



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION
 11th Floor, Upper Class Tower, Quezon Ave., Quezon Ci
 Tel No. (02) 8374-3987 / Fax. No. (02) 8374-2505 / website: nta.da.gov.ph
ISO 9001: 2015 QMS CERTIFIED

OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTIETH (170TH) REGULAR MEETING
 OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM, 11TH
 FLOOR, UPPER CLASS BLDG., QUEZON AVENUE, QUEZON CITY
 11 JANUARY 2024 (9:00 AM)**

PRESENT:

- | | | |
|--------------------------------------------|---|-----------------------------------------------------------------------------------------------------------|
| Hon. DEOGRACIAS VICTOR B. SAVELLANO | - | Undersecretary/Department of Agriculture & NTA Oversight Official/Alternate Chairman Designate |
| Adm. BELINDA S. SANCHEZ | - | Vice-Chair of the Board and Administrator & CEO |
| Dir. JESSIE PAT M. SERNA | - | Member, Tobacco Traders/Exporters Sector |
| Dir. NESTOR C. CASELA | - | Member, Academic Community Sector |
| Dir. WILFREDO C. MARTINEZ | - | Member, Tobacco Farmers Sector |
| Dir. DANILO C. TRONGCO | - | Member, Tobacco Farmers Sector |
| Dir. LUZVIMINDA U. PADAYAO | - | Member, Tobacco Farmers Sector |

OTHERS PRESENT:

- | | | |
|-------------------------------------|---|-----------------------------------------------------------------------|
| Mr. BENJAMIN V. SARMIENTO | - | Executive Assistant IV/ Special Assistant to the Administrator |
| Mr. BENEDICTO M. SAVELLANO | - | Deputy Administrator for Support Services |
| Mrs. MYRNA O. LOZANO | - | Manager, Industrial Research Department |
| Mrs. FORTUNA C. BENOSA | - | Manager, Corporate Planning Department |
| Mr. REYNALDO R. AQUINO | - | OIC – Finance Department |
| Atty. JUN FRED V. PARADO | - | Attorney V, Office of the Administrator |
| Atty. GORGONIO G. OBUSAN III | - | Board Secretary V, Office of the NTA Governing Board |
| Mr. LEXTER C. CABANTING | - | Administrative Assistant I (JO) |

THRU VIRTUAL PLATFORM/ONLINE:

- | | | |
|-----------------------------------|---|--------------------------------------------------------|
| Dr. GIOVANNI B. PALABAY | - | OIC-Deputy Administrator for Operations |
| Mrs. DINAH E. PICHAY | - | Manager, Internal Audit Department |
| Atty. ROHBERT A. AMBROS | - | Manager, Regulation Department |
| Mrs. ZENAIDA T. ARROJO | - | Manager, Administrative Department |
| Mrs. EVANGELINE C. CABIGAN | - | OIC – Farm Technology & Services Department |
| Department Managers / OICs | - | NTA Branch Offices |

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable Undersecretary of the Department of Agriculture and Alternate Chairman Designate, Deogracias Victor B. Savellano, called the meeting to order at 9:00 AM.

1
2 **ATTY. PARADO:** Good morning to each and every one.

3
4 With the presence of the Members of the NTA Governing Board,
5 especially our Undersecretary of the Department of Agriculture & NTA
6 Oversight Official/Alternate Chairman-Designate, the honorable
7 Deogracias Victor "DV" B. Savellano. May we request you Sir to call to
8 order the meeting, after which the continuation of the proceedings will
9 be delegated to the NTA Administrator & CEO, in her capacity as the
10 Vice-Chairman of the NTA Governing Board. Per your instruction, Sir.

11
12 **USEC. SAVELLANO:** Good morning to everyone.

13
14 The meeting is now called to order. I would like to yield the chair to our
15 Administrator & CEO to preside over our Board Meeting. Thank you
16 very much.

17
18 **ATTY. PARADO:** Than you sir. With the permission of the honorable Chairperson, the
19 authority to conduct the meeting is now delegated to the Vice-
20 Chairperson. Witness the honorable Belinda S. Sanchez, NTA
21 Administrator & CEO.

22
23 **II. DETERMINATION OF QUORUM**

24
25 **ADMIN. SANCHEZ:** May I now call on the Acting Board Secretary to determine the Quorum.

26
27 **ATTY. PARADO:** Thank you, Madam Chair.

28
29 So, with the permission of the Members of the Board, for the 170th
30 Regular Meeting of the NTA Governing Board, we have of course, the
31 honorable Deogracias Victor B. Savellano, the Undersecretary of the
32 Department of Agriculture & NTA Oversight Official/Alternate Chairman
33 Designate, present through the virtual platform. Good morning, Sir.

34
35 We have at the NTA Board Room the honorable Belinda S. Sanchez,
36 Administrator and CEO; Director Nestor C. Casela, representing the
37 Academic Community Sector; Director Jessie Pat M. Serna,
38 representing the Tobacco Exporters/Traders Sector; Director Danilo C.
39 Trongco, representing the Tobacco Farmers Sector Dir. Luzviminda U.
40 Padayao, representing the Tobacco Farmers Sector; and, Dir. Wilfredo
41 C. Martinez will be joining us through the virtual platform, representing
42 the Tobacco Farmers Sector.

43
44 Also, at the NTA Board Room, we are joined by Mr. Benjamin V.
45 Sarmiento, our Executive Assistant IV/Special Assistant to the
46 Administrator, Sir; as well as our Deputy Administrator for Support
47 Services, Mr. Benedicto M. Savellano, Sir, good morning. Through the
48 virtual platform, we are being joined by Dr. Giovanni B. Palabay, the
49 OIC-Deputy Administrator for Operations, as well as our Department
50 Managers and Branch Managers from the different departments and
51 offices of the NTA.

52
53 Also, we would like to acknowledge the presence of our incoming Board
54 Secretary V, Atty. Gorgonio "George" G. Obusan III.

55
56 As such, Madam Chair, we have a Quorum.

57

1 **ADMIN. SANCHEZ:** So, since there's a being Quorum, may I call on the Acting Board
2 Secretary for the reading of the Agenda.

3
4 **ATTY. PARADO:** Thank you, madam Chair.

5
6 For the agenda of the 170th Regular Meeting of the NTA Governing
7 Board, we have agenda (A), the "Request for the Approval of the
8 Agenda of the 170th Regular Meeting of the NTA Governing Board,
9 held on 11 January 2024 at 09:00 AM, at the NTA Board Room, 11th
10 Floor Upper Class Bldg., Quezon Avenue, Quezon City."

11
12 Madam Chair...

13
14 **ADMIN. SANCHEZ:** Can we have a motion?

15
16 **DIR. CASELA:** Madam Chair, I respectfully move for the approval of the "Agenda of the
17 170th Regular Meeting of the NTA Governing Board, held on 11 January
18 2024 at 09:00 AM, at the NTA Board Room, 11th Floor Upper Class
19 Bldg., Quezon Avenue, Quezon City."

20
21 **ADMIN. SANCHEZ:** So, there's a motion.

22
23 **DIR. PADAYAO:** I second the motion.

24
25 **ADMIN. SANCHEZ:** The motion for approval of agenda (A) having been duly seconded, the
26 same is hereby **APPROVED**.

27
28 **BOARD RESOLUTION NO. 187, S. 2024**

29
30 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED,
31 THAT THE NTA GOVERNING BOARD APPROVES THE
32 AGENDA OF THE 170TH REGULAR MEETING OF THE
33 NTA GOVERNING BOARD, HELD ON 11 JANUARY 2024,
34 AT 9:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR,
35 UPPER CLASS BLDG., QUEZON AVE., QUEZON CITY.***

36
37 ***UNANIMOUSLY APPROVED...."***

38
39 **ATTY. PARADO:** Thank you, madam Chair.

40
41 So, for our next agenda, we have Agenda (B), the "Request for
42 Approval of the Minutes of the 124th Special Meeting of the NTA
43 Governing Board, held on 22 December 2023, at 9:00 AM, at the
44 NTA Board Room, 11th Floor Upper Class Bldg., Quezon Ave.,
45 Quezon City".

46
47 Madam Chair...

48
49 **ADMIN. SANCHEZ:** As our practice, can anyone move for the wholesale approval of the
50 Minutes of the Previous Meeting, subject to the submission of
51 amendments, if any, within five (5) days from today.

52
53 **DIR. PADAYAO:** Good morning to everyone. I respectfully move for the approval of the
54 "Minutes of the 124th Special Meeting of the NTA Governing Board, held
55 on 22 December 2023, at 9:00 AM, NTA Board Room, 11th Floor Upper
56 Class Bldg., Quezon Ave., Quezon City", with the amendments being
57 proposed or suggested.

1
2 **DIR. CASELA:** I second the motion.

3
4 **ADMIN. SANCHEZ:** The motion for approval of agenda (B) on the Minutes of the Previous
5 Meeting having been duly seconded, the same is hereby **APPROVED**,
6 subject to submission of amendments, if any, within five (5) days from
7 today.

8
9 **BOARD RESOLUTION NO. 188, S. 2024**

10
11 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED,***
12 ***THAT THE NTA GOVERNING BOARD APPROVES THE***
13 ***MINUTES OF THE 124 TH SPECIAL MEETING OF THE***
14 ***NTA GOVERNING BOARD, HELD ON 22 DECEMBER***
15 ***2023, AT 9:00AM, AT THE NTA BOARD ROOM, 11 TH***
16 ***FLOOR, UPPER CLASS BLDG., QUEZON AVE., QUEZON***
17 ***CITY.***

18
19 ***UNANIMOUSLY APPROVED....”***

20
21 **ATTY. PARADO:** Thank you, madam Chair.

22
23 So, our next agenda, we have Agenda (C), which is the “Request for
24 the Issuance of a Board Resolution Granting Authority to Atty.
25 Rohbert A. Ambros, Department Manager III, Regulation
26 Department, to Attend the Hearing and Testify in the Case of People
27 vs. Bernardo Sabino, on January 18, 2024 at the Regional Trial
28 Court (RTC) - Branch 21, Manila, Pursuant to a Subpoena Duces
29 Tecum Ad Testificandum, dated November 14, 2023”

30
31 To report on the Summary of Discussions and Recommendations, may
32 we recognize the honorable Director Jessie Pat M. Serna, Chairman of
33 the Committee on Trading Operations and Regulation, to render the
34 Report. Sir...

35
36 **DIR. SERNA:** Good morning to everybody.

37
38 Good morning USEC, Madam Administrator, my fellow colleagues and
39 sir DASS. With regard to this agenda, I have the summary of report and
40 recommendations.

41
42 The Resource Person, Atty. Rohbert A. Ambros, Manager of the
43 Regulation Department, presented the agenda. He manifested that the
44 Regional Trial Court, Branch 21, Manila, issued a Subpoena Duces
45 Tecum Ad Testificandum dated November 14, 2023, addressed to the
46 Administrator and/or her authorized representative, commanding her to
47 appear before the Court on January 18, 2024 at 10:30 AM.

48
49 He likewise informed the Board that the purpose of the Subpoena is for
50 the Administrator and/or her authorized representative to testify and to
51 bring/issue a Certification whether or not YJC International Corporation
52 was given an Import Commodity Clearance (ICC) with respect to the
53 importation of cigarettes for the years 2020 and 2021.

54
55 The request originates from the filing of a Criminal Case by the Bureau
56 of Customs (BoC) against one BERNARDO M. SABINO (CB), for
57 violation of the Customs Modernization and Tariff Act (CMTA) and NTA

1 Board Resolution No. 079-2005. When inquired about by the Board
2 whether or not YJC International Corp. was issued an Import Commodity
3 Clearance, Atty. Ambros answered in the negative.
4

5 The Resource Speaker then requested the Board for the approval of the
6 agenda, thru the issuance of a Board Resolution. Finding merit to the
7 request, the Board then moved for the approval of the agenda.
8

9 This subject matter having been thoroughly / exhaustively discussed in
10 the Committee Meeting proper and, with a Motion to Approve, which was
11 duly seconded, and unless there is a need for further discussion...I
12 respectfully move for the approval of the agenda.
13

14 Thank you!

15
16 **DIR. PADAYAO:** I second the motion.

17
18 **ADMIN. SANCHEZ:** The motion for the approval of agenda (C) having been duly seconded,
19 the same is hereby **APPROVED**.
20

21 **BOARD RESOLUTION NO. 189, S. 2024**

22
23 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED,***
24 ***THAT THE NTA GOVERNING BOARD APPROVES THE***
25 ***ISSUANCE OF A BOARD RESOLUTION GRANTING***
26 ***AUTHORITY TO ATTY. ROBERT A. AMBROS,***
27 ***DEPARTMENT MANAGER III, REGULATION***
28 ***DEPARTMENT, TO ATTEND THE HEARING AND***
29 ***TESTIFY IN THE CASE OF PEOPLE VS. BERNARDO***
30 ***SABINO, ON JANUARY 18, 2024 AT THE REGIONAL***
31 ***TRIAL COURT (RTC) - BRANCH 21, MANILA***
32 ***(PURSUANT TO A SUBPOENA DUCES TECUM AD***
33 ***TESTIFICANDUM DTD. NOVEMBER 14, 2023).***
34

35 ***UNANIMOUSLY APPROVED...."***

36
37 **ATTY. PARADO:** Thank you very much, madam Chair.

