listing of farmers were done during the actual validation</li></ul>
2. Unavailability of Farmers and EWs that causes long time in validation in one area	<ul style="list-style-type: none"><li>• Requested NTA-EWs/LGU-EWs and Barangay Officials to call the farmers to identify their areas</li></ul>

## RECOMMENDATIONS

- *Additional one (1) Drone per branch office to facilitate documentations*
  - *High-end Computers/Servers for the data processing, storage and data access*
  - *Survey/mapping equipment (i.e., tablets/smartphones, powerbanks, Personal Protective Equipment)*
  - *Software subscription (ARCGIS PRO)- to facilitate parcellary mapping and detection of tobacco planted areas from the drone images*
  - *Additional batteries and portable chargers for more efficiency and effective flights*
  - *Additional travelling allowance for the Drone Pilots (if Management and COA allows)*
  - *NTA Extension Workers shall do the master listings of all tobacco farmers in their area of jurisdictions and provide it to the mapping team (with the help of LGUs)*
- 
- *Engr. Maloom made mention of the data that was released by the Philippine Statistics Authority (PSA) on total area planted to tobacco for the whole country. It shows that there were some discrepancies noted as compared to the total validated areas of the NTA.*
  - *Dir. Padayao countered that this can be attributed to the reported but undocumented areas in the Visayas area that was mentioned in the previous meeting by Atty. Ambros.*
  - *Dir. Reyes manifested that data from PSA is just the result of interviews conducted on the farmers, no further validations were made as to the total area planted.*
  - *Dir. Elaydo recommended that the undocumented areas in Visayas must be included in the future conduct of area validation. Engr. Maloom replied that they will do so, accordingly.*
  - *DAOP Casela that these results were already relayed to the concerned LGUs, provinces and municipalities. There were also some discrepancies as to their respective areas as reported. For this crop year, reconciliation efforts will be done to arrive at the actual area planted.*
  - *Engr. Maloom told the Board that the discrepancies reported occurred because there were some areas planted to tobacco that is located between two adjoining municipalities, in which case, both municipalities have declared it in their respective reports. DAOP Casela that the actual area must be declared based on their location.*
  - *There were reports also that these discrepancies can be attributed to results of survey done during start of rice planting season and not during tobacco season. Admin. Sanchez instructed that in the future, survey must be conducted during the tobacco season.*

DAOP Casela:        So, I requested Manager Johnny to come up with a proposal for next year to have a meeting with all these LGUs, the respective

MAOs and Planning Officer to discuss all these things. And that should be done early part of next year to resolve all these issues regarding this. What is important is we'll be able to stand with the data we have together because this was scientifically undertaken.

Unless there are other questions from the Members of the Governing Board, that is the report of the survey conducted by the FTSD under Engineer Maloom. Thank you.

- Dir. Padayao: Engineer, how do you rate the efficiency of the activity from the scale of 1 to 10?
- Engr. Maloom: For the initial implementation, I will rate it as 8, Ma'am. There are lots to improve on but employing state of the art technology using drones and corresponding softwares is a good start.
- Atty. Obusan: Any other comments? If there is none, we can now move on to our next agenda.

## **2. ESTABLISHMENT OF AVERAGE PRODUCTION PER HECTARE AS A RESULT OF THE ECONOMIC PROFITABILITY RESEARCH TRIAL**

### ***EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUB-TYPES PLANTED IN THE PHILIPPINES: (CY2023-2024)***

- Atty. Obusan: Madam Chair, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations, and Mrs. Evangeline C. Cabigan, Chief Science Research Specialist, FTSD.
- DAOP Casela: For this agenda, Ma'am Vangie will be reporting on this matter. Go ahead Ma'am.
- Mrs. Cabigan: Good afternoon, everyone. I am showing you this file. This is our main database where we make all the computations.
- *Mrs. Cabigan that the data that she was presenting came from the PIVs, that were submitted by the Research Assistants.*
  - *After her presentation, it was noted that despite the changes, the result remains the same as compared to the last Committee Meeting. The net income per hectare that was recorded is still very low due to high production cost.*
  - *Among the factors discussed and to be considered are the prevailing daily rate, land rentals, grading index and subsidies provided.*
  - *Dir. Padayao inquired if the data presented during the last tripartite conference was compared with the data used in the study? Mrs. Cabigan replied that she failed to do so.*

- *The Governing Board instructed Mrs. Cabigan to make a comparison of the data presented during the last tripartite conference as compared with the data used in the study and if the changes will significantly increase the income or profit per hectare. This is to be presented next time.*
- *DAOP Casela commented that whatever the results will be after the changes that will be incorporated, be it positive or negative, it is still a product of research.*
- *Further, DAOP Casela asked Mrs. Cabigan for her reaction if a demo farm will be constructed and a designated Research Assistant will be assigned to monitor it from seedling preparation to post harvest activities, recording the total production cost accordingly. This is to ensure accuracy and full transparency. Mrs. Cabigan replied that if this will be done, personally speaking, this will not be the actual field condition.*
- *Discussion ended with DAOP Casela instructing Engr. Maloom to create a project proposal for the design and construction of demo farms to be employed for the said purpose.*

Atty. Obusan: Any other comments? If there is none, we can now move on to our last agenda for today.

**D. COMMITTEE ON CORPORATE GOVERNANCE**

Chairperson: Sec. Francisco Tiu Laurel, Jr.  
 Members: Usec. Deogracias Victor B. Savellano  
 Admin. & CEO Belinda S. Sanchez  
 Dir. Gerry Virgilio V. Guzman

**REQUEST FOR APPROVAL OF THE NTA PERFORMANCE SCORECARD FOR CALENDAR YEAR 2025**

Atty. Obusan: Madam Chair, may we recognize the resource person, Mr. Nestor C. Casela, Deputy Administrator for Operations, and Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department.

DAOP Casela: Once again, the agenda is regarding the request of the Management from the Governing Board for a Board Resolution with respect to the final submission of NTA of its scorecard to GCG as required. A background to this was that there was a memorandum circular provided by GCG to all GOCCs in which NTA is under this GOCCs, requiring all these agencies to submit this in relation to the Performance Evaluation System.

This is mandated by the Republic Act 10149 of the GCG. The purpose of the process of the performance evaluation system, is to evaluate the accomplishment of GOCCs in a given fiscal year based on set performance parameters, criteria, targets, and



weights. This is required by GCG from all GOCCs and that NTA was able to comply with this, but with the latest directive of GCG, the component of the risk reduction management plan and its guide should be included. In which case, NTA was able to comply with this.

What is lacking now is the resolution from the NTA Board with respect to the submission. For further discussion on this, may I please request Manager Nini Benosa to make the presentation. Thank you.

Mrs. Benosa:

Good afternoon to our Honorable Administrator and to the Members of the Governing Board.

I'm pleased to present the proposed NTA performance scorecard for CY 2025. As a useful part and a vital component of the scorecard is our strategy map.

So as per GCG's definition of the strategy map, it is an integrated set of strategic objectives or choices driven by the agency, the successful execution of which results in the achievement of the GOCC's vision. We have our vision there in relation to its mission or purpose for having been created. It illustrates the GOCC strategy in the following perspectives.

As you can see in the diagram, we have five perspectives. The financial stewardship, learning and growth, internal process, stakeholders and social impact. These perspectives are defined by the GCG and it is common to all GOCC's.

Under each perspective, as you can notice the arrow goes upward, which means that those objectives at the bottom should contribute to the highest perspective. First in the financial stewardship, we have the objective on financial stability and viability sustained as expected from us being a corporation. The next objectives under learning and growth are competent and highly motivated employees and responsive organizational structure. To be added to this maybe as required by GCG is the objective on the DRRM, disaster risk reduction and management and the compliance to GEDSI or gender equality disability and social inclusion. Then under internal process, we have three strategic objectives, research and development and technology transfer strengthened, regulatory measures effectively enforced and quality management system institutionalized. Under the stakeholder's perspective, we have two objectives, the quality of life of tobacco farmers improved and linkages with tobacco industry stakeholders expanded and strengthened. All of this should contribute for us to be able to attain the viable tobacco industry sustained.

Each of these strategic objectives will also have their respective strategic measures which will be discussed next, and our performance scorecard.

Before I go further with the discussion of the 2025 scorecard, may I just inform the Governing Board that for 2023, the NTA has passed the performance scorecard with the total score of 91.72%. The GCG target is 90%. This is a result of the efforts of all departments.

I will just go to 2023, 2024 and 2025 validated and targets.

For the SM-1 under the viable tobacco industry sustained, we have a yield per hectare, that is kilogram per hectare. Although may I just inform also our Board that this has been discussed with all the department managers including with the branch managers present.

As you will see, our validated score by the GCG is the target then was 2,560 kilograms per hectare across all types. This is not just for one type. So yung iba po na matataas, maaring ito po ang nakahila po dito.

The validated score for 2023 is 2,560.97 kilograms per hectare. Our accomplishment as of the third quarter is 2292.78 kilograms per hectare, so hindi pa po final ang lahat ng ito, this will be considered only by the GCG at the fourth quarter of the year.