38
39 **USEC. SAVELLANO:** Madam Chair.

40
41 **ATTY. PARADO:** Yes, honorable USEC. Madam Chair, may we recognize the honorable
42 USEC. Yes sir, please proceed.
43

44 **ADMIN. SANCHEZ:** Yes, sir.

45
46 **USEC. SAVELLANO:** Yeah. I just would like to take this opportunity to introduce our
47 new Assistant Secretary, who will be helping us in the tobacco industry,
48 Assistant Secretary, Philip Yang. So probably, in some Board Meetings
49 he will join us, so we can talk about the direction of the tobacco industry.
50 He will be appointed by Secretary Laurel later.
51

52 **ASEC. YANG:** Good morning to all. Thank you for this opportunity and the introduction
53 of USEC DV Savellano. I'm looking forward working with you all,
54 together with USEC Savellano, on the export plans and strategies for
55 tobacco. I know tobacco is now number five on highest imports, after
56 banana, coconut, pineapple, tuna. And then tobacco.
57

1 So, maybe we can further expand and improve our exports, and I will
2 see how much I can do, 'pagtulong-tulongan natin po'. Salamat po'.
3

4 **USEC. SAVELLANO:** Thank you very much, Mr. Assistant Secretary, and thank you
5 very much, Madam Administrator, and to the Members of the Board.
6 Thank you.
7

8 **ADMIN. SANCHEZ:** Thank you sir, and good morning to ASEC. Philip Yang. Congratulations
9 on your appointment, Sir. Welcome to NTA.
10

11 **ATTY. PARADO:** Thank you, madam Chair, and with the instruction of the honorable
12 Undersecretary and NTA Oversight Official, we will be requesting
13 Assistant Secretary, Philip Yang, to join the NTA Governing Board for
14 the next Board Meeting, in order to discuss the export plans and
15 strategies for tobacco, in line with the expansion and improvement of the
16 tobacco industry. Thank you very much.
17

18 So, may we continue, madam Chair. For the next agenda, we have
19 agenda (D), which is the "Request for the Issuance of a Board
20 Resolution Granting Authority to Dr. Giovanni B. Palabay,
21 Department Manager III, NTA-La Union Branch Office & Concurrent
22 OIC-DAOP, to Sign the Memorandum of Agreement (MOA) with the
23 Provincial Government of La Union on the Construction of Flue-
24 Curing Barns for La Union Tobacco Farmers."
25

26 To report on the summary of discussion and recommendations, may we
27 recognize the honorable Director Danilo C. Trongco, Chairman of the
28 Committee on Risk Management, for his report. Please proceed, Sir.
29

30 **DIR. TRONGCO:** Magandang umaga po sa ating lahat. 'Ito po ang report ng summary of
31 the discussion and recommendations.
32

33 The Resource Person, Dr. Giovanni B. Palabay, Manager of the NTA-La
34 Union Branch Office and OIC - Deputy Administrator for Operations
35 (DAOP) presented the agenda. He mentioned that the Provincial
36 Government of La Union wishes to enter into a Memorandum of
37 Agreement (MOA) with the NTA for the construction of flue-curing barns
38 for selected tobacco farmers in La Union.
39

40 The Resource Speaker then proceeded to discuss the Coverage and
41 Obligations of the Parties to the MOA. The Board expressed its
42 recognition of the need for constant collaboration and cooperation
43 between the NTA and its partner LGUs in the implementation of projects
44 that cater to the needs of local tobacco farmers, one of which is the
45 Curing Barn Assistance Project (CBAP).
46

47 The Resource Speaker then requested the Board for the approval of the
48 agenda, subject to inclusion of the recommendations made by the
49 Board, thru the issuance of a Board Resolution. Finding merit to the
50 request, the Board then moved for the approval of the agenda.
51

52 This subject matter having been thoroughly / exhaustively discussed in
53 the Committee Meeting proper and, with a Motion to Approve, which was
54 duly seconded, and unless there is a need for further discussion...I
55 respectfully move for the approval of the agenda
56

57 Thank you!

1
2 **DIR. PADAYAO:** I second the motion.

3
4 **ADMIN. SANCHEZ:** The motion for the approval of agenda (D) having been duly seconded,
5 the same is hereby **APPROVED**.
6

7 **BOARD RESOLUTION NO. 190, S. 2024**

8
9 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED,***
10 ***THAT THE NTA GOVERNING BOARD APPROVES THE***
11 ***ISSUANCE OF A BOARD RESOLUTION GRANTING***
12 ***AUTHORITY TO DR. GIOVANNI B. PALABAY,***
13 ***DEPARTMENT MANAGER III, NTA-LA UNION BRANCH***
14 ***OFFICE CONCURRENT OIC-DAOP, TO SIGN THE***
15 ***MEMORANDUM OF AGREEMENT (MOA) WITH THE***
16 ***PROVINCIAL GOVERNMENT OF LA UNION ON THE***
17 ***CONSTRUCTION OF FLUE-CURING BARNS FOR LA***
18 ***UNION TOBACCO FARMERS.***

19
20 ***UNANIMOUSLY APPROVED....”***

21
22 **ATTY. PARADO:** Thank you, madam Chair.

23
24 So, we proceed to the next agenda. We have agenda (E), the **“Request**
25 **for Approval of the Reconstitution of the Board Committees, as**
26 **Recommended, in Compliance with the Requirements of the**
27 **Governance Commission for GOCCs (GCG).”**

28
29 To render the report on this subject matter, may we request the
30 honorable Luzviminda U. Padayao, the Chairperson of the Committee on
31 Research and Extension. Ma’am...

32
33 **DIR. PADAYAO:** Again, a blessed morning to everyone, especially to our USEC DV
34 Savellano, who is on virtual platform. Also, Director Wilfredo C. Martinez
35 and OIC-DAOP, Dr. Goivanni B. Palabay. Good morning, Sir.

36
37 As to the agenda (E), which is all about the Request for Approval of the
38 Reconstitution of the Board Committees, as recommended, in
39 compliance with the requirements of the Governance Commission for
40 GOCCs (GCG), I will report to you the summary of the discussion and
41 recommendations.

42
43 The Resource Person, Atty. Parado, Attorney V and Acting Board
44 Secretary V, presented the agenda. He manifested that in compliance
45 with the requirements of the Governance Commission for GOCCs or
46 GCG on the updating of the constitution of membership of Board
47 Committees, and in view of the recent appointment of a DA Secretary,
48 who serves as concurrent Chairman of the NTA Governing Board, the
49 present Membership of the Board Committees should be reconstituted.

50
51 The Resource Speaker also informed the Board that the only affected
52 committee is the Committee on Corporate Governance, which welcomes
53 Sec. Francisco Tiu Laurel, Jr. as the new Chairman, vice then
54 Agriculture Secretary & President, Ferdinand R. Marcos, Jr.; and, Usec.
55 Deogracias Victor B. Savellano as new Member, vice Usec. Domingo F.
56 Panganiban, who has since officially retired from government service. As

1 to the other Committees, no such change in membership has been
2 made.

3
4 The Resource Speaker then requested the Board for the approval of the
5 agenda, thru the issuance of a Board Resolution. Finding merit to the
6 request, the Board then moved for the approval of the agenda.
7

8 This subject matter having been thoroughly / exhaustively discussed in
9 the Committee Meeting proper and, with a Motion to Approve, which was
10 duly seconded, and unless there is a need for further discussion...I
11 respectfully move for the approval of the agenda.
12

13 Thank you!

14
15 **DIR. SERNA:** I second the motion.

16
17 **ADMIN. SANCHEZ:** The motion for the approval of agenda (E) having been duly seconded,
18 the same is hereby **APPROVED**.
19

BOARD RESOLUTION NO. 191, S. 2024

20
21
22 ***"BE IT RESOLVED, AS IT IS HEREBY
23 RESOLVED, THAT THE NTA GOVERNING BOARD
24 APPROVES THE RECONSTITUTION OF THE BOARD
25 COMMITTEES, AS RECOMMENDED, IN COMPLIANCE
26 WITH THE REQUIREMENTS OF THE GOVERNANCE
27 COMMISSION FOR GOCCs (GCG), AS FOLLOWS;***
28

29 **I. Committee on Corporate Governance**

30 **Chairperson:** Sec. Francisco Tiu Laurel, Jr.
31 **Members:** Usec. Deogracias Victor B. Savellano
32 Admin. & CEO Belinda S. Sanchez
33 Dir. Wilfredo C. Martinez
34

35 **II. Committee on Board Audit and Finance**

36 **Chairperson:** Dir. Nestor C. Casela
37 **Members:** Dir. Luzviminda U. Padayao
38 Dir. Wilfredo C. Martinez
39

40 **III. Committee on Research and Extension**

41 **Chairperson:** Dir. Luzviminda U. Padayao
42 **Members:** Dir. Nestor C. Casela
43 Dir. Danilo C. Trongco
44 Admin. & CEO Belinda S. Sanchez
45

46 **IV. Committee on Trading Operations and Regulation**

47 **Chairperson:** Dir. Jessie Pat M. Serna
48 **Members:** Dir. Wilfredo C. Martinez
49 Dir. Luzviminda U. Padayao
50

51 **V. Committee on Nomination, Remuneration and Personnel
52 Administration**

53 **Chairperson:** Admin. & CEO Belinda S. Sanchez
54 **Members:** Dir. Nestor C. Casela
55 Dir. Jessie Pat M. Serna
56 Dir. Danilo C. Trongco

1
2 **VI. Committee on Corporate Social Responsibilities, Public**
3 **Relations, Public Safety and Security**

4 **Chairperson: Dir. Jessie Pat M. Serna**

5 **Members: Dir. Danilo C. Trongco**
6 **Dir. Wilfredo C. Martinez**

7
8 **VII. Committee on Risk Management**

9 **Chairperson: Dir. Danilo C. Trongco**

10 **Members: Admin. & CEO Belinda S. Sanchez**
11 **Dir. Jessie Pat M. Serna**

12
13 **VIII. Committee on Legal Matters and Properties**

14 **Chairperson: Dir. Wilfredo C. Martinez**

15 **Members: Dir. Nestor C. Casela**
16 **Dir. Danilo C. Trongco**

17 ***UNANIMOUSLY APPROVED...."***

18
19
20 **ATTY. PARADO:** Thank you, madam Chair.

21
22 So, for our next agenda, we have agenda (F), the **"Request for**
23 **Approval of Addendum or Amendment to Board Resolution No.**
24 **157, s. 2023."**

25
26 To render the report on the summary of the discussions and
27 recommendations, may we request the honorable Director Nestor C.
28 Casela, Chairman of the Committee on Audit and Finance. Sir...

29
30 **DIR. CASELA:** Thank you very much attorney.

31
32 A pleasant good morning and greetings to every one of us here; to
33 USEC Savellano and to our dear Administrator, ma'am Belinda, sir Ben,
34 sir DASS, and to my colleagues in the Governing Board, and our Acting
35 Board Secretary, Atty. Parado.

36
37 I'm going to present the Request for Approval of Addendum or
38 Amendment to Board Resolution No. 157, s.2023. The agenda for the
39 issue was presented by the OIC of the Finance Department, Mr.
40 Reynaldo R. Aquino.

41
42 He manifested that during the 122nd Special Meeting of the NTA
43 Governing Board, held on October 27, 2023, the Board issued Board
44 Resolution No. 157, s. 2023, which approves the amendments to the
45 PhP150-million budget for the Integrated Farming and Other Income
46 Generating Activities-Tobacco Contract Growing System (TCGS-
47 IFOIGAP), for Calendar Year 2023-2024.

48
49 That in the said Resolution, the Material and Cash Inputs Components
50 are the following: PhP68,561,020.00 for the Material Inputs; and,
51 PhP76,917,872.50 for the Cash Inputs, for a total of PhP145,478,892.50,
52 with the remaining amount of PhP4,521,107.50 earmarked for Mindanao
53 Development Projects.

54
55 The Resource Speaker then proposed for the amendment of the afore-
56 mentioned Board Resolution, as follows:

1
2 ***“That the Material and Cash Inputs Components are as***
3 ***follows: PhP68,561,020.00 for the Material Inputs; and,***
4 ***PhP77,542,872.50 for the Cash Inputs, for a total of***
5 ***PhP146,103,892.00, with the remaining amount of***
6 ***PhP3,896,107.50 earmarked for Mindanao Projects.”***
7

8 The Resource Speaker then requested the Board for the approval of the
9 agenda, thru the issuance of a Board Resolution. Finding merit to the
10 request, the Board then moved for the approval of the agenda.

11
12 This subject matter having been thoroughly / exhaustively discussed in
13 the Committee Meeting proper and, with a Motion to Approve, which was
14 duly seconded, and unless there is a need for further discussion...I
15 respectfully move for the approval of the agenda.
16

17 Thank you!

18
19 **DIR. SERNA:** I second the motion.

20
21 **ADMIN. SANCHEZ:** The motion for the approval of agenda (F) having been duly seconded,
22 the same is hereby **APPROVED**.

23
24 **BOARD RESOLUTION NO. 192, S. 2024**

25
26 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED,***
27 ***THAT THE NTA GOVERNING BOARD APPROVES THE***
28 ***ADDENDUM OR AMENDMENT TO BOARD RESOLUTION***
29 ***NO. 157, S. 2023, AS FOLLOWS:***

30
31 ***“THAT THE MATERIAL AND CASH INPUTS***
32 ***COMPONENTS ARE AS FOLLOWS:***
33 ***PHP68,561,020.00 FOR THE MATERIAL INPUTS;***
34 ***AND, PHP77,542,872.50 FOR THE CASH INPUTS,***
35 ***FOR A TOTAL OF PHP146,103,892.00 WITH THE***
36 ***REMAINING AMOUNT OF PHP3,896,107.50***
37 ***EARMARKED FOR MINDANAO PROJECTS.”***

38
39 ***UNANIMOUSLY APPROVED....”***

40
41 **ATTY. PARADO:** Thank you madam Chair.

42
43 So, our next agenda, we have on **Other Matters**. We have here the
44 proposed schedule for the **125th Special Meeting** of the NTA Governing
45 Board, which will be on **31 January 2024, Wednesday, at 9:00 AM**
46 (tentative) to be held at the NTA Board Room, 11th Floor Upper Class
47 Bldg., Quezon Ave., Quezon City.

48
49 It follows that the **Committee Meeting** will be on **30 January 2024,**
50 **Tuesday, at 9:00 AM,** same venue.

51
52 So, madam Chair, before we adjourn, may we request our Acting
53 Chairman-designate and NTA Oversight Official, the honorable USEC.
54 Deogracias Victor B. Savellano, for any final instructions.

55 **ATTY. PARADO:** Since we cannot reach USEC. Savellano, we will now proceed to the
56 final agenda, which is Adjournment.

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DIR. CASELA: I move for the adjournment of this meeting.

DIR. SERNA: I second the motion.

ADMIN. SANCHEZ: The motion having been duly seconded, today's meeting is hereby **ADJOURNED.**

SO, ORDERED.

Thank you.

Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:00 AM.

PREPARED AND CERTIFIED CORRECT:



ATTY. JUN FRED V. PARADO
Acting Board Secretary
NTA Governing Board

ATTESTED:



Hon. BELINDA S. SANCHEZ, CPA
Administrator/CEO and Vice-Chairman,
NTA Governing Board



Hon. NESTOR C. CASELA
Appointive Director, Academic Community Sector

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Hon. WILFREDO C. MARTINEZ
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector

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OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND TWENTY-FIFTH (125TH) SPECIAL BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS BLDG., QUEZON AVENUE, QUEZON CITY
29 JANUARY (10:00 AM)**

PRESENT:

- | | | |
|--------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------|
| Hon. DEOGRACIAS VICTOR B. SAVELLANO | | Undersecretary/ Department of
Agriculture & Alternate
Chairman-Designate- Presiding
Officer |
| Adm. BELINDA S. SANCHEZ | - | Vice-Chair of the Board and Administrator & CEO |
| Dir. JESSIE PAT M. SERNA | - | Member, Tobacco Traders/Exporters Sector |
| Dir. NESTOR C. CASELA | - | Member, Academic Community Sector |
| Dir. WILFREDO C. MARTINEZ | - | Member, Tobacco Farmers Sector |
| Dir. DANILO C. TRONGCO | - | Member, Tobacco Farmers Sector |
| Dir. LUZVIMINDA U. PADAYAO | - | Member, Tobacco Farmers Sector |

OTHERS PRESENT:

- | | | |
|-------------------------------------|---|--------------------------------------------------|
| Mr. BENEDICTO M. SAVELLANO | - | Deputy Administrator for Support Services |
| Atty. JUN FRED V. PARADO | - | Attorney V, Office of the Administrator |
| Atty. GORGONIO G. OBUSAN III | - | Board Secretary V |
| Mr. LEXTER C. CABANTING | - | Administrative Assistant I (JO) |

THRU VIRTUAL PLATFORM/ONLINE:

- | | | |
|-----------------------------------|---|------------------------------------------------|
| Dr. GIOVANNI B. PALABAY | - | OIC-Deputy Administrator for Operations |
| Mrs. DINAH E. PICHAY | - | Manager, Internal Audit Department |
| Mrs. FORTUNA C. BENOSA | - | Manager, Corporate Planning Department |
| Mrs. ZENAIDA T. ARROJO | - | Manager, Administrative Department |
| Mrs. MYRNA O. LOZANO | - | Manager, Industrial Research |
| Department | | |
| Mr. REYNALDO R. AQUINO | - | OIC – Finance Department |
| Department Managers / OICs | - | NTA Branch Offices |

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable DA Undersecretary Deogracias Victor B. Savellano, Presiding Officer, called the meeting to order at 10:00 AM.

ATTY. OBUSAN: Good morning, everyone. For the 125th Special Meeting of the NTA Governing Board, please welcome the Honorable Undersecretary Department of Agriculture and NTA Oversight Official and Alternate Chairman-Designate, Deogracias Victor "DV" B. Savellano.

1 May we request you sir to call to order the meeting.

2
3 **USEC. SAVELLANO:** I now call to order the 125th Special Meeting of the NTA
4 Governing Board.

5
6 **III. DETERMINATION OF QUORUM**

7
8 **USEC. SAVELLANO:** May I now call on the Board Secretary to Determine the
9 Quorum.

10
11 **ATTY. OBUSAN:** Thank you, Mr. Chair.

12 For the 125th Special Meeting of the NTA Governing Board, we
13 have at the NTA Board Room, of course, the Presiding Officer, the
14 Honorable Deogracias Victor B. Savellano, Undersecretary of the
15 Department of Agriculture & NTA Oversight Official/ Alternate
16 Chairman Designate. Good morning, sir.

17
18 We are also joined by the Honorable Belinda S. Sanchez,
19 Administrator and CEO. Good morning, ma'am.

20
21 We also have the members of the NTA Governing Board, the
22 honorable Dir. Nestor C. Casela, representing the Academic
23 Community Sector; Dir. Jessie Pat M. Serna, representing the
24 Tobacco Exporters/Traders Sector; Dir. Luzviminda U. Padayao,
25 representing the Tobacco Farmers Sector Dir. Danilo C. Trongco,
26 representing the Tobacco Farmers Sector, and, we are joined
27 through the virtual platform by Dir. Wilfredo C. Martinez,
28 representing the Tobacco Farmers Sector.

29
30 We are also joined by our Deputy Administrator for Support
31 Services, Mr. Benedicto M. Savellano, good morning sir DASS;
32 Atty. Jun Fred V. Parado, Attorney V, OAD, good morning Atty, and
33 via virtual platform, our OIC Deputy Administrator for Operations,
34 Dr. Giovanni B. Palabay, good morning sir DAOP.

35
36 Likewise, present in the virtual platform are the Department
37 Managers and Branch Managers of the NTA Central Office and the
38 different Branch Offices. Good morning, everyone.

39
40 As such, Mr. Chair, we have a Quorum.

41
42
43 **USEC. SAVELLANO:** So, since there's a Quorum, may I call the Board Secretary
44 to present and read the agenda.

45
46 **ATTY. OBUSAN:** Thank you, Mr. Chair.

47
48 Mr. Chair, for the Agenda of the 125th Special Meeting of the NTA
49 Governing Board, we have agenda (A) the request for the
50 "Approval of the Agenda of the 125th Special Meeting of the
51 NTA Governing Board, held on 29 January 2024 at 10:00 AM, at
52 the NTA Board Room, 11th Floor, Upper Class Bldg., Quezon
53 Ave., Quezon City". Mr. Chair.

54
55 **USEC. SAVELLANO:** Can we have a motion?
56

1 **DIR. TRONGCO:** Honorable Chair, I respectfully move for the "Approval of the
2 Agenda of of the 125th Special Meeting of the NTA Governing
3 Board, held on 29 January 2024 at 10:00 AM, at the NTA Board
4 Room, 11th Floor, Upper Class Bldg., Quezon Ave., Quezon City".

5
6 **USEC. SAVELLANO:** So, there's a motion?

7
8 **DIR. SERNA:** I second the motion.

9
10 **USEC. SAVELLANO:** Seconded. Objection? Any discussion? I hearing none, the
11 motion is hereby **APPROVED**. So, can we go to the next item.
12
13

BOARD RESOLUTION NO. 193, S. 2024

14
15 **"BE IT RESOLVED, AS IT IS HEREBY**
16 **RESOLVED, THAT THE NTA GOVERNING BOARD**
17 **APPROVES THE AGENDA OF THE 125TH SPECIAL**
18 **MEETING OF THE NTA GOVERNING BOARD, HELD**
19 **ON 29 JANUARY 2024, AT 10:00AM, AT THE NTA**
20 **BOARD ROOM, 11TH FLOOR, UPPER CLASS**
21 **BLDG., QUEZON AVE., QUEZON CITY.**
22

23 **UNANIMOUSLY APPROVED...."**
24

25
26 **ATTY. OBUSAN:** Thank you, Mr. Chair.

27
28 For our next agenda, we have Agenda (B). This is the request for
29 "Approval of the Minutes of the 170th Regular Meeting of the
30 NTA Governing Board, held on 11 January 2024, at 9:00 AM, at
31 the NTA Board Room, 11th Floor, Upper Class Bldg., Quezon
32 Ave., Quezon City."
33

34 Mr. Chair. May we acknowledge the honorable Director Wilfredo C.
35 Martinez, good morning. Sir...
36

37 **USEC. SAVELLANO:** Good morning, Director Martinez.

38
39 **DIR. MARTINEZ:** Thank you, USEC.

40
41 **USEC. SAVELLANO:** As our practice, can anyone move for the wholesale
42 approval of the Minutes of the previous meeting, subject to
43 submission of amendments, if any, within five (5) days from today?
44

45 **DIR. PADAYAO:** Honorable Chair. I move for the Approval of the Minutes of the
46 170th Regular Meeting of the NTA Governing Board, held on 11
47 January 2024, at 9:00 AM, at the NTA Board Room, 11th Floor,
48 Upper Class Bldg., Quezon Ave., Quezon City. With corrections
49 and amendments five days today.
50

51 **DIR. CASELA:** I second the motion.

52
53 **USEC. SAVELLANO:** It has been moved and seconded, is there any objection? I
54 hearing none, the motion is **APPROVED**. Can we go to the next
55 item.
56
57

BOARD RESOLUTION NO. 194, S. 2024

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE MINUTES OF THE 170TH REGULAR MEETING OF THE NTA GOVERNING BOARD, HELD ON 11 JANUARY 2024, AT 9:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS BLDG., QUEZON AVE., QUEZON CITY.

UNANIMOUSLY APPROVED....”

ATTY. OBUSAN: Thank you, Mr. Chair.

So, for our next agenda, we have agenda (C) we have the request for the **“Approval of the Internal Audit Report and Recommendations for the Administrative Services of the NTA Pangasinan Branch Office for Calendar Year (CY) 2022-2023”**.

To report the summary of the aforementioned agenda, let us recognize, honorable Director, Nestor C. Casela, Chairman, Committee on Board Audit & Finance. Sir...

USEC. SAVELLANO: Director Casela is recognized.

DIR. CASELA: Good morning, USEC. As to the report on the agenda.

The Resource Persons, Mrs. Dinah E. Pichay, Manager, Internal Audit Department together with Ms. Rochelle De Peralta, Internal Auditor III, presented the Internal Audit Report for the Administrative Services of NTA Pangasinan branch office for calendar year 2022-2023.

The Internal Audit was conducted on Nov. 28-Dec. 1, 2023. It aims to evaluate the degree of compliance with the internal policies and oversight bodies and the adequacy of internal controls adopted in the processes. And lastly, to identify areas for potential improvement.

The audit focused on the Administrative Services of NTA Pangasinan Branch Office particularly in the areas of Personnel Management, Records Management, and Procurement and Issuance of Office Supplies and Equipment for the Year 2022-2023.

The Audit Report concluded that overall, the processes of the administrative services of the NTA Pangasinan Branch particularly the personnel management, records management, and procurement and issuance of 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.

The result of the Audit Report was made known to Engr. Roger T. Madriaga, Manager, Pangasinan Branch Office during his exit

1 conference with the Auditing Team. He commended them for their
2 very extensive report.
3
4 Engr. Madriaga welcomed the result of the Internal Audit and
5 immediately implemented new measures to address the findings
6 highlighted by the report.
7
8 This subject matter having been thoroughly discussed during the
9 Committee Meeting, and with a Motion to Approve, which was duly
10 seconded.
11
12 I respectfully move for the approval of the agenda.
13
14 Thank you very much!