This was just in compliance po kasi we need this for our submission for the CNA. This is already validated because we already have our score na passed na po tayo. I'm just presenting yung baseline, yung pinang-galingan po ng ating scores.

It was decided that for 2025 we shall maintain the same. Kasi nung nag-uusap po kami ng nila Sir DAOP na wala pa po naman tayong increase in our budget so maybe it's one of the justifications na wag muna po tayong mag-increase in target yield. I would like also to inform po na this data is being computed by the FTSD coming from the 30% of the TCGS farmers.

Then for our percentage of satisfied customers, dito na po tayo sa measures. Ito na po yung measures na sinasabi ko kanina. Our validated for 2023, we were able to attain that 99% rating from our farmers and 97% from our industry stakeholders, meaning ito po yung mga manufacturers natin and other clients.

Then for 2024, this was not considered although kasi nag-iba po ang procedure ng GCG. The ARTA is now the validating agency for this. Nakapag-submit po tayo but na-late po tayo ng isang araw so this was not considered but mabuti na lang din na nakahabol tayo sa ibang indicators. For 2024, we are conducting already the

customer satisfaction measurement through our Central Office and the Branch offices.

Merong pong standard procedure ang GCG on this guideline. So that is, the minimum rating is 90%. Then from the farmers net income we have, medyo mababa po yung ating nasa validated 2023 at PhP60,647.49 but we cannot reduce po kasi di natin pwedeng ibaba from the baseline of PhP84,000.00 per hectare.

In 2025 we are maintaining the same level of net income that is PhP84,000.00 per hectare across all types. Then from other crops and livelihood activities yung ating pong validated is PhP56,649.16. Then for 2025 we are targeting PhP53,000. Ito po ay nang-gagaling sa income ng farmers from other livelihood nila like yung mga sa gulayan at manukan maybe and other sources.

For SM-4, ito po yung number of farmer cooperators who avail the production assistance. Ito po yung number of farmer cooperators who availed production assistance. Kasi binibigyan tayo ng DBM for the grant so we are targeting yung total beneficiaries for the PhP100 million from DBM which is the total beneficiaries is 16,438. That is PhP 6,000 per farmer tobacco farmer.

Then for SM-5 number of farmer cooperators beneficiaries trained in alternative. Ito po yung natanggal na po for 2024 and 2025.

Then under SM-5 pa rin yung percentage of high-grade tobacco that is medium may definition po sila dito and kasama na po yung medium grades. We are maintaining the 83% that was proposed in 2023.

Under SO-4 yung research and development and technology transfer strengthened. The same po from the previous number of R&D projects completed, that is 4 that has been the constant number. Then number of completed R&D published in national and regional technology publications, that is 2 that's coming from the FTSD and IRD. Then the new measure on the number of mature technologies transferred will be coming from the IRD from their product development division and that is one only. We are targeting the transfer of technologies to our LGUs, yung sa tobacco handmade paper and the tobacco extract.

Then for the percentage of licensed companies fully compliant with rules and regulations. The regulations department were able to attain the 100 percent compliance in 2023. They are maintaining that for 2024 and 2025. That is for local trading, export, import and transshipment and manufacturing.

For SM-8, percentage of violations acted upon within one working day, their target is 100% and that will be maintained for 2025.

For SO-6, quality management system institutionalized, we have a measure on the compliance to quality standards. For 2023, we have passed the surveillance audit by the SGS. For 2024, we already passed the surveillance audit conducted last August. For 2025, we are due for recertification by the SGS and that will be in August 2025.

For number of information systems deployed, this is under the care of the MISD of the CPD. We have the farmer's information system that we are using right now through our branch office operations. We have our database of tobacco farmers. Then we are targeting another module which we will submit to GCG. The other module will be deployed by the MISD.

On the competent and highly work-motivated employees, we have the measure on the percentage of employees meeting required competencies. Our target for 2024 is 5 percent improvement from the prior year. The definition is that is the total number of incumbents meeting the required competencies over total number of incumbents. This is based on the competency framework of our agency. This is being undertaken by our Human Resource Division. We are required to monitor the competencies for the trainings of our personnel. There should be a 5% improvement from the prior year increase of competencies.

Then for another measure is the development of disaster risk reduction management plan and GAD agenda. Ito na po yung bago. Ito pong development ng plan is a requirement under the circular na ito lang muna yung ating target. For GAD agenda kasi we already have conducted a training sa ating mga Managers and our focal persons this first and second quarter of the year in Vigan.

We will just continue with that kasi kulang hindi pa po tayo talaga nakatapos for the agenda because it involves many process po. But we are targeting to develop the DRRM plan and GAD agenda by 2025.

Under SO-9 Financial Stability and Viability Sustained. This involves our finances. Then for our subsidy, we are being monitored in our obligation rate which we are targeting to obligate our subsidy, yung pong binibigay ng national government na budget ito by 90%. Sa 2024, 2025, and 2023 naman ay na-attain natin ang 100%.

To be safe, ang target ng ating finance, ay 90% sa obligation rate ng ating subsidy. Then yung carryover naman na obligation rate involves yung previous budget na binibigay ng national government na meron pang naiwan so they are also monitoring that. Then for the disbursement rate, we should attain 90%

disbursement of our subsidy and that also includes the carryover rate ng disbursement.

Then for the internally generated funds disbursement, this involves yung corporate funds po natin na disbursement, so we are targeting 90% disbursement of our internally generated funds. We included under this objective yung GAD budget utilization since we are submitting annual GAD budget utilization to the PCW or Philippine Commission for Women that involves 5% of the corporate operating budget of the agency. It's a bonus point po, so we are including this measure.

Another measure for this objective is total internally generated income. This is the income that comes from, yun pong na-generate natin sa regulatory fees, yung other income, so we are providing the GCG and kung ano po yung na-generate na income ng ating agency. Medyo mababa yung tinarget nila Ma'am Mila and Atty. Bob ngayon, so it's PhP113.8 million, or close to PhP 114 million, whereas in 2024, nag-target po tayo ng PhP143 million, so siguro this would be subject pa for further discussion.

Ito po yung ating kabuuan ng ating proposed NTA Scorecard for CY 2025. This will be discussed po in the technical panel meeting with the GCG, so wala pa pong final date para dito. Once there is a final, we will inform the Governing Board. Thank you po.

Atty. Obusan: Thank you very much, Ma'am Nini. The floor is now open for comments or discussion from Members of the Governing Board.

*(The ensuing discussion shifted to utilization of budget which according to DAOP, funds available must be expended at year end to comply with the directives of the DBM. Also discussed was the Compromise Agreement signed by the NTA with PTI. To discuss fully the details of this agreement, the Governing Board instructed the Board Secretary to include it in the agenda for the Next Committee Meeting.)*

Atty. Obusan: Any other discussion on this matter? If there is none, next on the list is adjournment, Madam Chair.

Dir. Guzman: Madam Chair, I move that this Joint Committee Meeting be adjourned.

Dir. Serna: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 3:25 PM).*

Prepared and attested by:



**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V



Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE  
NATIONAL TOBACCO ADMINISTRATION**



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**MINUTES OF THE COMMITTEE MEETING  
HELD AT THE NTA BOARD ROOM, 11<sup>TH</sup> FLOOR UPPER CLASS BLDG.,  
QUEZON AVENUE, QUEZON CITY  
21 NOVEMBER 2024  
9:00 AM**

The Honorable Administrator & CEO, Belinda S. Sanchez, called the meeting to order at 10:35 AM.

Atty. Obusan: Good morning, everyone.

For the Joint Board Committee Meeting of the NTA Governing Board held today 21 November 2024 (Thursday) at the NTA Board Room, 11<sup>th</sup> Floor Upper Class Bldg., Quezon Ave., Quezon City.

May I request the Honorable Administrator & CEO, Belinda S. Sanchez to kindly call to order the meeting, Ma'am.

Admin. Sanchez: The Joint Board Committee Meeting of the following Committees:

Legal Matters and Properties  
Trading Operations and Regulation  
Research and Extension  
Board Audit and Finance

are now called to order.

Atty. Obusan: Thank you Madam Chair, to start with, I enjoin everyone to join me in the opening prayer. *"In the name of the Father..."*

*"Atty. Obusan led the opening prayer"*

Admin. Sanchez: May I call on the Board Secretary to determine the quorum.

Atty. Obusan: Thank you Madam Chair.

For the Joint Board Committee Meeting of the NTA Governing Board, we have at the NTA Board Room, the Presiding Officer and Vice Chairman, Honorable Belinda S. Sanchez, Administrator & CEO.

We also have the members of the NTA Governing Board, as follows: Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; Hon. Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers Sector; and Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; *Good morning, everyone.*

Also present at the NTA Board Room and joining us are, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good morning, Sir DASS*; Atty. Rohbert A. Ambros, Manager of the Regulations Department, *good morning, Atty. Bob*; Ms. Milagros C. Tiu, Manager, Finance Department, *good morning, Ma'am Miles.*

Finally, joining us through the virtual platform are the Department Managers, Branch Managers, and OICs, of the Central and Branch Offices, *Good morning to all.*

As such Madam Chair, we have a quorum.

Admin. Sanchez: Again, may I turn over to the Board Secretary for the presentation and discussion of the agendas.