15
16 **ATTY. OBUSAN:** Mr. Chair. May we recognize Director Martinez, sir. Please proceed
17 sir.
18

19 **DIR. MARTINEZ:** Good morning, everybody. *"I am very sorry, I wasn't able to join you
20 all in the Central Office, masakit po ang tiyan ko since the
21 Mindanao Summit and I opted to join the body via virtual platform."*
22

23 **DIR. CASELA:** In addition, I have also asked the concerned branch to implement
24 an internal policy or memorandum to follow through and evaluate if
25 the highlighted findings were being corrected.
26
27

28 **USEC. SAVELLANO:** This Audit Report concerns only the administrative services, how
29 about the Audit Report of the operations and other NTA projects?
30

31 **MS. PICHAY:** Good morning, Mr. Chair. We finished already the Audit Report on
32 those projects last year and I will furnish you a copy of the findings
33 and recommendations sir.
34
35 *"Ms. Dinah Pichay, Manager of Internal Audit Department went to
36 the NTA Board Room and submitted to USec DV copies of the
37 Audit Report conducted last year involving operations and other
38 NTA projects."*
39

40 **USEC. SAVELLANO:** So, what is the pleasure of the body?
41

42 **DIR. CASELA:** I respectfully move for the approval of the agenda Mr. Chair.
43

44 **DIR. MARTINEZ:** I second the motion.
45

46 **USEC. SAVELLANO:** It has been moved and seconded, is there any objection? I
47 hearing none, the motion is **APPROVED**. Can we go to the next
48 item.
49

50 **ATTY. OBUSAN:** Thank you, Mr. Chair.
51
52 So, for our next item that would be on **Other Matters**, the proposed
53 schedule for the **171st Regular Meeting of the NTA Governing
54 Board**, will be held on **20 February 2024, Tuesday, at 9:00 AM**, to
55 be held at the NTA Board Room, 11th Floor Upper Class Bldg.,
56 Quezon Ave., Quezon City.
57

1 The **Committee Meeting** will be on 19 February 2024, Monday, at
2 9:00 AM, to be held at the NTA Board Room, 11th Floor Upper
3 Class Bldg., Quezon Ave., Quezon City with your concurrence Mr.
4 Chair.

5
6 **USEC. SAVELLANO:** I thought it is scheduled on February 14 and February 13
7 respectively. It is according to what is written here in my copy of
8 the Final Agenda. *"Wala ba kayong mga date sa Valentine's Day?"*
9

10 **ATTY. OBUSAN:** I am sorry Mr. Chair. I was not able to correct the dates in your
11 copy as this was agreed upon only this morning. This is due to the
12 fact that Madam Administrator will only be back from her trip in
13 Panama on February 14, so as to give her more time to recover
14 from jet lag, it was moved to February 20 for the board meeting and
15 February 19 for the committee meeting.
16

17 **USEC. SAVELLANO:** *"So sa February 20 na next board meeting natin?"*
18

19 **ATTY. OBUSAN:** Yes, Mr. Chair. Before we proceed to the adjournment Any final
20 instructions, Sir?
21

22 **USEC. SAVELLANO:** Thank you very much. Just to inform everyone, the Mindanao
23 Summit was successful. There were lots of participants coming
24 from the different provinces and mostly, they were interested to
25 help the government in developing the tobacco industry.
26

27 Some issues that were raised includes the capping and the need to
28 look for export markets, but this must be cleared with the local
29 players first. (For the meantime, let us leave the capping to the
30 Congress.)
31

32 We must also improve the livestock program being implemented by
33 the NTA. I propose to make a nucleus farm that will produce
34 quality livestock, be it chicken, goat, sheep.
35

36 We must also address immediately any operational concerns.
37
38

39 **DIR. CASELA:** Mr. Chair, may we recognize Doc Vani to give us updates regarding
40 the Mindanao expansion?
41

42 **DR. PALABAY:** Good morning, Mr. Chair and also to the NTA Governing Board.
43 Right now, we are on the process of conducting survey to
44 determine and validate the actual area planted by tobacco.
45

46 We will start with North Cotabato then go to Misamis and later on
47 Zamboanga area. We will be using our drone and compare it with
48 the general information sheet.
49

50 **DIR. CASELA:** Just to reiterate Doc Vani, we must set specific timelines for these
51 undertakings.
52

53 **DR. PALABAY:** This is duly noted Dir. Casela.
54

55 **USEC. SAVELLANO:** Okay, any other matters?
56

57 **ATTY. OBUSAN:** Thank you, Mr. Chair, next on the agenda actually is adjournment.

1 **USEC. SAVELLANO:** There's a motion?

2
3 **DIR. CASELA:** Madam Chair. I move for the adjournment of the meeting.

4
5 **DIR. PADAYAO:** I second the motion.

6
7 **USEC. SAVELLANO:** Seconded. The session is adjourned.

8
9 **SO, ORDERED.**

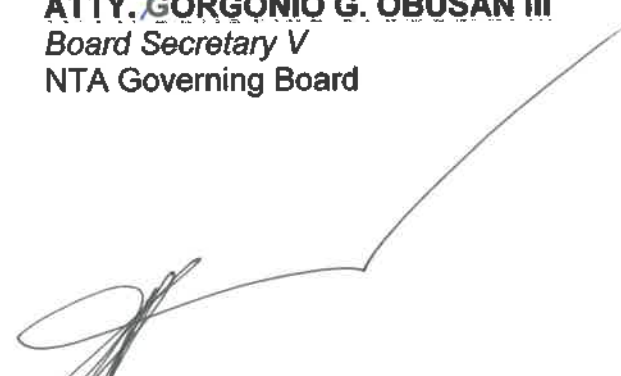
10
11 Thank you.

12
13
14 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:30**
15 **AM.**

16
17
18 **PREPARED AND CERTIFIED CORRECT:**

19
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22 
23 **ATTY. GORGONIO G. OBUSAN III**
24 *Board Secretary V*
25 *NTA Governing Board*

26
27
28 **ATTESTED:**

29
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31
32 
33
34 **Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO**
35 *Undersecretary, Department of Agriculture*
36 *Alternate Representative of the DA Senior Undersecretary*
37 *to the NTA Governing Board*

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45 **Hon. BELINDA S. SANCHEZ, CPA**
46 *Administrator/CEO and Vice-Chairman,*
47 *NTA Governing Board*

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Hon. NESTOR C. CASELA
Appointive Director, Academic Community Sector

Hon. WILFREDO C. MARTINEZ
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY-FIRST (171ST) REGULAR BOARD MEETING
 OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
 11TH FLOOR, UPPER CLASS BLDG., QUEZON AVENUE, QUEZON CITY
 20 FEBRUARY (10:00 AM)**

PRESENT:

- | | | |
|-----------------------------------|---|------------------------------------------------------------|
| Adm. BELINDA S. SANCHEZ | - | Vice-Chair of the Board and Administrator & CEO |
| Dir. JESSIE PAT M. SERNA | - | Member, Tobacco Traders/Exporters Sector |
| Dir. NESTOR C. CASELA | - | Member, Academic Community Sector |
| Dir. LUZVIMINDA U. PADAYAO | - | Member, Tobacco Farmers Sector |
| Dir. WILFREDO C. MARTINEZ | - | Member, Tobacco Farmers Sector |
| Dir. DANILO C. TRONGCO | - | Member, Tobacco Farmers Sector |

OTHERS PRESENT:

- | | | |
|-------------------------------------|---|--------------------------------------------------|
| Mr. BENEDICTO M. SAVELLANO | - | Deputy Administrator for Support Services |
| Dr. GIOVANNI B. PALABAY | - | OIC-Deputy Administrator for Operations |
| Atty. JUN FRED V. PARADO | - | Attorney V, Office of the Administrator |
| Atty. GORGONIO G. OBUSAN III | - | Board Secretary V |
| Mr. LEXTER C. CABANTING | - | Administrative Assistant I (JO) |

THRU VIRTUAL PLATFORM/ONLINE:

- | | | |
|-----------------------------------|---|------------------------------------------------|
| Mrs. DINAH E. PICHAY | - | Manager, Internal Audit Department |
| Mrs. FORTUNA C. BENOSA | - | Manager, Corporate Planning Department |
| Atty. ROHBERT A. AMBROS | - | Manager, Regulation Department |
| Mrs. ZENAIDA T. ARROJO | - | Manager, Administrative Department |
| Mrs. MYRNA O. LOZANO | - | Manager, Industrial Research Department |
| Mr. REYNALDO R. AQUINO | - | OIC – Finance Department |
| Department Managers / OICs | - | NTA Branch Offices |

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable Administrator & CEO Belinda S. Sanchez, Presiding Officer, called the meeting to order at 10:00 AM.

ATTY. OBUSAN: Good morning, everyone. For the 171st Regular Meeting of the NTA Governing Board, held today February 20, 2024 (Tuesday) at NTA Board Room, 11th Floor Upper Class Bldg., Quezon Ave., Quezon City. For the information of everyone I contacted earlier the chief of staff of DV Savellano, he told me that USEC will not be joining us today. In lieu of him our Administrator & CEO will preside over the meeting. Ma'am, kindly call to order the meeting.

1
2 **ADMIN. SANCHEZ:** The 171st Regular Meeting of the NTA Governing Board is now call
3 to order.

4
5 **III. DETERMINATION OF QUORUM**

6
7 **ADMIN. SANCHEZ:** May I now call on the Board Secretary for the opening
8 prayer.

9
10 **ATTY. OBUSAN:** Thank you, madam Chair to start with may I call on Atty. Jun Fred
11 V. Parado to lead us in the opening prayer.

12
13 *"Atty. Jun Fred V. Parado led the opening prayer"*

14
15 **ADMIN. SANCHEZ:** Again, may I now call on the Board Secretary to determine
16 the quorum.

17
18 **ATTY. OBUSAN:** Thank you, madam Chair.

19
20 For the 171st Regular Meeting of the NTA Governing Board, we
21 have of course, the Presiding Officer, Administrator & CEO the
22 Honorable Belinda S. Sanchez, good morning, ma'am.

23
24 We also have the members of the NTA Governing Board, the
25 honorable Dir. Wilfredo C. Martinez, representing the Tobacco
26 Farmers Sector; Dir. Jessie Pat M. Serna, representing the
27 Tobacco Exporters/Traders Sector; Dir. Danilo C. Trongco,
28 representing the Tobacco Farmers Sector and, Dir. Nestor C.
29 Casela, representing the Academic Community Sector.

30
31 Mr. Benedicto M. Savellano our Deputy Administrator for Support
32 Services, good morning sir; Dr. Giovanni B. Palabay, OIC Deputy
33 Administrator for Operations, good morning sir DAOP Atty. Jun
34 Fred V. Parado, Attorney V, OAD, good morning sir.

35
36 Likewise, present in the virtual platform are the Department
37 Managers and Branch Managers and OICs of the NTA Central
38 Office and the different Branch Offices. Good morning, everyone.

39
40 As such, Madam. Chair, we have a Quorum.

41
42 **ADMIN. SANCHEZ:** So, since there's a Quorum, may I call the Board Secretary to read
43 the agenda.

44
45 **ATTY. OBUSAN:** Thank you, madam. Chair.

46
47 For the Agenda of the 171st Regular Meeting of the NTA Governing
48 Board, we have agenda (A) the request for the "Approval of the
49 Agenda of the 171st Regular Meeting of the NTA Governing
50 Board, held on 20 February 2024 at 10:00 AM, at the NTA
51 Board Room, 11th Floor, Upper Class Bldg., Quezon Ave.,
52 Quezon City". Madam Chair.

53
54 **ADMIN. SANCHEZ:** Can we have a motion?

55
56 **DIR. PADAYAO:** For the first agenda, I respectfully move for the "Approval of the
57 Agenda of the 171st Regular Meeting of the NTA Governing Board,

1 held on 20 February 2024 at 10:00 AM, at the NTA Board Room,
2 11th Floor, Upper Class Bldg., Quezon Ave., Quezon City".
3

4 **ADMIN. SANCHEZ:** So, there's a motion?

5
6 **DIR. TRONGCO:** I second the motion.

7
8 **ADMIN. SANCHEZ:** The motion for the approval of agenda (A) having been duly
9 seconded the motion is hereby **APPROVED**.

10
11 **BOARD RESOLUTION NO. 196, S. 2024**

12
13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
14 ***THE NTA GOVERNING BOARD APPROVES THE AGENDA OF***
15 ***THE 171ST REGULAR MEETING OF THE NTA GOVERNING***
16 ***BOARD, HELD ON 20 FEBRUARY 2024, AT 10:00 AM, AT THE***
17 ***NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS BLDG.,***
18 ***QUEZON AVE., QUEZON CITY.***

19
20
21 ***UNANIMOUSLY APPROVED...."***

22
23 **ATTY. OBUSAN:** Thank you, madam Chair.

24
25 For our next agenda, we have Agenda (B). This is the request for
26 "Approval of the Minutes of the 125th Special Meeting of the
27 NTA Governing Board, held on 29 January 2024, at 10:00 AM,
28 at the NTA Board Room, 11th Floor, Upper Class Bldg., Quezon
29 Ave., Quezon City."

30
31 **DIR. TRONGCO:** Madam Chair. I respectfully move for the approval of the Approval
32 of the Minutes of the 125th Special Meeting of the NTA Governing
33 Board, held on 29 January 2024, at 10:00 AM, at the NTA Board
34 Room, 11th Floor, Upper Class Bldg., Quezon Ave., Quezon City,
35 subject to submission of amendments, if any, within five (5) days
36 from today?

37
38 **DIR. PADAYAO:** I second the motion.

39
40 **ADMIN. SANCHEZ:** The request for the approval of agenda (B) having been duly
41 seconded the motion is hereby **APPROVED**.

42
43 **BOARD RESOLUTION NO. 197, S. 2024**

44
45 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
46 ***THE NTA GOVERNING BOARD APPROVES THE MINUTES OF***
47 ***THE 125TH SPECIAL MEETING OF THE NTA GOVERNING***
48 ***BOARD, HELD ON 29 JANUARY 2024, AT 10:00 AM, AT THE***
49 ***NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS BLDG.,***
50 ***QUEZON AVE., QUEZON CITY.***

51
52 ***UNANIMOUSLY APPROVED...."***

53
54 **ATTY. OBUSAN:** Thank you madam Chair.

55
56 For the next agenda, we have agenda (C) the request for
57 "Approval for the release of the Remaining Cash Portion for

1 the TCGS Farmer-Cooperators in La Union amounting to PhP
2 1,109,013.00". To report on this matter, may we recognize the
3 honorable Director Nestor C. Casela, Chairman, Committee on
4 Board Audit and Finance.

5
6 **DIR. CASELA:** Thank you very much, Atty.

7
8 The agenda is with respect to the request of NTA-La Union Branch
9 Office amounting to PhP 1,109,013.00 as additional fund to frame
10 expenses of the Farmer-Cooperators... and this was exhaustively
11 discussed by the Resource Speaker, Dr. Giovanni B. Palabay, OIC-
12 Deputy Administrator for Operations and with Mr. Reynaldo R.
13 Aquino, OIC-Finance Department.

14
15 They presented the recommendations on the request for approval
16 for the release of remaining cash portion amounting to PhP
17 1,109,013.00.

18
19 Originally, NTA La Union Branch was allotted a total of PhP
20 24,163,000.00 with a cash allocation of P 10,494,538.00 for its
21 IFOIGAP-TCGS CY 2023-2024.

22
23 After conduct of public bidding, there was decrease in cost of
24 fertilizers and pesticides resulting into reduction of the budget for
25 the project. The budget became PhP 22,810,850.00 resulting into
26 savings of PhP 1,352,150.00.

27
28 The cash portion that was released to the NTA La Union Branch
29 last December 2023 was PhP 9,385,525.00 (out of PhP
30 10,494,538.00) and the remaining P 1,109,013.00 is yet to be
31 released at present, hence this request.

32
33 The unreleased portion covers 50% of the cost of gas, oil, and
34 fuelwood and the TCGS farmers are in dire need for cash to buy
35 the above-mentioned items in preparation for the onset of El Niño
36 phenomenon.

37
38 If not released, definitely, the yield and quality of produce will be
39 deeply affected.

40
41 According to OIC Reynaldo Aquino of the Finance Department, no
42 amendment is necessary on the previously approved Board
43 Resolution on the PhP 150 Million budget for the TCGS-IFOIGAP
44 for CY 2023-2024.

45
46 The unutilized cash portion of PhP 2 Million from NTA Abra will be
47 used to fund the amount requested.

48
49 This subject matter having been thoroughly discussed during the
50 Committee Meeting, and with a Motion to Approve, which was duly
51 seconded.

52
53 I respectfully move for the approval of the agenda.

54
55 Thank you very much!

56
57 **DIR. TRONGCO:** I second the motion.

1 **ADMIN. SANCHEZ:**The request for the approval of agenda (C) having been duly
2 seconded the same motion is hereby **APPROVED**.
3

4 **BOARD RESOLUTION NO. 198, S. 2024**

5
6
7 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
8 ***THE NTA GOVERNING BOARD APPROVES THE RELEASE OF***
9 ***THE REMAINING CASH PORTION FOR THE TCGS FARMER-***
10 ***COOPERATORS IN LA UNION AMOUNTING TO PHP***
11 ***1,109,013.00.***

12 ***UNANIMOUSLY APPROVED...."***

13
14
15 **ATTY. OBUSAN:** Thank you, madam Chair.

16
17 So, for our next agenda, we have agenda (D) we have the request
18 for the **"Approval for the Release of Additional Php 744,300.00**
19 **Cash Portion for the TGCS Farmer-Beneficiaries in**
20 **Pangasinan".**

21
22 To report the summary of the aforementioned agenda, let us
23 recognize the honorable Director Luzviminda U. Padayao, member,
24 Committee on Board Audit and Finance to report on this matter,
25 Ma'am...

26
27 **DIR. PADAYAO:** Thank you, sir.

28
29 For agenda (D) which is the request for approval for the Release of
30 Additional Php 744,300.00 Cash Portion for the TGCS Farmer-
31 Beneficiaries in Pangasinan". Here is the summary report of
32 discussion and recommendations which were noted during the
33 Committee Meeting.

34
35 The Resource Persons, Dr. Giovanni B. Palabay, outgoing OIC-
36 Deputy Administrator for Operations (DAOP) together with Mr.
37 Reynaldo Aquino, OIC, Finance Department, presented the
38 recommendation and request for approval for the release of Php
39 744,300 for cash portion of TCGS farmer-beneficiaries in
40 Pangasinan.

41
42 Originally, NTA Pangasinan Branch had an approved TCGS budget
43 of Php 16,259,390.00 comprised of Php 13,358,990.00 for material
44 inputs (fertilizers, crop protection agent and suckercides) and total
45 cash portion of Php 2,900,400.00.

46
47 Based on Memorandum dated November 16, 2023, "Re: Prices of
48 Fertilizer, Crop Protection Agent and Suckercides for IFOIGAP-
49 TCGS, CY 2023-2024", there was a decrease in the actual prices of
50 farm inputs (fertilizers), hence the amount allotted for material
51 inputs also decreased to Php 12,354,280.00 resulting into savings
52 of Php 1,004,710.00.

53
54 In view of the above-mentioned savings, an appeal that a portion of
55 the difference on the material inputs be added to the cash portion
56 amounting to Php 744,300.00 to augment additional budget for gas
57 and oil since the prices of the petroleum, products are constantly

1 increasing and it is expected that there will be shorter interval of
2 irrigation due to the El Niño phenomenon.

3
4 According to OIC Reynaldo Aquino of the Finance Department, no
5 amendment is necessary on the previously approved Board
6 Resolution on the Php 150 Million budget for the TCGS-IFOIGAP
7 for CY 2023-2024.

8
9 The unutilized cash portion of Php 2 Million from NTA Abra will be
10 used to fund the amount requested.

11
12 This subject matter having been thoroughly discussed during the
13 Committee Meeting, and with a Motion to Approve, which was duly
14 seconded.

15
16 I respectfully move for the approval of the agenda.

17
18 Thank you very much!

19
20 **DIR. MARTINEZ:** I second the motion.

21
22 **ADMIN. SANCHEZ:** The request for the approval of agenda (D) having been duly
23 seconded the same motion is hereby **APPROVED**.

24
25 **BOARD RESOLUTION NO. 199, S. 2024**

26
27 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
28 ***THE NTA GOVERNING BOARD APPROVES THE RELEASE OF***
29 ***ADDITIONAL PHP 744,300.00 CASH PORTION FOR THE TCGS***
30 ***FARMER-BENEFICIARIES IN PANGASINAN.***

31
32 ***UNANIMOUSLY APPROVED...."***

33
34 **ATTY. OBUSAN:** Thank you madam Chair. We move to agenda (E) the request for
35 the "Board Confirmation of the Appointment of Mr. Nestor C.
36 Casela as the new Deputy Administrator for Operations,
37 National Tobacco Administration".

38
39 May we recognize the honorable Director Jessie Pat M. Serna,
40 Member, Committee on Nomination, Remuneration and Personnel
41 Administration to render his report, sir...

42
43 **DIR. SERNA:** Thank you, Atty. here is the summary of discussion on the said
44 agenda.

45
46 The Resource Person, Atty. Gorgonio Obusan III, Board Secretary
47 V, presented the agenda.

48
49 He manifested that last February 14, 2024, the Office of the
50 Governing Board received an email from Atty. Ellaine Denice H.
51 Marallag, Executive Assistant to the Office of the Secretary,
52 informing the body of the appointment of Mr. Nestor C. Casela as
53 Deputy Administrator, National Tobacco Administration vice
54 Cesario G. Sambrana Sr as adduced by letter dated February 7,
55 2024 signed by Pres. Ferdinand R. Marcos Jr.

1 Also attached was a letter from Sec. Francisco P. Tiu Laurel Jr.
2 inviting Mr. Casela to take his oath of office on February 19, 2024
3 at the Department of Agriculture.

4 Mr. Nestor C. Casela took his oath of office yesterday but intends to
5 assume his new position effective March 1, 2024 to pave way for
6 the turnover of office from Dr. Giovanni B. Palabay, outgoing OIC-
7 Deputy Administrator for Operations (DAOP).

8 The Resource Speaker then requested for the confirmation of the
9 appointment of Mr. Nestor C. Casela as the new Deputy
10 Administrator for Operations, National Tobacco Administration.

11 This subject matter having been thoroughly discussed during the
12 Committee Meeting, and with a Motion to Approve, which was duly
13 seconded.

14 I respectfully move for the approval of the agenda.

15 Thank you very much!

16
17
18
19
20
21 **DIR. PADAYAO:** I second the motion.

22
23 **ADMIN. SANCHEZ:** The request for the Board Confirmation of Director Nestor C.
24 Casela as the new Deputy Administrator for Operations, National
25 Tobacco Administration, having been duly seconded the same
26 motion is hereby **APPROVED**.

27
28 **BOARD RESOLUTION NO. 200, S. 2024**

29
30
31 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
32 ***THE NTA GOVERNING BOARD APPROVES THE***
33 ***CONFIRMATION OF THE APPOINTMENT OF MR. NESTOR C.***
34 ***CASELA AS THE NEW DEPUTY ADMINISTRATOR FOR***
35 ***OPERATIONS, NATIONAL TOBACCO ADMINISTRATION.***

36
37 ***UNANIMOUSLY APPROVED...."***

38
39 **DIR. CASELA:**

40 First of all, I would like to thank Madam Bel, the Members of the
41 Governing Board. I really love working with them, because they
42 exhibited that high degree of professionalism and in-depth
43 knowledge of the tobacco industry. From them, I was able to learn
44 a lot of things that enhanced my knowledge and capability and of
45 course, I can assure everyone that this is not an absolute departure
46 from the group, because with the new position I have will have a
47 more lengthy discussion and at the same time a lot of things to
48 discuss for the betterment of the agency, rest assured my
49 colleagues, ma'am and to everybody, that I will exerts all my
50 efforts, considering that I have few years maybe of my productive
51 life I will use all this time for the betterment of National Tobacco
52 Industry, particularly to our stakeholders, the farmers and to the
53 employees, 'maraming salamat po'.

54 ***"Everyone congratulated, Director Nestor C. Casela as the new***
55 ***Deputy Administrator for Operations, National Tobacco***
56 ***Administration.***

57
29 FEB 2024

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I would like to make some announcement that since we have a Committee and Board Meeting come... it was revised actually...

ATTY. OBUSAN: Committee Meeting will be on February 27 Sir Nestor, it was originally scheduled on February 28, but since USEC DV requested that Board Meeting that was originally scheduled on the 29th, be moved to Feb 28, and to accommodate his request, we will also move the Committee Meeting on the 27th Day of February.

ATTY. OBUSAN: Thank you, for the next on the agenda, it is adjournment Madam Chair.

ADMIN. SANCHEZ: There's a motion?

DIR. MARTINEZ: Madam Chair. I move for the adjournment of the meeting.

DIR. SERNA: I second the motion.


ADM. SANCHEZ: Seconded. The session is adjourned.

SO, ORDERED.

Thank you.

Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:15 AM.

PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. BELINDA S. SANCHEZ, CPA
Administrator/CEO and Vice-Chairman,
NTA Governing Board

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Hon. NESTOR C. CASELA
Appointive Director, Academic Community Sector

Hon. WILFREDO C. MARTINEZ
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector



OFFICE OF THE NTA GOVERNING BOARD

ONE HUNDRED AND TWENTY SIX (126th) SPECIAL BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS BLDG., QUEZON AVENUE, QUEZON CITY
28 FEBRUARY (2:00 PM)

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO

Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector

Dir. NESTOR C. CASELA - Member, Academic Community Sector

Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector

Dir. WILFREDO C. MARTINEZ - Member, Tobacco Farmers Sector

Dir. DANILO C. TRONGCO - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services

Dr. GIOVANNI B. PALABAY - OIC-Deputy Administrator for Operations

Atty. JUN FRED V. PARADO - Attorney V, Office of the Administrator

Atty. GORGONIO G. OBUSAN III - Board Secretary V

Mr. LEXTER C. CABANTING - Administrative Assistant I (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Engr. Noralyn I. Idica - Manager, Vigan Branch Office

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the meeting to order at 2:00 PM.