*"Atty. Obusan read the scheduled Agenda(s)."*

Atty. Obusan: That will be all, Madam Chair. We now start with our first agenda.

Upon the request of the Manager of the Finance Department, we will first discuss Agenda D, under Committee on Board Audit and Finance.

#### **D. COMMITTEE ON BOARD AUDIT AND FINANCE**

Chairperson: DIR. RAY A. ELAYDO

Members: DIR. GERRY VIRGILIO V. GUZMAN  
DIR. LUZVIMINDA U. PADAYAO

**REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING DR. GIOVANNI B. PALABAY/MR. NICOLAS MENDOZA FOR THE CLOSURE OF THE FOLLOWING LAND BANK ACCOUNTS MAINTAINED AT SAN FERNANDO, LA UNION BRANCH:**

- 1. Interest Bearing Current Account (IBCA) 000-020-0000-0202025862**  
*(A similar bank account will be opened at LBP Bauang, La Union Branch Office.)*
- 2. Current Account 000-252-0000-2522103449 (For Mindanao Projects Account)**  
*(Remaining balance to be returned to NTA Central Office.)*



Atty. Obusan: Madam Chair, to report on this matter, may we recognize the Resource Persons, Mr. Benedicto M. Savellano, Deputy Administrator for Support Services (DASS), and Ms. Milagros C. Tiu, Manager, Finance Department.

DASS Savellano: To our Administrator, Honorable Belinda Sarmiento-Sanchez, Members of the Governing Board present today, and to all those joining us virtually, our Branch Managers and Central Office Managers, and Officers-in-Charge. Good morning, everyone.

This is with reference to the request for the issuance of a Board Resolution authorizing Dr. Giovanni V. Palabay and Mr. Nicolas Mendoza for the closure of the following land bank accounts maintained at San Fernando La Union Branch.

1. Interest-Bearing Current Account  
(0000-02-000-02-0202-5862)
2. Current Account 00252-0000-252-22-103449  
for Mindanao Projects Account

To further discuss and provide information on these accounts, I would like to request that the Finance Manager, Ma'am Milagros C. Tiu, be recognized.

Ms. Tiu: Since the NTA La Union Branch had transferred to Bauang, La Union, these two accounts, especially the other one, have been dormant because this account was open intended for special projects in Mindanao before. It was open in 2019, and since then, it has not moved. I've been asking to transfer it, Ma'am rather, close it totally, and the remaining balance of PhP368,944.57, be transferred to the Central Office.

The next one is the Interest-Bearing Current Account, whenever they are withdrawing from it at Bauang, La Union, it incurred service or interbranch fees. So, I told them, it's better to close it, and open the same type of account at Land Bank Bauang, La Union branch. Currently, it has a balance of PhP7,730,000.00, this is for the CBAP assistance, there's another grant coming. I told them to finish everything before they close it and open the same type of account next year in Bauang.

Dir. Serna: Madam Chair, this matter is for own convenience of the NTA Branch Office in Bauang, La Union and merits immediate action. Also, it is self-explanatory and I think there is no need to discuss it further.

I move for the issuance of a Board Resolution authorizing Dr. Giovanni B. Palabay and Mr. Nicolas Mendoza for the closure of

the aforementioned Land Bank accounts maintained at San Fernando, La Union Branch.

Dir. Elaydo: I second the motion.

Atty. Obusan: With that, thank you, Honorable Directors. Before we move to our next agenda, just to clarify, Ma'am Miles, regarding your request, is there a need for a separate Board Resolution for the subsequent opening of IBCA in Bauang, La Union.

Ms. Tiu: Yes, Attorney, separate.

Dir. Serna: In that case, my earlier motion is also to include issuance of a separate Board Resolution for the opening of such IBCA in Bauang, La Union.

Dir. Elaydo: I second the motion.

Atty. Obusan: Thank you Directors.

**THE REQUEST FOR ISSUANCE OF A BOARD RESOLUTION AUTHORIZING DR. GIOVANNI B. PALABAY/MR. NICOLAS MENDOZA FOR THE CLOSURE OF THE FOLLOWING LAND BANK ACCOUNTS MAINTAINED AT SAN FERNANDO, LA UNION BRANCH:**

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*(A similar bank account will be opened at LBP Bauang, La Union Branch Office.)*
2. Current Account 000-252-0000-2522103449  
*(For Mindanao Projects Account); (Remaining balance to be returned to NTA Central Office.)*

**is hereby APPROVED.**

Atty. Obusan: We now moved on to our next agenda.

**A. COMMITTEE ON LEGAL MATTERS AND PROPERTIES**

Chairperson: Dir. GERRY VIRGILIO V. GUZMAN

Members: Dir. RAY A. ELAYDO  
Dir. WILLORD L. REYES

**PRESENTATION ON THE FACTUAL AND LEGAL BASES FOR THE NON-IMPOSITION OF CERTAIN REGULATION FEES ON THE LEGITIMATE DOMESTIC CIGAR/CIGARETTE MANUFACTURERS/PHILIPPINE TOBACCO MEMBERS**

Atty. Obusan: Madam Chair, to report on this matter, may we recognize Atty. Rohbert A. Ambros, Manager, Regulations Department.

Atty. Ambros: Once again, good morning to the Honorable Chairman and members of the Board of Directors.

Last Board meeting, there was an instruction from the Deputy Administrator for Operations, Sir Nestor Casela for the presentation on the factual background and legal bases on why the local cigarette manufacturers or the Philippine Tobacco Institute, Inc. (PTI) members were exempted to pay some regulatory fees of the NTA.

Before I will go to the background, before, there were re-purposing of the NTA mandates, allow me to give a brief story on this.

This is a true-to-life story that the NTA experienced before, when we were on the deepest of deep and the darkest of dark. We were 1,250 employees before and the subsidy from the National Government was insufficient. There was a time when the National Government did not give anything because they said that since we are a government corporation, we should have our own money. But ironically, we did not have any savings at that time.

So, I remember that we were given a meager allocation, we received only PhP1 million for 1,250 employees. Because of the insufficient government subsidy, there were times when we did not receive salary for as long as 3 weeks.

Fortunately, the Administrator then was a cousin of Governor Singson. We were able to borrow around PhP100 million. That was the amount we used for our salary until such time that the NTA recovered because the NTA refocused its mandate from purely service-oriented to viable government corporation by rendering service for a fee.

This started sometime in 2004. So, the major objectives of the refocusing were the increase of research and development activities.

That is why the alternative uses of tobacco and tobacco by-products came about. That is when the Tobacco Dust Processing Plant was formulated. The next project is the Tobacco Pulp Processing Plant, the manufacture of handmade paper from tobacco.

So, the second objective of the refocusing was the identification and development of alternative markets for Philippine tobacco, meaning market exploration to increase the production.

And the third objective is the strengthening of the regulatory function.

My presentation will concentrate on the third objective during the refocusing. These are the activities of how the NTA refocused its regulatory function.

Number 1 was the adoption of Board Resolution 050-2004 authorizing the NTA to issue and implement the export and import rules and regulations and to collect fees.

And then, we issued the implementing rules on June 18, 2004. The rules were published on June 19, 2004 thru Memorandum Circular No. 001, Series of 2004. It took effect on July 4, 2004.

Next slide. So, these are the snapshots of the original rules and regulations on import-export. In the second column, of the third slide, there is the let me go back a little bit.

The Rules and Regulations imposed monitoring and regulation fees for the importation of tobacco products and leaf tobacco. So, here, there is no major distinction between PTI members and non-PTI members. All of the importers and exporters at that time were treated as equally.

On the far-right side, the third column, that is the implementing Memorandum Circular which we published in the official Gazette and in the Office of the National Administrative Registrar (ONAR). So, this is the common provision between the Import-Export Rules and Regulations and MC No. 001, S.2004, that is the schedule of fees.

Take note that the domestic cigarette manufacturers were previously assessed with monitoring fees and they have a preferential rate with respect to exportation of cigarettes, that is PhP5 per case.

After the implementation of the export and import rules, immediately, the group of the Philippine Tobacco Institute, Inc. filed a Petition for Certiorari, Prohibition and Mandamus with Prayer for Preliminary Injunction and/or TRO against NTA, Department of Agriculture, and the Bureau of Customs. These are three agencies that were involved in this.

PTI and Philip Morris Philippines filed the petition, primarily assailing the authority of the NTA to cover import and export rules, kasi wala daw po sa ating mandate ito. So, nagkaroon ng mga hearings, pero this was suspended kasi yung parties, both the government side and the private sector, nagmanifest sila for a possibility of settlement.

Next slide. Ito po yung initial, I think this is the initial and final meeting actually between PTI, Philip Morris and NTA that was conducted on December 17 of 2004.

Ano po yung gist nung minutes na yan? Next slide.

1. NTA MC Nos. 01-2004 & 03-2004 shall be amended;
2. NTA shall not conduct any inspection & monitoring of imports and exports of PTI Members, hence, no monitoring and inspection fees shall be charged/collected;
3. PTI Members shall pay only the following regulatory fees:
  - a. License Fee;
  - b. ECC/ICC Processing Fee; and
  - c. Php20/case of imported cigarette.
4. PTI Members to pay additional P0.10/kg R&R Fee from P0.30/kg to Php0.40/kg, to be paid by tobacco suppliers (WTDs) as voluntary contribution.
5. PTI Members to pay additional Php0.60/kg purchased from WTDs as CEF; and
6. Payments/Advances (from the implementation of the EIRR) shall compensate for the payment of Additional R&R Fee and CEF (offsetting).

So, in lieu of the other fees na binabayaran ng regular na importer and exporter, nag-commit ang PTI na magdadagdag sila ng 10 centavos doon sa research and regulation fee (R&R). So, yung sinisingil natin na 30 centavos na R&R sa mga trading centers, naging 40 centavos na siya. Yung 10 centavos additional was a voluntary contribution according doon sa Minutes of the Meeting.

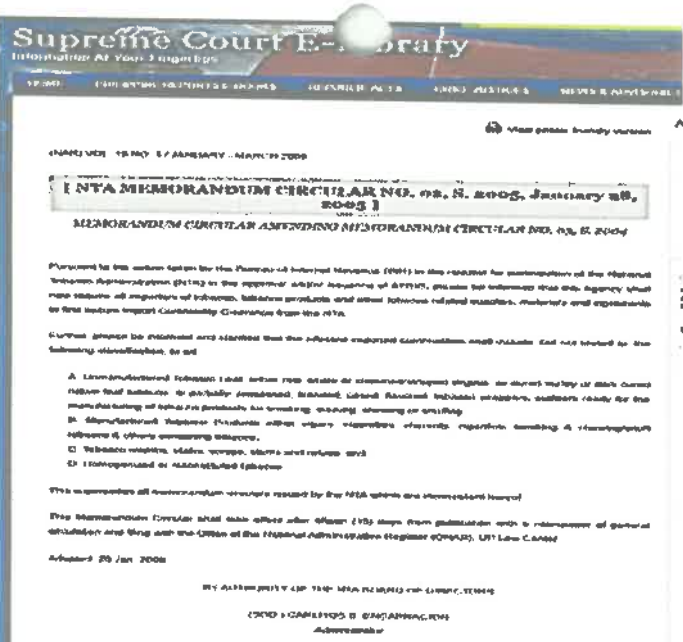
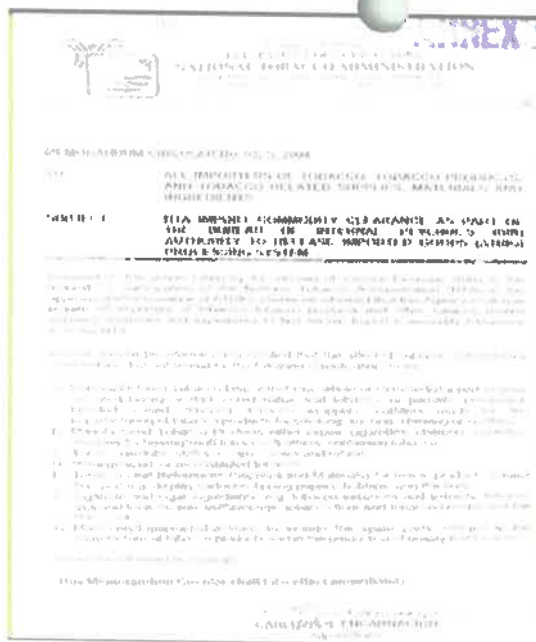
Aside from the additional R&R na 10 centavos, nag-commit din ang PTI members to pay additional 60 centavos per kilogram as competitiveness enhancement fee (CEF). Ito yung mga binabayaran ng PTI members or legitimate domestic local manufacturers na hindi binabayaran ng other entities.

Dahil may mga nabayaran na kasi sila Philip Morris and other cigarette manufacturers prior to the meeting, yung mga nabayaran nila were offset doon sa mga R&R after the agreement.

After the agreement, nag-adopt ang NTA Board ng Resolution No. 078-2005 noong January 12, 2005. Ina-amend na niyan yung Memorandum Circulars na nabanggit doon sa Minutes of the Meeting.

Kasama na rin dyan yung imposition ng additional R&R at saka CEF. It was signed by then D.A. Sec. Arthur C. Yap, Administrator Carlitos S. Encarnacion, and three (3) Directors, namely, Jose S. Diño, Nestor A. Camacho, and James S. Edduba. Majority ng NTA Board approved the amendment of the mentioned Memorandum Circulars.





Okay. As you can see on the left, yung commodities covered by M.C. No. 03-2004, there were 7 items.

Tapos, noong 2005, naging 4 items na lang. Ang natanggal doon is yung mga supplies and materials, cigarette ingredients, essences, extracts, saka machineries.

Ito ko yung substantial distinction between domestic manufacturers and yung mga regular importers, importers na hindi naman nagmanufacture. Yung additional na 10 centavos na R&R atsaka yung CEF na 60 centavos.

To summarize the salient provision of M.C. No. 1, 2, and 3:

So, ito po yung summary niya. Yung M.C. 1 is yung local cigarette manufacturers/PTI Members are exempted from the payment of monitoring and inspection fees.

Yung M.C. No. 2 is the removal of other tobacco related materials, ingredients, machineries, and spare parts from the list of regulated commodities. And No.

Yung M.C. No. 3 is yung payment ng additional R&R na 10 centavos plus 60 centavos as competitiveness enhancement fee. Both fees are voluntary contribution lang. Yun ang tawag nila.

Okay. With the issuance of the amendatory memorandum circulars, the Philip Morris, PTI together with the NTA, the Department of Agriculture and Bureau of Customs assisted by their counsels filed a Joint Motion to Withdraw/Dismiss Complaint and Counterclaim.

So yung sa atin, we were assisted by the Office of the Government Corporate Counsel. Doon naman sa Secretary of Agriculture at

Bureau of Customs, they were represented by the Office of the Solicitor General. So, there was a joint motion to withdraw or dismiss complaint and counterclaim filed on March 2 of 2005.

So yung Prayer is dismissal of the instant case without prejudice. Nakalagay po doon, Wherefore, premises considered the parties assisted by undersigned counsel respectfully pray for the dismissal of the instant case and respondents' counterclaims without prejudice.

Ano pong ibig sabihin ng without prejudice? So pwede pong ma-revive or ma-refile yung kaso.

With this joint motion to dismiss, nag-issue yung court ng Order dated March 4, 2005 approving the joint motion to dismiss. This was presided by Judge Oscar Pimentel. So yun yung premise, yung amendments of the Memorandum Circulars.

Doon sa dispositive portion niya, wherefore premises considered let the instant petition together with the counterclaims be as it is hereby dismissed without prejudice. So yan po yung huling status ng case.

But in 2014, we increased our license fees to P13,500 and ang current rate ngayon is P16,200 since July 1, 2019.

Lahat ng mga increase na yan were followed by the local cigarette manufacturers. So dito sa last column, ito yung pino-propose namin na increase which will be presented po dito sa Board sa susunod ko na presentation today. So, from P16,200 we propose that it will be increased by 50%, magiging P23,300 po ito.

Yung commodity clearance fee or what we call processing fee magiging P3,600. Tapos yung importation ng cigarettes ng PTI members magiging P18/case.

We are only collecting from them P12 per case right now. Yung CEF dati 60 centavos per kilogram, over time naging P1.20 siya as of current. We propose that it will be increased by 50% also, so magiging P1.80 per kilogram.

So yung accreditation fee to manufacture, we propose that it will be increased from P60,000 as the maximum to P90,000 if the proposal for increase will be approved.

Ano po yung existing na procedure natin sa domestic cigarette manufacturers? Since the dismissal of the case was without prejudice, so NTA should first consult with the PTI and PMFTC who were the other parties in the case para ma-prevent any possibility of refiling. Baka i-refile yung kaso kung babaguhin natin ito all of a



sudden. Ma-revive na naman yung issue whether or not NTA has the legal authority to cover the import and export trading and if NTA can impose fees for implementing these rules.

Meron kasing findings ang COA na NTA should have collected yung fees from PTI members. Pero actually this was caused by inadvertence.

So NTA replied to the COA, nagsabi kami ng mga justifications but they did not accept it. Ito yung example nung nakita kasi nila. Next slide.