ATTY. OBUSAN: Good afternoon, everyone. For the 126th Special Meeting of the NTA Governing Board, held today February 28, 2024 (Wednesday) at NTA Board Room, 11th Floor Upper Class Bldg., Quezon Ave., Quezon City. Please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano's. May we request you Sir to call to order the meeting.

1 **USEC SAVELLANO:** The 126th Special Meeting of the NTA Governing Board is
2 now call to order.
3

4 **II. OPENING PRAYER**
5

6 **USEC SAVELLANO:** May I now call on the Board Secretary for the opening
7 prayer.
8

9 **ATTY. OBUSAN:** Thank you, Mister Chair to start with, let us put ourselves in
10 the presence of the lord...
11

12 *"Atty. Obusan led the opening prayer"*
13

14 **USEC SAVELLANO:** Again, may I now call on the Board Secretary to determine
15 the quorum.
16

17 **ATTY. OBUSAN:** Thank you, Mister Chair.
18

19 For the 126th Special Meeting of the NTA Governing Board,
20 we have of course, the Presiding Officer, Honorable
21 Undersecretary of the Department of Agriculture & NTA
22 Oversight Official/Alternate Chairman-Designate Deogracias
23 Victor "DV" B. Savellano. Good afternoon, sir.
24

25 We also have Administrator & CEO the Honorable Belinda
26 S. Sanchez, good afternoon, ma'am.
27

28 We also have the members of the NTA Governing Board,
29 the Honorables, Dir. Wilfredo C. Martinez, representing the
30 Tobacco Farmers Sector; Dir. Jessie Pat M. Serna,
31 representing the Tobacco Exporters/Traders Sector; Dir.
32 Danilo C. Trongco, representing the Tobacco Farmers
33 Sector and, Dir. Nestor C. Casela, representing the
34 Academic Community Sector.
35

36 Dr. Giovanni B. Palabay, OIC Deputy Administrator for
37 Operations, good afternoon, sir. Atty. Jun Fred V. Parado,
38 Attorney V, OAD, good afternoon, sir.
39

40 Likewise, present in the virtual platform is, Engr. Noralyn I.
41 Idica, Manager, Vigan Branch Office , good afternoon
42 ma'am.
43

44 As such, Mister Chair, we have a Quorum.
45

46 **USEC SAVELLANO:** So, since there's a Quorum, may I call the Board Secretary
47 to read the agenda.
48

49 **ATTY. OBUSAN:** Thank you, Mister Chair.
50

51 For the Agenda of the 126th Special Meeting of the NTA
52 Governing Board, we have agenda (A) the request for the
53 **"Approval of the Agenda of the 126th Special Meeting of**
54 **the NTA Governing Board, held on 28 February 2024 at**
55 **2:00 PM, at the NTA Board Room, 11th Floor, Upper**
56 **Class Bldg., Quezon Ave., Quezon City".** Mister Chair.
57

1 **USEC SAVELLANO:** Can we have a motion?

2
3 **DIR. PADAYAO:** For the first agenda, I respectfully move for the "Approval of
4 the Agenda of the 126th Special Meeting of the NTA
5 Governing Board, held on 28 February 2024 at 2:00 PM, at
6 the NTA Board Room, 11th Floor, Upper Class Bldg.,
7 Quezon Ave., Quezon City".

8
9 **USEC SAVELLANO:** So, there's a motion?

10
11 **DIR. TRONGCO:** I second the motion.

12
13 **USEC SAVELLANO:** The motion for the approval of agenda (A) having been duly
14 seconded the motion is hereby **APPROVED**.

15
16 **BOARD RESOLUTION NO. 201, S. 2024**

17
18
19 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
20 ***THE NTA GOVERNING BOARD APPROVES THE AGENDA OF***
21 ***THE 126TH SPECIAL MEETING OF THE NTA GOVERNING***
22 ***BOARD, HELD ON 28 FEBRUARY 2024, AT 1:30 PM, AT THE***
23 ***NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS BLDG.,***
24 ***QUEZON AVE., QUEZON CITY.***

25
26 ***UNANIMOUSLY APPROVED...."***

27
28 **ATTY. OBUSAN:** Thank you, Mister Chair.

29
30 For our next agenda, we have Agenda (B). This is the
31 request for "Approval of the Minutes of the 171st Regular
32 Meeting of the NTA Governing Board, held on 20
33 February 2024, at 10:00 AM, at the NTA Board Room,
34 11th Floor, Upper Class Bldg., Quezon Ave., Quezon
35 City."

36
37 **DIR. SERNA:** Mister Chair. I respectfully move for the approval of the
38 Approval of the Minutes of the 171st Regular Meeting of the
39 NTA Governing Board, held on 20 February 2024, at 10:00
40 AM, at the NTA Board Room, 11th Floor, Upper Class Bldg.,
41 Quezon Ave., Quezon City, subject to submission of
42 amendments, if any, within five (5) days from today?

43
44 **DIR. PADAYAO:** I second the motion.

45
46 **USEC SAVELLANO:** The request for the approval of agenda (B) having been duly
47 seconded the motion is hereby **APPROVED**.

48
49 **BOARD RESOLUTION NO. 202, S. 2024**

50
51 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
52 ***THE NTA GOVERNING BOARD APPROVES THE MINUTES OF***
53 ***THE 171ST REGULAR MEETING OF THE NTA GOVERNING***
54 ***BOARD, HELD ON 20 FEBRUARY 2024, AT 10:00 AM, AT THE***
55 ***NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS BLDG.,***
56 ***QUEZON AVE., QUEZON CITY.***

57

UNANIMOUSLY APPROVED....”

ATTY. OBUSAN:

Thank you Mister Chair.
For the next agenda, we have agenda (C) the “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 requirement amounting to PhP 1,043,046.00”. To report on this matter, may we recognize the honorable Director Luzviminda U. Padayao, Chairman, Committee on Research and Extension.

DIR. PADAYAO:

Thank you very much, Atty.

The agenda is with respect to the request of NTA FTSD requesting for the release of the revised budgetary requirement amounting to PhP 1,043,046.00 for the conduct of the profitability study on its 2nd year of implementation. This was exhaustively discussed by the Resource Speaker, Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations and with Mr. Reynaldo R. Aquino, OIC-Finance Department.

The study will provide reliable data that will determine the cost of production, the real income of the farmers as well as the production level per hectare of the two tobacco types, Virginia and Burley.

The result of the study will be used by the top management of NTA to regulate the prices in the market and as prerequisite to other related studies.

Bulk of the expenses will go to the hiring of Research Assistants for the respective participating provincial branches that will consolidate the data’s gathered, discuss results and other related activities for the duration of the study.

During the Committee Meeting last January 23, 2024, the proposed budgetary requirement was Php 930,632.60; In the discussions that ensued, it was agreed upon that the services of a research statistician is necessary to the conduct of the study.

In the Committee Meeting that followed last February 19, 2024, the proposed budgetary requirement was adjusted to Php 938,632.60 to cover the consultation fee made to an expert in Socio-Economic Research and Statistics and the adjustments on the gas and oil allowance and other office supplies; FTSD further requested that additional one (1) Research Assistants be hired for the province of Abra.

Currently, the study is in its mid-way implementation, and all other Branch Offices, except Abra have been provided with one Research Assistant, hence, this request.

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The hiring of the additional Research Assistant for the province of Abra will cost Php 104,414.00, bringing the total budgetary requirement for the conduct of the study to Php 1,043,046.60, as being requested for approval.

Mr. Reynaldo Aquino, OIC of the Finance Department, certified that there are funds available for the conduct of the study.

This subject matter having been thoroughly discussed during the past three (3) Committee Meetings, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. TRONGCO: I second the motion.

USEC SAVELLANO: There's a motion seconded. And I just have a question, since this is a start of the evaluation of economic profitability, is it in the second year?

Can you give us a brief report on the first year of the study, what happened?

DR. PALABAY: Good afternoon USec and to everyone. This is the second year of the study of the evaluation of economic profitability of tobacco types limited to Virginia and Burley only. During the first year of the study, we included all the three types.

And there was a sort of discrepancy in the result, considering the fact that the parameters are different. In terms of area of recovered respondents for Virginia and Burley, the areas used are different. There are farmers that have 0.5 ha, others have 0.75 ha. There's a variation in terms of area.

I wasn't able to get the actual net income or profitability of the tobacco types. Since the level of income is not the same, that's the reason why we conducted the second year of the study.

USEC SAVELLANO: So, what will you get from this?

DIR CASELA: Good afternoon, sir. The basic data that is supposed to be calculated would determine the level of production of tobacco types. This is very important, sir. This is in relation to the certification of tobacco acceptances for qualified LGUs in 7171 and 8240.

Because we didn't want to spend any more to find that for a better assessment or a better determination of the level of production per hectare, it should be based on the area planted.

USEC SAVELLANO: Okay, we have that report. But the thing is, we're talking about profitability, income.

How about the quality of the tobacco?

1
2 **DIR. CASELA:** In terms of profitability, sir, the quality goes hand in hand.
3 Not only on the level of production, but the quality also.
4
5 **USEC SAVELLANO:** So are we improving the quality of our tobacco? And the
6 production, are we increasing the production?
7 **DIR CASELA:** The technologies are definitely increasing production.
8
9 **USEC SAVELLANO:** But we have to determine what level per type and subtype of
10 tobacco. Because in other countries, they are studying how
11 to grow tobacco. Is that part of the study? In general, where
12 are we now? Because the NTA has been here for so long.
13
14 Do we have a comparative analysis of the development of
15 the tobacco plant? Because we have so many research. So
16 that's what I'm looking for.
17
18 Where are we now? In terms of quality and level of yield.
19 Because for me, if we increase the length, we can see that
20 the tobacco leaves are growing. So that's what I'm looking
21 for.
22
23 **DIR PADAYAO:** But that's why we have this subtype of tobacco, sir.
24
25 Subtype would mean those improved flavor. The direction of
26 the tobacco buyers now in the international market is
27 towards this kind of tobacco, production of this kind of
28 tobacco.
29
30 Because there is an increased nicotine content, and that's
31 the direction. We can increase the level of nicotine content
32 by cultural management, the kind of fertilizers to be used,
33 and the varieties.
34
35 **USEC SAVELLANO:** So that's what you're doing? Can you give a report from last
36 year and this year? The level of production, the average
37 yield, I think...Are we increasing? Yes.
38
39 Because the income we're talking about, we want to
40 increase the income of the farmers. Since the cost of
41 production is increasing, despite of that, we want to show
42 that our tobacco farmers are getting richer.
43
44 Because they're questioning if the farmers are getting richer.
45 So that's where I'm coming from. So that's what I want to
46 see.
47
48 Let's show that they are getting richer. So that when next
49 year, they will ask us for data, we can show it to them.
50
51 **DR. PALABAY:** I think we cannot predict that motion because last two years,
52 we have the pandemic and the production of tobacco
53 gradually declined. And we cannot make any comparison on
54 that. That's my opinion sir. But if they will be asking for the
55 previous years, we have historical data as to the level of
56 production per year. And we can make also a comparative, I
57 mean, come up with data, comparative data as to the

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income level derived from production of on-cost crops being planted by the government.

USEC SAVELLANO:

Even in our discussions, that's our defense. Even in the international meetings, that's always our defense.

But what I'm saying is the income of the farmers from the tobacco getting bigger? Because that's what they're asking.

To promote the development of the tobacco industry and to improve the quality of life of all those who depend upon the industry as a source of livelihood, especially the tobacco farmers. So, we will do that. That's what I'm saying.

Since you are on the board, that's what we're looking for. We'll look for another source. Or, we have to lobby for additional income.

We have two ways in increasing the profit of the farmers. Reduce the production cost and increase the yield.

DIR. PADAYAO:

We have one plant breeder who proposed a study on the production of hybrid seeds.

DR. PALABAY:

We have a plant breeder in FTSD, sir. Local? Yes, sir. OIC of Farm Technology Services.

The person is Ms. Cabigan. And she's... We're supporting her.

She just proposed, sir, to have a hybrid seed. Yeah, we're going to support her so that we can make money because it's not imported.

USEC SAVELLANO:

If the quality is good, yeah. With the varieties being imported by the traders, mainly local traders, they've been testing already or they've been planting and even distributing hybrid varieties to their farmers. And with it, definitely, you'll increase the quality indeed.

But the limiting factor as far as NTA is concerned, we don't have anything to buy. That's part of our planning. Are we planning for that?

You have a plan, right? We have to consider other things. Because those are the things when it comes to budget time, we'll bring out what we want to buy.