1. COA erroneously hypothesized that the subsequent amendments/issuances of NTA Memorandum Circulars had already removed the exemption of local CMs/PTI Members, primarily the inadvertence of copying and pasting of provisions from previous to amendatory MCs.
2. COA did not accept NTA Management's reply/justification that there is **no NTA Board Resolution explicitly revoking the exemption of local CMs/PTI Members.**

## INADVERTENCE OF COPYING AND PASTING OF PROVISIONS:

Heading for paragraph "b" was not copied due to inadvertence

<b>a. For Legitimate Local Manufacturers Not Buying Locally Grown Leaf Tobacco:</b>	
<b>a.1 Manufactured Tobacco</b>	
<b>a.1.1 Export</b>	
a Cigarette/HIPs	PhP 12.00/case
b Cigar	0.12/pc
c Snuff/Cheroot/Chewing and the likes	0.12/pc
d Other Tobacco Related Materials Supplies and Ingredients	0.10/kg
<b>a.1.2 Import</b>	
a Cigarette/HIPs	PhP 30.00/case
b Cigar	0.24/pc
c Snuff/Cheroot/Chewing/Snus and the likes	0.24/pc
d Other Tobacco Related Materials Supplies And Ingredients	3.00/kg
<b>a.2 Unmanufactured Tobacco</b>	
<b>a.2.1 Export</b>	
b Raw Leaf	0.12/net kg
<b>a.2.2 Import</b>	
a Raw Leaf	1.00/net kg
b Partially Processed Tobacco	3.60/net kg
c Unmanufactured & wholly and/or partially processed leaf tobacco Legitimate Local Tobacco Products Manufacturer Processors who are not buying Locally Produced Tobacco	0.30/net kg
<b>b.1 Manufactured Tobacco</b>	
<b>b.1.1 Export</b>	
a Cigarette	PhP 12.00/case
b Cigar/Snus/Snuff/Cheroot/Chewing and the likes	24/pc
c Other Tobacco Related Materials Supplies and	0.10/kg

This is Memorandum Circular No. 2 of 2020. Meron kasing portion dun sa may line ng red na hindi nakopya.

Ang heading nun is for legitimate local manufacturers who are buying locally grown leaf tobacco. So ang hypothesis ng COA is lahat ng mga nasa letter A is babayaran na rin ng PTI members, yung legitimate local manufacturers.

So nagkaroon ng inadvertence. Pero bottom line dito Sirs and Ma'am is that there was no Board Resolution revoking yung exemption ng PTI. Okay so yun lang naging problem dun sa COA.

So yung justification namin sinasabi na yung pag copy and paste from the original provision papunta dito sa Amendatory Circular is hindi na copy yung subheading na letter B. From A.2 naging B.1 kaagad. So makikita mo talaga yung glaring na merong na leave out na portion. So yan yung reason ni Commission on Audit na wala nang exemption si PTI members.

Lahat daw ng monitoring fees na in-impose sa other importers should be imposed also to them. So supposed to be kung natanggal yung exemption wala na rin silang binabayaran na additional R&R and CEF, as may be permitted by law.

So yun lang kung ano po yung magiging decision ng Board, we will follow. So nagkaroon lang talaga Sirs and Ma'am na misappreciation ng COA doon sa pag cut and paste doon sa mandatory provision. So hindi nila tinanggap yung justification na walang Board Resolution removing the exemption.

That will be all from my end on this Agenda. Thank you.

Atty. Obusan: Thank you. Atty. Bob, the floor is now open for any comments or discussions from Members of the Governing Board.

Admin. Sanchez: How are we going to address the findings of COA?

Atty. Ambros: Kasi Ma'am, hindi pa final yung kanilang findings. Parang audit observation pa lang yung ginagawa nila. They're still trying to get response from us before they will issue yung kanilang final decision.

Kung nalabas na ma'am yung final decision, that's the time we will be appealing to their immediate supervising auditor. Mas maganda kasi pagka-abogado ang mag-appreciate. Kasi hindi sila abogado, mostly accountant lang sila.

Merong silang CPA lawyer Ma'am pero bago pa lang abogado.

Dir. Padayao: Pero yung binabayaran nilang CEF and R&R is lower than the required fees sana? Tama ba Atty?

- Atty. Ambros: Yes Ma'am, tama yung observation nyo na mas mababa yung CEF and additional R&R as compared to monitoring and inspection fees.
- Dir. Guzman: Sino-sino yung mga kasama sa compromise agreement na ito? Yung mga signatories' noon sa kaso, sila pa din ba? Or may nadagdag na ba?
- Atty. Ambros: Sila pa rin Sir, kasi yung Philippine Tobacco Institute is the umbrella organization ng mga local cigarette manufacturers. Lahat ng mga members ng PTI are technically concerned with the case. So lahat sila affected. Si Philip Morris Philippines, JTI Philippines, JTI Asia, Anglo American and Telengtan, bale lima sila lahat.
- Tomorrow is our next board meeting. The PTI President, Atty. Koko Nograles will be here tomorrow upon the invitation of Usec DV Savellano. He will be coming over to discuss yata, so probably if there will be a Q&A part probably, we could take advantage of the opportunity to ask siguro if ever na lang po yung regarding dito sa exemptions.
- Dir. Padayao: So ang current rate ng CEF ngayon is P1.20. All of them are paying this?
- Atty. Ambros: Hindi, Ma'am. Yung mga manufacturers na bumibili ng local tobacco lang. Pag manufacturers ka na hindi ka bumibili ng local tobacco, hindi ka magbabayad nito. Pero doon sa import naman ma-assess din sila.
- Dir. Padayao: May mga manufacturers na bumibili ng local tobacco produce?
- Atty. Ambros: Yes, Ma'am.
- Dir. Padayao: Di ba yun ang requirement natin na at least they will buy a portion or a certain volume?
- Atty. Ambros: The cigarette manufacturers should purchase at least 15% of their total requirement for raw materials.
- Dir. Reyes: Na-meet nila itong 15% na requirement?
- Atty. Ambros: Yes, Sir. Based sa record natin, more than. Ang tinakamababa sa kanila na na-compute namin ay nasa level ng 30%.
- Dir. Elaydo: Other than sa limang manufacturers that were mentioned earlier, yung other manufacturers are paying the regular fees, itong monitoring at inspection fees?

Atty. Ambros: Yes, Sir. But unfortunately, konti lang volume na pinag-uusapan natin dito. Mas malaki yung volume na mina-manufacture ng PTI Members.

Atty. Obusan: Any other comments from Members of the Governing Board? If there is none, we now move on to our next agenda.

We discussed first the Proposed Increase of Regulation Fees as this was mentioned already in the prior agenda.

**B. COMMITTEE ON TRADING OPERATIONS & REGULATION**

Chairperson: Dir. JESSIE PAT M. SERNA

Members: Dir. LUZVIMINDA U. PADAYAO  
Dir. GERRY VIRGILIO V. GUZMAN

**2. UPDATES ON THE PROPOSED INCREASE OF REGULATION FEES**

Atty. Obusan: Madam Chair, once again, may we recognize Atty. Rohbert A. Ambros to discuss this subject matter.

Atty. Ambros: Okay. We are presenting here yung sample computation namin kung paano kami nag-costing on how much should we impose doon sa processing ng license fees.

There are several types of cost na in-identify natin. Yung mga personnel involved, nandiyan na rin. And then yung rate per minute based on annual salaries to determine the total cost. Kasi every employee na na-involved doon sa process, iko-costing natin yung time na na-allocate nila.

Aside from the personnel involved, dinetermine din natin yung mga supplies and materials na na-coconsume natin. So just like this one, sample consumables na na-coconsume is yung mga bond papers, of course yung printing and printing materials. So may mga costings yan per quantity.

Yung mga reusable items, yung mga ink, mga desktop computer, aircon, printer, nandiyan na rin. So mayroon din capital outlay, just like yung rentals natin. So kino-costing din natin yung rentals.

Kung kunwari sa Regulation Department, we are only occupying 44 square meters. So hindi yung total na area ng NTA ang inilalagay. Kung ano lang yung portion ng involved na offices, yun lang yung madadagdag doon, i-add doon sa total area.

So yung cost per minute and cost per working minutes, minu-multiply siya. So, electricity, water, internet. So dito sa water and electricity, hindi pa namin nalagayan ng quantity.

May mga offices kasi na konti lang yung tao, pero malaki yung square meters na na-occupy nila. So iba-iba yun kasi yung rate na dapat ma-arrive dito, every office. So gaya sa regulation, mayroong specific rate.

Doon kina Ma'am, doon sa Office of the Administrator, may specific rate din sila per square meter, per cubic meter. So binakante muna namin yung portion na yan.

Doon sa sample computation namin, ang cost ng processing ng license for local trading is P5,780.93. Rough estimate pa lang yan kasi wala pa yung utilities na portion.

Pero ang existing fees natin ngayon is P16,200 to P60,000 pesos. So medyo, mas malaki yung existing natin kaysa sa computation. So, this just to give you a summary doon sa computations namin.

Of course, since we are revising our fees, ang minimum kasi na increase every 5 years is 20%. On our part, nag-propose kami ng 50% increase. Something to haggle with kung mag-conduct na tayo ng public consultation.

Kasi we are definite na yung affected stakeholders na sisingilin natin ng fees na ito will propose for a lower rate. So ayan, yung sa left is yung existing. So plus 50% ito na nasa kanan.

So marami tayong fees and licenses na kino-collect. So next slide. So dito sa slide na ito, para may iwasan na naman natin yung Commission on Audit na mag-speculate na natanggal na yung exemption.

We will be highlighting na non-buying locally produced tobacco and buying locally produced tobacco. Yan lang naman yung hinahanap nila. Kasi understandable sa Commission on Audit na nagkaroon sila ng siguro mis-appreciation lang.

Kasi sa dinami-dami ng mga fees and dinami-dami ng mga licenses na nire-regulate natin, napag-ju-juggle kasi nifa. With this amendment, itemize na natin talaga na magka-hiwalay yung dalawa.