So that we can leverage development. We need an idea.

Any more discussion? No more? Since there's no more discussion on the matter, there's a pending motion, right?

The request for the approval of agenda (C) having been duly seconded the same motion is hereby **APPROVED**.

BOARD RESOLUTION NO. 203, S. 2024

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES CONDUCT OF THE STUDY “EVALUATION OF THE ECONOMIC PROFITABILITY OF ALL TOBACCO TYPES AND SUBTYPES PLANTED IN THE PHILIPPINES (YEAR 2)” WITH REVISED BUDGETARY REQUIREMENT AMOUNTING TO PHP 1,043,046.00. UNANIMOUSLY APPROVED....”

ATTY. OBUSAN:

Thank you, Mister Chair.

So, for our next agenda, we have agenda (D) we have **“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”**.

To report the summary of the aforementioned agenda, let us recognize the honorable Director Danilo C. Trongco, Member, Committee on Research and Extension, Sir...

DIR. TRONGCO:

Thank you, Atty.

For agenda (D) which is **“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”**. Here is the summary report of discussion and recommendations which were noted during the Committee Meeting.

The Resource Person, Dr. Giovanni B. Palabay, OIC-Deputy Administrator for Operations (DAOP) requested for the approval of the release of PhP 382,532.43 as NTA’s share in the establishment of tobacco demo farms in four municipalities of Tarlac, namely Anao, Ramos, San Clemente, and Mayantoc.

The amount requested comprises fifty percent of labor cost of various farm activities including cash for gas and oil, seedlings and bamboo for curing shed as provided under the Memorandum of Agreement executed between the NTA, Provincial Government of Tarlac, Trans-Manila Incorporated (TMI), and the respective Municipal Government of Anao, Ramos, San Clemente, and Mayantoc, and the tobacco farmer-cooperators.

The other fifty percent will be shouldered by the Trans-Manila Incorporated as the buyer firm.

The budgetary requirements for these purposes were based on the actual area planted by the farmer-cooperators.

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

1 This subject matter having been thoroughly discussed during
2 the Committee Meeting, and with a Motion to Approve, which
3 was duly seconded. I respectfully move for the approval of
4 the agenda.
5
6 Thank you very much!
7
8 **DIR. MARTINEZ:** I second the motion.
9
10 **USEC SAVELLANO:** Thank you. Question, what is the counterpart of the
11 municipalities?
12
13 **DIR. TRONGCO:** Fertilizer, sir.
14
15 **USEC SAVELLANO:** Water? Source of water? Gas and oil, we are providing it?
16 Even water pumps?
17
18 **DR. PALABAY:** Yes, sir, for the water pumps. Where do they get the water?
19 Deep well.
20
21 **USEC SAVELLANO:** How about the fuel wood?
22
23 **DIR. CASELA:** No sir, because it's Burley.
24
25 But to give you a further background on this, sir. This project
26 of demo farm for Burley in Tarlac came up during our
27 meeting with the LMP for Tarlac and of course in that
28 campaign, not only for the support of the LGU for the release
29 of funds of NTA from 4155, we can include also that we try
30 to motivate the mayors to plant more.
31
32 Some mayors signified interest to plant. They requested for
33 this demo farms. There were four LGUs who entered into
34 this agreement initially, but unfortunately, the farmer-
35 cooperators are the mayors' drivers, securities, so initially it
36 failed.
37
38 **DR. PALABAY:** That was the reason why from almost 6.50 hectares, it was
39 reduced to 3.87 hectares. And of course, we were able to
40 get the assistance of the provincial government through
41 Governor Yap and the LGU provincial government is
42 shouldering the material inputs for the project. That is their
43 participation.
44
45 And for the rest of the expense items, share of the buyer firm
46 and NTA. So there was a considerable reduction of the
47 budget because of the reduction of the area. So the budget
48 was reduced from almost Php 800K to the requested amount.
49
50 Any more questions? No more? Since it has been moved
51 and seconded, the request for the approval of agenda (D),
52 the motion is hereby **APPROVED**.
53
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56

BOARD RESOLUTION NO. 204, S. 2024

1
2 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT**
3 **THE REQUEST FOR APPROVAL OF BUDGET RELEASE AS**
4 **PER MEMORANDUM OF AGREEMENT IN RELATION TO**
5 **TOBACCO DEMO FARMS IN TARLAC IN THE AMOUNT OF PHP**
6 **382,532.43.**

7 **UNANIMOUSLY APPROVED...."**
8

9 **ATTY. OBUSAN:**

Thank you Mister Chair. We move to agenda (E), "Request For Approval Of The CY 2024 Annual Regulatory Plan (ARP) Of The National Tobacco Administration And Authorizing The Submission Thereof To The Anti-Red Tape Authority".

May we recognize the honorable Director Jessie Pat M. Serna, Chairman, Committee on Trading Operations and Regulations to render his report, Sir...

18
19 **DIR. SERNA:**

Thank you, Atty. here is the summary of discussions on the said agenda.

The Resource Person, Atty. Rohbert A. Ambros, Manager, Regulations Department, presented the agenda and requested for the body's approval.

Atty. Ambros reported that the same Annual Regulatory Plan (ARP) was submitted as one of the Regulation Department's Programs/Activities/Projects (PAPs) for CY 2024 with a total budget of Php 1,915,600.00 as approved by the Project Review and Evaluation Committee (PREC).

He further manifested that the ARP is a mandatory annual submission by all government agencies pursuant to the Anti-Red Tape Authority (ARTA) Advisory No. 015, Series of 2024, dated January 8, 2024 and pursuant also to ARTA Memorandum Circular No. 2022-06 establishing the National Policy on Regulatory Management System (NPRMS).

The CY 2024 ARP shall focus on the following activities:

1. Evaluation of the quality of existing regulations and assess the benefits and costs and identify policy option that would deliver the greatest net benefit.
2. Creation of Impact Assessment Management Team (IAMT) to effectively formulate, implement, monitor and evaluate the Annual Regulatory Plan of the NTA.
3. Formulation of a capability enhancement program so that the NTA officials and employees will have an in-depth knowledge on the importance and processes of Regulatory Impact Assessment (RIA) through the engagement of Experts as lecturers in the RIA training and workshop.
4. Conduct of Preliminary Impact Assessment (PIA) or Regulatory Impact Assessment (RIA) of at least one (1) existing rules and regulations.
5. Monitoring and evaluation in the implementation of the planned outcomes of the Annual Regulatory Plan for CY 2024.

1
2 As agreed by the body, the Annual Regulatory Plan is hereby
3 approved subject to Board revisions prior to its submission to
4 ARTA on March 7, 2024.
5

6 This subject matter having been thoroughly discussed during
7 the Committee Meeting, and with a Motion to Approve, which
8 was duly seconded. I respectfully move for the approval of
9 the agenda. Thank you very much!

10
11 **DIR. PADAYAO:** I second the motion.

12
13 **USEC SAVELLANO:** Question. Have we encountered any questions regarding the
14 regulations?
15

16 **DIR. SERNA:** No, sir.

17
18 **USEC SAVELLANO:** Very good. So, there's a motion, seconded. Since there's no
19 objection, the request for the approval of agenda (E), is
20 **APPROVED.**
21

22 **BOARD RESOLUTION NO. 205, S. 2024**

23
24
25 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
26 ***THE NTA GOVERNING BOARD APPROVES THE CY 2024***
27 ***ANNUAL REGULATORY PLAN (ARP) OF THE NATIONAL***
28 ***TOBACCO ADMINISTRATION AND AUTHORIZING THE***
29 ***SUBMISSION THEREOF TO THE ANTI-RED TAPE AUTHORITY.***
30 ***UNANIMOUSLY APPROVED...."***
31

32 **ATTY. OBUSAN:** Thank you Mister Chair. We move to agenda (F), "**Request**
33 **For Approval / Authority From NTA Management To**
34 **Formulate And Adopt A Manual Of Procedures For**
35 **Resolution of Violations Of Trading Rules And**
36 **Regulations And Authorizing The Submission Thereof**
37 **To The Governance Commission For GOCCs (GCG)".**
38

39 May we recognize the honorable Director Wilfredo C.
40 Martinez, Member, Committee on Trading Operations and
41 Regulations to render his report, Sir...
42

43 **DIR. MARTINEZ:** Thank you, Atty. here is the summary of discussions on the
44 said agenda.
45

46 The Resource Person, Atty. Rohbert A. Ambros, Manager,
47 Regulations Department, presented the agenda and
48 requested for the body's approval / authority.
49

50 Atty. Ambros informed the body that the deadline for the
51 submission of the Manual of Procedures is at the end of
52 February. He is still in the process of finalizing it, and he
53 requested that the body allow for its subsequent submission
54 to the GCG due to the time constraint.
55

1 Atty. Ambros was part of the delegation to COP10, and that
2 is basically the reason behind the delay in the formulation of
3 the manual.
4

5 He further manifested that, once completed, he is willing to
6 present the Manual of Procedures to the Board if instructed
7 to.
8

9 The Manual of Procedures will guide the NTA staff,
10 particularly the inspectors on how to handle violations of
11 trading rules and regulations encountered during the
12 conduct of inspections.
13

14 Basically, it aims to give violators the chance to explain their
15 side before imposing sanctions or paying penalties.
16

17 This subject matter having been thoroughly discussed during
18 the Committee Meeting, and with a Motion to Approve,
19 which was duly seconded. I respectfully move for the
20 approval of the agenda.
21

22 Thank you very much!
23

24 **DIR. SERNA:** I second the motion.
25

26 **USEC SAVELLANO:** Question. How about the penalties? Do you want to talk
27 about penalties? Before, what's the penalty for those who
28 violated the trading rules and regulations?
29

30 **DIR. PADAYAO:** Sir, if I may, it depends on the gravity of the offence, but
31 generally, the penalty is cancellation of permit to operate.
32

33 **USEC SAVELLANO:** First offense, Second offense, Third offense, Or
34 immediate?...

35 **DIR. CASELA:** Not always, sir.
36

37 **ATTY. PARADO:** For example... Registration. If they were found to not register
38 within the prescribed period, there will be penalty.
39

40 **USEC SAVELLANO:** What is the penalty fee?
41

42 **ATTY. PARADO:** Sir, 50% of the total registration cost, that is what they will
43 pay. It depends on the volume.
44

45 **USEC SAVELLANO:** In our next meeting, can you provide us when the memos
46 will be sent? We want to know the history.
47

48
49 Any more discussion on the matter? Since there's none,
50 there's a motion, seconded the request for the approval of
51 agenda (F), is **APPROVED**.
52

53 **BOARD RESOLUTION NO. 206, S. 2024**
54
55

1 "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT
2 THE NTA GOVERNING BOARD APPROVES THE NTA
3 MANAGEMENT TO FORMULATE AND ADOPT A MANUAL OF
4 PROCEDURES FOR RESOLUTION OF VIOLATIONS OF
5 TRADING RULES AND REGULATION AND AUTHORIZING THE
6 SUBMISSION THEREOF TO THE GOVERNANCE COMMISSION
7 FOR GOCCs (GCG).

8 UNANIMOUSLY APPROVED...."

9
10 **ATTY. OBUSAN:** The schedule for the next Committee and Board Meeting will
11 be on March 14 and March 15, at 9:00 AM Mister Chair with
12 your concurrence of course.

13
14 **USEC SAVELLANO:** March 15, 10:00 AM is fine.

15
16 **ATTY. OBUSAN:** Thank you Mister Chair, next on the agenda, is adjournment
17 Mister Chair.

18
19 **USEC SAVELLANO:** There's a motion?

20
21 **DIR. MARTINEZ:** Mister Chair. I move for the adjournment of the meeting.

22
23 **DIR. SERNA:** I second the motion.

24
25 **USEC SAVELLANO:** Seconded. The session is adjourned.

26
27
28 SO, ORDERED.


29
30 Thank you.

31
32
33 Note: THE MEETING WAS ADJOURNED AT EXACTLY 4:20 PM:

34
35
36 **PREPARED AND CERTIFIED CORRECT:**

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41 
42 **ATTY. GORGONIO G. OBUSAN III**
43 Board Secretary V
44 NTA Governing Board

45
46 **ATTESTED:**

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53 **Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO**
54 Undersecretary, Department of Agriculture
55 NTA Oversight Official, and Alternate Chairman Designate
56 to the NTA Governing Board
57

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Hon. NESTOR C. CASELA
Appointive Director, Academic Community Sector

Hon. WILFREDO C. MARTINEZ
Appointive Director, Tobacco Farmers Sector

Hon. DANILO G. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY-SECOND (172nd) REGULAR BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
15 MARCH (1:00 PM)**

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - **Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - **Vice-Chair of the Board and Administrator & CEO**

Dir. JESSIE PAT M. SERNA - **Member, Tobacco Traders/Exporters Sector**
Dir. RAY A. ELAYDO - **Member, Tobacco Manufacturing Sector**
Dir. LUZVIMINDA U. PADAYAO - **Member, Tobacco Farmers Sector**
Dir. GERRY VIRGILIO V. GUZMAN - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

Mr. BENEDICTO M. SAVELLANO - **Deputy Administrator for Support Services**
Mr. NESTOR C. CASELA - **Deputy Administrator for Operations**
Mr. BENJAMIN V. SARMIENTO - **Special Assistant to the Administrator/
Executive Assistant IV**
Mrs. FORTUNA C. BENOSA - **Manager, Corporate Planning Department**
Mrs. MYRNA O. LOZANO - **Manager, Industrial Research Department**
Mr. REYNALDO R. AQUINO - **OIC, Finance Department**
Atty. ROHBERT A. AMBROS - **Manager, Regulations Department**
Atty. JUN FRED V. PARADO - **Attorney V, Office of the Administrator**
Atty. GORGONIO G. OBUSAN III - **Board Secretary V**
Mrs. MAYLENE FLORES-MIZAL - **Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Dir. DANILO C. TRONGCO - **Member, Tobacco Farmers Sector**
**Department and Branch Managers / OICs - NTA Central Office and Branch
Offices**

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the meeting to order at 1:00 PM.