Yung ibang kasi, yung ibang manufacturers, hindi sila bumibili. They are located sa economic zones. Outside the economic zone, meron na kaming nabigyan ng license actually pero wala pa silang production.

Yung next slide is pertaining naman sa mga inspection fees, depending on the destination. So yung mga NA diyan, dati wala tayong existing fee kasi mga bagong mga sites ito, inspection sites. We are expecting na by next year meron ng mga importation on

those areas. Kaya naglagay na rin tayo ng proposed fee para hindi na tayo mag-issue ng mga amendments later on.

Just like in Mariveles, may mga ano na dyan kasi yung economic zone were potential sites for importation of cigarettes. So naglagay na tayo. Also, for Carmona, Naic, Kawit, General Trias, and Silang Cavite nandyan na rin. Same is true with other areas tulad ng North Caloocan, wala dati so we will be imposing na din dyan.

Pero yung increase ng rates, iba-iba kasi dito we have to be very specific dun sa mga gas expenses, toll fees, depreciation, and yung salaries ng involved na mga inspectors. So iba-iba sila. Hindi siya yung regular na gaya noong ibang fees na nag-peg tayo ng 50% increase across the board.

Items 11, 12, 13 ito yung mga administrative fees naman. So dun sa offenses, pagka may mga offense nagbabayad kasi sila ng P10,000, P50,000, to P100,000. For next year we are proposing to increase that by 50% para iwasan nilang mag-commit ng violations.

So ano na po yung activities na kina-conduct natin on this matter? So ni-revise namin yung Special Order creating the Revision of Fees Committee. Dinagdag namin si Sir DASS and si Ms. Russel Rutab kasi syempre as a support service and involving finance matter din kasi ito.

And then after revising, yung pinag-present natin na increase ng fees, sinubmit natin yung request sa National Tax Research Center. Kasi it is required under the Administrative Order No. 31 that any proposed fees should be reviewed by this office.

So nagkaroon kami ng online meeting last Tuesday lang. And then very positive naman yung acceptance ng NTRC kasi sabi nila we are on the right track. Kasi number one, five years na kasi na hindi na-amend yung fees natin.

Except for details, yung mga pinag-present ko sa inyo kanina na sample computation, they requested na mag-face-to-face meeting kami with the group, para i-assist tayo kung paano mag-compute. So, they will be going here on Wednesday and Thursday.

After yung face-to-face meeting, mag-submit din tayo ng regulatory impact assessment noong proposed revision of fees sa Anti-Red Tape Authority.

Tapos kapag okay na sa Anti-Red Tape Authority, or after submission without waiting for their approval, pwede na tayo mag-conduct ng public consultation. Then kung okay na sa mga stakeholders, payag na sila sa 50% increase, pwede na i-approve

ng Board yung bagong rates and then we can already publicize yung Memorandum Circular.

So as regards to timeline, next.

Noong September 26, natapos natin yung committee composition. At the same time, natapos din yung graph ng proposed increase in fees.

Then that was submitted to NTRC last October 15. Nagkaroon ng meeting noong November 19, and then there will be a face-to-face meeting on the 27<sup>th</sup> and 28<sup>th</sup>.

Ang target date natin ng submission ng regulatory impact assessment sa ARTA is on November 30. So, ginagawa na namin yan, and then tamang-tama by next week pwede ng i-approve ni Ma'am yung regulatory impact assessment for submission. And then kung okay na yung RIA, pwede na mag-conduct ng public consultation sa December 10. But this is tentative kasi we will be getting yung assurance from the stakeholders kung available sila on that date.

So, kung okay yun, one-day consultation, everybody will agree sa proposed increase. Pwede na namin i-submit sa Board for approval and publication. So, kung ma-approve ng board ng 13, immediately the next day pwede na nating i-publicize yan sa ONAR atsaka sa any newspaper of general circulation.

Nagbigay kami ng lead time na 15 days from December 13 para sa publication. Tamang-tama January 1, effective na yung proposed increase natin.

Actually, Sirs and Ma'ams, kapag December marami na yung nag-re-renew ng licenses for next year para hindi sila samasabay sa rush.

So may mga nag-re-renew na ng license as early as December for 2025. So hindi muna kami mag-accept ng early application kasi baka ma-approve na yung increase on January 1, effective na, para tama na yung sisigilin natin at least.

So, in our study, aside from increasing yung fees kasi baka magtanong yung mga stakeholders natin kung magbabayad kami ng mas mataas na fees ano naman yung benefit na makukuha namin. So isa yung iniisip namin for submission namin kay Administrator will be the streamlining ng procedures in the application and approval of licenses/permits and clearances.

Yung streamlining may be in the form of baka pwede kami mag-adopt ng digital processing system. Gaya sa branch offices, yung

mga local applicants sa branch offices kasi nade-delay yung transmittal.

Yung isa pang activity na ginagawa namin is we are participating sa mga public consultation ng Bureau of Customs kasi they are developing the National Single Window Digitized System of Processing. So lahat ng mga government processes will be incorporated on that web portal.

So lahat na yung processes natin online na. Applicants of our licenses and commodity clearances need not go personally to the NTA. Lahat na mga submission online i-upload lang nila yung mga requirements.

So that's my last slide. Thank you very much once again.

Atty. Obusan: Thank you Atty. Bob. The floor is now open for any comments or discussions from Members of the Governing Board.

Dir. Padayao: Thank you Atty. Bob, this is a welcome development and it is about time na mag-increase na talaga tayo ng fees since it is more than five years already since our last increase in regulatory fees.

Atty. Ambros: Yes, Ma'am.

Atty. Obusan: Any other comments from Members of the Governing Board? If there is none, we now move on to our next agenda.

#### **1. ACTION PLAN FOR THE PROMOTION OF LOCAL TOBACCO PRODUCTION AND REDUCTION OF IMPORTATION OF UNMANUFACTURED TOBACCO**

Atty. Obusan: Madam Chair, once again, may we recognize Atty. Rohbert A. Ambros of the Regulations Department to discuss this subject matter, and joining him is Mrs. Myrna O. Lozano, Manager of the Industrial Research Department and Engr. Johnny Maloom, Manager of Farm Technology and Services Department as this agenda is a collaborative effort of the three aforementioned departments.

Atty. Ambros: Thank you, with regards to my presentation for today, this is in connection with the instruction of the Honorable Chair for the NTA to formulate an Action Plan to promote the demand of locally grown leaf tobacco. The Operations group, particularly the Industrial Research Department, the Farm Technology and Services Department, and the Regulations Department, drafted an Action Plan, and we have listed certain Programs, Activities, and Projects for the implementation of our objective to increase the production of locally grown leaf tobacco.



For our Rationale for formulating this Action Plan, I'd like to start with the economic significance of the tobacco industry to the Philippine economy. The industry shares 1% of the gross domestic product for 2023, and it comprises 6% of the total tax collection for 2023. The total collection for excise tax on tobacco in 2023 was 132 billion.

This 132 billion were distributed to, of course, the majority of the collection went to the Universal Health Care, that's 52%, 25% to the National Government and the BIR, 16% to the Local Government Units under RAs 7171 and 8240, and the rest, the remaining 7%, or 9.7 billion, was credited to the special account under the general fund for the NTA pursuant to RA 4155.

This is the summary of the presentation.

## RATIONALE:

**INCREASING ILLICIT TOBACCO  
TRADE INCIDENCE CONTRIBUTED  
TO THE DECLINE OF DEMAND OF  
LEGITIMATE TOBACCO**

**INCREASING EXCISE TAX  
RATES ON CIGARETTES**

	1997	2005	2020	2021	2022	2023	2024
<b>Excise Rate/Pack (In pesos)</b>	<b><u>1.00</u></b>	<b><u>2.72</u></b>	<b><u>45.00</u></b>	<b><u>50.00</u></b>	<b><u>55.00</u></b>	<b><u>60.00</u></b>	<b><u>63.00</u></b>

**Php100.00**  
MINIMUM RETAIL PRICE PER PACK OF  
CIGARETTE

# Illegal cigarettes are available in all provinces

With Mindanao as the primary entry point, illicit cigarettes are spreading across the country

## ILLICIT INCIDENCE BY REGION AS OF Q4 2023 (%)

**LUZON 8.0%**  
 Pangasinan 12.0%  
 Zamboanga 18.3%  
**Bataan 58.2%**  
 Nueva Ecija 18.8%  
 Pampanga 19.8%  
 Pinaric 13.2%  
 Palawan 5.8%

Illicit cigarettes are sold at PhP3.00-PhP4.00/stick vs PhP8.55 per stick for legal, tax-paid volumes.

**VISAYAS 1%**  
 Davao 1.4%  
 Negros Oriental 1.3%  
**Olivera 6.0%**  
 Surabanga 1.5%

**MINDANAO 45%**  
 Zamboanga Sibugay 67.5%  
 Cotabato City 77.0%  
 Marikina City 77.0%  
 Zamboanga 85.0%  
 Sultan Kudat 88.0%  
 Sarangani 88.8%

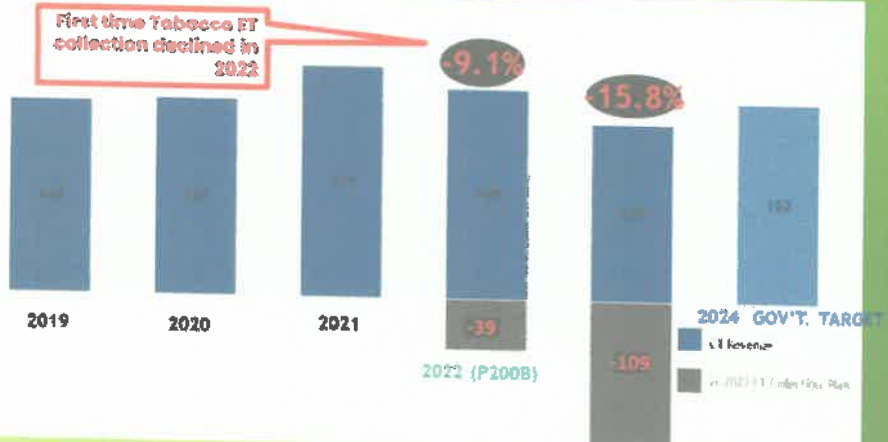
## DISTRIBUTION OF ILLICIT WHITES IN MINDANAO

80% and up  
 50% - 79%  
 30% - 49%  
 10% - 29%  
 Less than 10%

In many areas in Mindanao, 9 out of 10 cigarettes sold come from illicit sources.

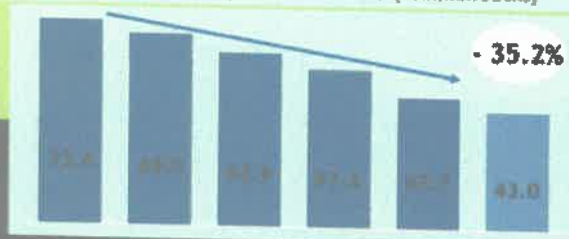
## RATIONALE:

Government tobacco excise tax collections dropped for the first time in 2022 and projections on downward trend (in billion pesos)

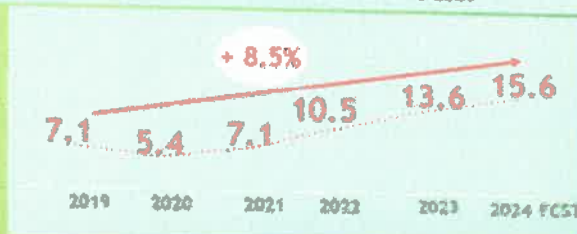


## Legal volume is downward, while illicit is upward

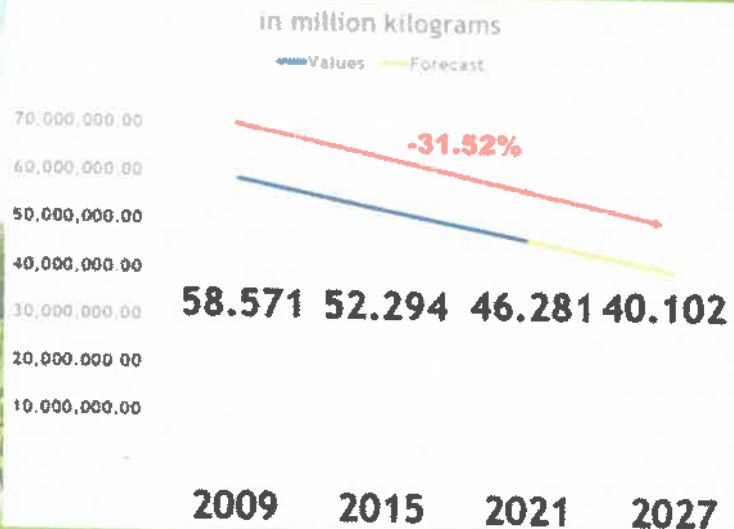
Legal cigarette volumes have dropped by 35.2% since 2019 (in billion sticks)



Illicit incidence (%) nationwide has more than doubled since 2019



# Domestic Tobacco Leaf Production



## RATIONALE:

### IN CONTRAST:

- Increase by 31.6% of imported unmanufactured tobacco from 38M kg in 2019 to 50M kg in 2023.
- Increase by 650% of tobacco cut rags (ready for cigarette manufacturing) from 0.3M kg in 2022 to 2M kg in 2023.
- Locally-grown leaf tobacco is comparable with imported tobacco from China and USA in terms of nicotine content.
- Cost of imported tobacco is higher than cost of locally-grown tobacco (Php250.00/kg vs. Php93.19/kg ABP)

As such, NTA should identify, recommend and implement measures, as may be permitted by law, to increase the demand of locally produced tobacco both for domestic manufacturing and global market.

## OBJECTIVES:

- Identify the strength, weaknesses, opportunities and threats as a tool in the adoption of policies that will increase the volume or promote the demand of locally grown leaf tobacco for local manufacturing or for export market;
- Explore further characterization of imported unmanufactured tobacco with scientific basis to substantiate the comparability of locally grown leaf tobacco with imported tobacco;
- Determine appropriate regulatory measures as may be permitted by law requiring domestic manufacturers to increase their purchases of locally grown tobacco and minimize importations; and
- Propose other options to deter the proliferation of illicit trade of tobacco to protect the Philippine tobacco industry.

# SWOT ANALYSIS:

## STRENGTHS:

- a. Possesses regulatory power
- b. Coordinating agency under RA 12022
- c. NTA procedures were made part of the processing system of BOC, EIR and BPI
- d. Qualified personnel
- e. Laboratory facilities
- f. Extension services
- g. STEP
- h. Available funds under RA 4155
- i. Procedures in the application to limit volume of importations are in place
- j. Supportive industry stakeholders

## WEAKNESSES:

- a. No police powers and personnel complement not familiar with police enforcement procedures

## OPPORTUNITIES:

- a. Upgradable R&D facilities
- b. Available funds for purchase of new lab equipment
- c. Cooperative other law enforcement agencies.
- c. Utilization of funds under RA 4155
- d. Capability of technical personnel can be enhanced through appropriate trainings
- e. Increased collection of regulatory fees.

## THREATS:

- a. Compliance with Regulatory Impact Assessment
- b. Possible violation of commitments under the World Trade Organization-Free Trade Agreements or Bi-Lateral Trade Agreements, as well as, the Philippine Competition Act
- c. Some law enforcement agencies/LGU are uncooperative
- d. Tedious and uncertain DBM approval of budget requests.
- e. Ageing technical personnel; and
- f. Purchasing of raw materials uses by domestic CMEs is dependent

# PROPOSED PROGRAMS/ACTIVITIES/PROJECTS:

## A. RESEARCH & DEVELOPMENT AND EXTENSION PROGRAMS:

Programs/Activities/Projects	Objectives	Target/s	Timeline	Responsible Unit/s
1. Characterization of Imported Unmanufactured Tobacco	For each country of origin, determine/conduct: <ul style="list-style-type: none"> <li>a. complete physiological, chemical and topological analysis;</li> <li>b. system of production;</li> <li>c. fertilization and pesticide requirements;</li> <li>d. grading and classification system; and</li> <li>e. cost analysis.</li> </ul>	Top 10 countries of origin	January–December 2025	IRD & FTSD

# PROPOSED PROGRAMS/ACTIVITIES/PROJECTS:

Programs/Activities/Projects	Objectives	Target/s	Timeline	Responsible Unit/s
2. Test Production of imported varieties	Determine viability of producing tobacco from imported seeds	Top 5 countries of origin, per tobacco type	November 2025-February 2027	FTSD
3. Improvement of R&D Facilities	Purchase of new laboratory equipment and establish tobacco products and tobacco leaf standards	Set baselines of standards for Philippine National Standards	January – December 2025	IRD
4. Market sensing and exploration	Identify countries which have high demand of imported tobacco to increase Philippine export volume	Double the export volume for the next 5 years	2025-2030	IRD
5. Improvement of tobacco varieties and/or expansion of suitable production areas	Increased percentage of high grades and yield per hectare	Achieve 70% of high grades and increase yield per hectare by 50% for the next 5 years	2025-2030	FTSD

## PROPOSED PROGRAMS/ACTIVITIES/PROJECTS:

### A. REGULATORY PROGRAMS:

Programs/Activities/Projects	Objectives	Target/s	Timeline	Responsible Unit/s
1. Review/Revise Existing Rules and Regulations in the Importation of Unmanufactured Tobacco	Adopt regulatory measures to limit the importation of unmanufactured tobacco	a. Establish scientific and legal bases; b. Study and propose regulatory measures; c. Conduct Regulatory Impact Assessment of the proposed regulatory measure d. Conduct consultation meetings with importers/domestic manufacturers.	January-December 2025	a. IRD & RD b. RD c. RD d. OAD, DAOP & RD

## PROPOSED PROGRAMS/ACTIVITIES/PROJECTS:

Programs/Activities/Projects	Objectives	Target/s	Timeline	Responsible Unit/s
2. Institution of Trade Remedies	Assist the local tobacco farmers in availing emergency relief pursuant to Republic Act (RA) No. 8751 (Countervailing Act of 1999), RA No. 8752 (Anti-Dumping Act of 1999), and RA No. 8752 (Anti-Dumping Act of 1999)	Assist the tobacco farmers in the drafting and filing of petition/protest before the Secretary of Agriculture to temporarily limit the importations of unmanufactured tobacco.	July-September 2025	OAD, DAOP, RD & Attorney V
3. Inter - Government Collaboration	a. Strengthen existing coordination with the BOC, BIR, PEZA, Freeport Zones, PNP & NBI; b. Institute collaborative governance with other law enforcement agencies in curbing illicit tobacco trade.	Enter into MOA with at least 1 law enforcement agency, with NTA as deputized enforcement/support group.	January-June 2025	OAD, DAOP & RD

## PROPOSED PROGRAMS/ACTIVITIES/PROJECTS:

Programs/Activities/Projects	Objectives	Target/s	Timeline	Responsible Unit/s
4. Information gathering on illicit tobacco trade	a. Establish data base on daily price index and minimum retail prices; b. Establish system of information gathering and protection of intelligence information on illicit tobacco trade	a. System of determining DPI in collaboration with the DA;	January 2025	a. IRD & RD
		b. System of determining minimum retail price of tobacco products in collaboration with the BIR; and	January 2025	b. IRD & RD
		c. System of storage and protection of intel info	January-December 2025	c. RD & CPD
5. Capability Enhancement of NTA Personnel	Capacitate NTA personnel to be tapped with appropriate trainings to enhance their skills and expertise.	40 hours of training per staff	January-December 2025	IRD, FTSD & RD

## MANPOWER & BUDGETARY REQUIREMENTS:

a. **MANPOWER:** ALL TECHNICAL STAFF OF THE OPERATIONS GROUP, COMPRISING THE INDUSTRIAL RESEARCH DEPARTMENT, FARM TECHNOLOGY AND SERVICES DEPARTMENT, REGULATION DEPARTMENT & BRANCH OFFICES

b. **BUDGET:** INITIAL P10,000,000.00 for MOOE

## ACTIVITIES TO BE UNDERTAKEN:

1. All responsible units will prepare the detailed proposals for each PAs for submission to and approval by the NTA Governing Board.
2. Assistance to the Tobacco Farmers for drafting of the Petition with the DA Secretary.
3. Consultation with the Manufacturing Sector for the increase of their purchase of local tobacco leaf.
4. Coordination with law enforcement agencies to curb illicit trade of tobacco.

-end of presentation-

Atty. Ambros: So that's my last slide. Thank you very much once again.

Atty. Obusan: Any other comments from Members of the Governing Board? Just a reminder, Atty. Bob, this will be presented again tomorrow at the Special Board Meeting before the Hon. Usec. DV Savellano.

Atty. Ambros: Yes.

Atty. Obusan: If there are no more comments from Board, may I ask the pleasure of the body, since it is already 12:35 PM, are we going to continue and discuss the next Agenda or are we going to pause for a short lunch break?

Dir. Serna: With the permission of Madam Chair, let's have our lunch break first and resume by 01:30 P.M. Thank you.

Dir. Reyes: I second the motion.

Admin. Sanchez: Meeting is suspended.

Atty. Obusan: Thank you, Madam Chair. To online participants, we will resume by 01:30 P.M. In the meantime, you can have your lunch also.

*(Lunch break for 55 minutes.)*

Atty. Obusan: Good afternoon, everyone. We now continue the Joint Board Committee Meeting. We go to our next agenda.

**C. COMMITTEE ON RESEARCH AND EXTENSION**

Chairperson: Dir. LUZVIMINDA U. PADAYAO

Members: Dir. RAY A. ELAYDO

Dir. WILLORD L. REYES

**1. REQUEST FOR DISCUSSION AND PRESENTATION OF THE SMOKING MACHINE FOR CIGARETTES AND NEW GENERATION PRODUCTS BY WCD INTERNATIONAL**

Atty. Obusan: Madam Chair, may we recognize Mrs. Myrna O. Lozano, Manager of the Industrial Research Department and the Representatives from the WCD International to make the presentation.

Mrs. Lozano: Good afternoon, everyone. This is in relation to a possible collaboration with the Department of Trade and Industry regarding testing of HTPs and vape composition. In relation to this, there is a need for the NTA to upgrade its laboratory equipment.

At this point, may we recognize Mr. Louie Dy, and Mr. Alwin Chew, President at Service Manager of the WCD International to discuss their product, SM450 NGP, Linear Smoking Machine for Next Generation Products.

*In the ensuing presentation and discussion, the following are the salient points that were raised:*

- a. *Price of the Equipment: P30.5 Million*
- b. *Equipment Brand Name: Cerulean (Made in UK)*
- c. *This is a good investment especially since DTI testing of vape products will be commissioned to NTA for a fee.*
- d. *The equipment can be used to test and establish the maximum allowable limits for tar, nicotine, and carbon monoxide levels.*

- e. *The equipment can be used to determine the authenticity of local tobacco products as compared to illicit tobacco.*
- f. *According to the Finance Department, there is unutilized but restricted fund under the IRD and proposal may be submitted to DBM asking permission to use it for the procurement of the linear smoking machine.*
- g. *Governing Board instructed the IRD thru Mrs. Lozano to prepare the proposal for submission to DBM.*
- h. *The Administrator & CEO, together with the Governing Board thanked Mr. Dy for the very informative presentation.*

Atty. Obusan: We now move on to our last agenda.

**2. REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES FOR THE TOBACCO CONTRACT GROWING SYSTEM (TCGS)-TOBACCO FARMER'S PRODUCTION GRANT FOR CROP YEAR 2024-2025**

Atty. Obusan: Madam Chair, may we recognize Mrs. Fortuna C. Benosa, Manager of the Corporate Planning Department to discuss this agenda.

Mrs. Benosa: Good afternoon to our Administrator Ma'am Bel and to our esteemed members of the NTA Governing Board. In behalf of the Chairperson, Sir DAOP and Vice Chairperson, Sir DASS and the Members of the Technical Working Group for the Review of Implementing Guidelines of NTA's projects, I'm presenting the Implementing Guidelines for the Tobacco Farmers Production Grant for Crop Year 2024-2025.

The giving out of this production grant is in line with the directive of Sen. Cynthia Villar to shift from the production/credit scheme to the provision of "free" assistance to qualified tobacco farmers starting Crop Year 2023-2024. Since then, this has been one of the NTA's continuing activities.

Following are the Criteria for the Site Selection:

- a. With 1 hectare and below for the Farmer Cooperators under the Tobacco Contract Growing System (TCGS) and 0.5 hectare and below for the non-TCGS farmers, devoted to planting tobacco.
- b. With adequate source of good quality irrigation water and desirable for tobacco production.



The Qualifications of the Farmer-Beneficiaries includes:

- a. Must be an NTA-registered tobacco farmer, and planting tobacco for CY 2024-2025;
- b. Personally, tilling a tobacco farm;
- c. Capable of providing adequate labor to attend to all activities in quality tobacco production; and
- d. Able to provide basic farm tools and equipment, such as but not limited to, plow, harrow, sprayer, work animal, irrigation pump, and curing barn/air curing shed.

The production grant amounting to PhP 100,000,000.00 shall come from the 2024 General Appropriations Act (GAA) and shall give PhP 6,000.00 each to 16,666 farmer-cooperators identified by the respective NTA branch offices.

The original schedule for the release of the production grant is on or before 29 November 2024, but it was unanimously agreed to extend it to on or before 15 December 2024.

The extension is due to the delays caused by the successive typhoons that hit the country in the past several weeks, there is a need to revisit the list of entitled farmer-cooperators that was earlier submitted by the branch offices as some were inclined not to plant tobacco anymore as their tobacco seedlings or seed beds were damaged by the typhoons.

This Implementing Guidelines is respectfully submitted for the approval of the Honorable Members of the Governing Board.

Dir. Padayao: Madam Chair, I move for the approval of the Implementing Guidelines for the Tobacco Contract Growing System (TCGS)-Tobacco Farmer's Production Grant for Crop Year 2024-2025.

Dir. Reyes: I second the motion.

Atty. Obusan: Any other discussion on this matter? If there is none, next on the list is adjournment.

**THE REQUEST FOR APPROVAL OF THE IMPLEMENTING GUIDELINES FOR THE TOBACCO CONTRACT GROWING SYSTEM (TCGS)-TOBACCO FARMER'S PRODUCTION GRANT FOR CROP YEAR 2024-2025 is hereby APPROVED.**

Dir. Guzman: Madam Chair, I move that this Joint Committee Meeting be adjourned.

Dir. Serna: I second the motion.

Admin. Sanchez: There's a motion for adjournment, duly seconded, hence this meeting is adjourned. So, ordered.

Atty. Obusan: Thank you, Madam Chair. Maraming salamat po sa mga online participants, that concludes our Joint Board Committee Meeting. Thank you everyone and magandang hapon po muli sa lahat.

*(The meeting was adjourned at 4:25 PM).*

Prepared and attested by:

  
**ATTY. GORGONIO G. OBUSAN III**  
Board Secretary V