ATTY. OBUSAN: Good afternoon, everyone. For the 172nd Regular Meeting of the NTA Governing Board, held today March 15, 2024 (Friday), 1:00 PM at NTA Board Room, 11th Floor Upper Class Tower, Quezon Ave., Quezon City. Please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano's. May we request you Sir to call to order the meeting.

USEC SAVELLANO: The 172nd Regular Meeting of the NTA Governing Board is now call to order.

II. OPENING PRAYER

USEC SAVELLANO: May I now call on the Board Secretary for the opening prayer.

ATTY. OBUSAN: Thank you, Mister Chair to start with, let us put ourselves in the presence of the lord...

"Atty. Obusan led the opening prayer"

USEC SAVELLANO: Again, may I now call on the Board Secretary to determine the quorum.

ATTY. OBUSAN: Thank you, Mister Chair.

For the 172nd Regular Meeting of the NTA Governing Board, we have of course, the Presiding Officer, Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official / Alternate Chairman-Designate, Deogracias Victor "DV" B. Savellano. *Good afternoon, sir.*

We also have the Vice-Chairman and Administrator & CEO, the Honorable Belinda S. Sanchez, good afternoon, ma'am.

We also have the members of the NTA Governing Board, the Honorables, Dir. Gerry Virgilio V. Guzman, representing the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna, representing the Tobacco Traders Sector/Exporters; Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; and Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector.

Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector is joining us online via virtual platform.

Mr. Nestor C. Casela, Deputy Administrator for Operations, *good afternoon, Sir DAOP.* Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, *good afternoon, Sir DASS.*

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Atty. Jun Fred V. Parado, Attorney V, OAD, *good afternoon, sir.*

Likewise, present in the virtual platform are the respective department and branch managers, and OICs. *Good afternoon everyone.*

As such, Mister Chair, we have a Quorum.

USEC SAVELLANO: So, since there's a Quorum, may I call the Board Secretary to read the agenda.

ATTY. OBUSAN: Thank you, Mister Chair.

For the Agenda of the 172nd Regular Meeting of the NTA Governing Board, we have Agenda (A), request for the **"Approval of the Agenda of the 172nd Regular Meeting of the NTA Governing Board, held today, 15 March 2024 at 1:00 PM, at the NTA Board Room, 11th Floor, Upper Class Tower, Quezon Ave., Quezon City."**

USEC SAVELLANO: Can we have a motion?

DIR. PADAYAO: For the first agenda, I respectfully move for the "Approval of the Agenda of the 172nd Regular Meeting of the NTA Governing Board, held on 15 March 2024 at 1:00 PM, at the NTA Board Room, 11th Floor, Upper Class Tower, Quezon Ave., Quezon City".

USEC SAVELLANO: So, there's a motion?

DIR. TRONGCO: I second the motion.

USEC SAVELLANO: The motion for the approval of Agenda (A), having been duly seconded the motion is hereby **APPROVED.**

BOARD RESOLUTION NO. 207, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE AGENDA OF THE 172ND REGULAR MEETING OF THE NTA GOVERNING BOARD, HELD ON 15 MARCH 2024, AT 1:00 PM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER, QUEZON AVE., QUEZON CITY."

UNANIMOUSLY APPROVED...."

ATTY. OBUSAN: Thank you, Mister Chair.

For our next agenda, we have Agenda (B). This is the request for **"Approval of the Minutes of the 126th Special Meeting of the NTA Governing Board, held on 28 February 2024, at 1:30 PM, at the NTA Board Room, 11th Floor, Upper Class Tower, Quezon Ave., Quezon City."**

1 **DIR. SERNA:** Mister Chair, I respectfully move for the approval of the
2 Approval of the Minutes of the 171st Regular Meeting of the
3 NTA Governing Board, held on 20 February 2024, at 10:00
4 AM, at the NTA Board Room, 11th Floor, Upper Class Bldg.,
5 Quezon Ave., Quezon City, subject to submission of
6 amendments, if any, within five (5) days from today?
7

8 **DIR. ELAYDO:** I second the motion.
9 **USEC SAVELLANO:** The request for the approval of Agenda (B), having been
10 duly seconded the motion is hereby **APPROVED**.
11

12 **BOARD RESOLUTION NO. 208, S. 2024**

13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
14 ***THE NTA GOVERNING BOARD APPROVES THE MINUTES OF***
15 ***THE 126TH SPECIAL MEETING OF THE NTA GOVERNING***
16 ***BOARD, HELD ON 28 FEBRUARY 2024, AT 1:30 PM, AT THE***
17 ***NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,***
18 ***QUEZON AVE., QUEZON CITY."***
19

20 ***UNANIMOUSLY APPROVED...."***

21
22
23 **ATTY. OBUSAN:** Thank you Mister Chair.

24
25 For the next agenda, we have Agenda (C), "Request for
26 Board confirmation of the appointment of Mr. Ray A.
27 Elaydo as Member, Board of Directors, representing the
28 Tobacco Manufacturing Sector, National Tobacco
29 Administration."
30

31 Mister Chair, Agenda(s) C, D, and E, since they are all
32 similar in nature and related to each other, the rendering of
33 report will be combined into one and will be delivered by
34 Director Jessie Pat M. Serna, Member, Committee on
35 Nomination, Remuneration and Personnel Administration.
36

37 **USEC SAVELLANO:** If that will be the case Mr. Secretary, the Motion must be an
38 Omnibus Motion.
39

40 **ATTY. OBUSAN:** Yes, Mister Chair.

41
42 **DIR. SERNA:** Mister Chair, I respectfully move, via an Omnibus Motion, for
43 the confirmation of the appointment of Mr. Ray A. Elaydo, as
44 Member, Board of Directors, representing the Tobacco
45 Manufacturing Sector, National Tobacco Administration.
46

47 **DIR. TRONGCO:** I second the motion.
48

49 **ATTY. OBUSAN:** Thank you Mister Chair.

50
51 For the next agenda, we have Agenda (D), "Request for
52 Board confirmation of the appointment of Mr. Gerry
53 Virgillo V. Guzman as Member, Board of Directors,
54 representing the Tobacco Farmers Sector, National
55 Tobacco Administration."
56

1 **DIR. SERNA:** Mister Chair, I respectfully move, via an Omnibus Motion, for
2 the confirmation of the appointment of Mr. Gerry Virgilio V.
3 Guzman, as Member, Board of Directors, representing the
4 Tobacco Farmers Sector, National Tobacco Administration.

5
6 **DIR. PADAYAO:** I second the motion.

7
8 **ATTY. OBUSAN:** Thank you Mister Chair.

9
10 **ATTY. OBUSAN:** For the next agenda, we have Agenda (E), "**Request for**
11 **Approval of the reconstitution of the board committees**
12 **in light of the appointment of Dir. Ray A. Elaydo and Dir.**
13 **Gerry Virgilio V. Guzman as new members of the Board**
14 **of Directors, National Tobacco Administration."**

15
16 *To report the summary of the aforementioned Agenda(s), C,*
17 *D, and E, let us recognize Honorable Jessie Pat M. Serna,*
18 *Member, Committee on Nomination, Remuneration and*
19 *Personnel Administration. Sir...*

20
21 **DIR. SERNA:** Thank you very much, Atty.

- 22
- 23 • The Resource Persons, Atty. Gorgonio Obusan III, Board
24 Secretary V and myself, presented the agenda;
 - 25
 - 26 • Atty. Obusan manifested that last March 1, 2024, the Office
27 of the Governing Board received an email from Atty. Elaine
28 Denice H. Marallag, Executive Assistant to the Office of the
29 Secretary, informing the body of the appointment of Mr. Ray
30 A. Elaydo and Mr. Gerry Virgilio V. Guzman as Members,
31 Board of Directors, National Tobacco Administration and
32 representing the Tobacco Manufacturers Sector and the
33 Tobacco Farmers Sector respectively.
 - 34
 - 35 • This was indicated on the letter dated February 19, 2024,
36 addressed to Department of Agriculture Secretary Francisco
37 P. Tiu Laurel Jr and signed by His Excellency, Pres.
38 Ferdinand R. Marcos Jr.
 - 39
 - 40 • Mr. Ray A. Elaydo together with Mr. Gerry Virgilio V.
41 Guzman, and myself who was previously appointed as
42 Member of the Board of Directors representing the Tobacco
43 Exporters and Traders Sector took our Oath of Office last
44 March 4, 2024 before Sec. Tiu Laurel Jr. Afterwards, we
45 proceeded to the NTA Central Office and made our courtesy
46 call to Administrator and CEO, Belinda S. Sanchez.
 - 47
 - 48 • In light of the appointment of Dir. Elaydo and Dir. Guzman,
49 reconstitution of the board committees is just proper and in
50 order.
 - 51
 - 52 • Director Ray A. Elaydo will be the new Chairman of the
53 Committee on Board Audit and Finance and Member of the
54 following committees:
 - 55 ○ Committee on Research and Extension
 - 56

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- Committee on Legal Matters and Properties
- Committee on Nomination, Remuneration, and Personnel Administration

- On the other hand, Director Gerry Virgilio V. Guzman will be the new 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

- No changes with regard to the other Board Committees not mentioned.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda.

- Thank you very much!

DIR. PADAYAO: Mister Chair, I respectfully move, via an Omnibus Motion, for the approval of the reconstitution of the board committees in light of the appointment of Dir. Ray A. Elaydo and Dir. Gerry Virgilio V. Guzman as new members of the Board of Directors, National Tobacco Administration.

DIR. SERNA: I second the motion.

USEC SAVELLANO: The request for the approval of Agenda(s) C, D, and E having been duly seconded, the motion is hereby **APPROVED.**

BOARD RESOLUTION NO. 209, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD:

(a) CONFIRMED THE APPOINTMENT OF MR. RAY A. ELAYDO AS MEMBER, BOARD OF DIRECTORS, REPRESENTING THE TOBACCO MANUFACTURING SECTOR, NATIONAL TOBACCO ADMINISTRATION.

(b) CONFIRMED THE APPOINTMENT OF MR. GERRY VIRGILIO V. GUZMAN AS MEMBER, BOARD OF DIRECTORS, REPRESENTING THE TOBACCO FARMERS SECTOR, NATIONAL TOBACCO ADMINISTRATION.

(c) APPROVED THE RECONSTITUTION OF THE BOARD COMMITTEES IN LIGHT OF THE APPOINTMENT OF DIR. RAY A. ELAYDO AND DIR. GERRY VIRGILIO V. GUZMAN AS NEW MEMBERS OF THE BOARD OF DIRECTORS, NATIONAL TOBACCO ADMINISTRATION.

1 **USEC SAVELLANO:** Next agenda.

2
3 **ATTY. OBUSAN:** Thank you Mister Chair.

4
5 For the next agenda, we have Agenda (F), "REQUEST FOR
6 **ISSUANCE OF A BOARD RESOLUTION ORDERING THE**
7 **IMMEDIATE STOPPAGE OF PRODUCTION OR**
8 **OPERATION OF THE TOBACCO DUST PROCESSING**
9 **AGRIBUSINESS PLANT (TDPAP) IN STO. TOMAS, LA**
10 **UNION, ADOPTING THE RECOMMENDATION OF THE**
11 **COMMISSION ON AUDIT AS STATED IN A.O.M. No. 24-**
12 **002 DATED 27 FEBRUARY 2024."**

13
14 *To report the summary of the aforementioned Agenda, let us*
15 *recognize Honorable Luzviminda U. Padayao, Member,*
16 *Committee on Trading Operations and Regulations.*
17 *Ma'am...*

18
19 **DIR. PADAYAO:** Thank you very much, Atty.

20
21 The Resource Person, Deputy Administrator for Operations
22 Nestor C. Casela, presented the agenda and discussed
23 briefly for the benefit of the newly appointed Directors the
24 history of operation of the Tobacco Dust Processing
25 Agribusiness Plant (TDPAP).

26
27 Mr. Casela then mentioned the Audit Observation
28 Memorandum (AOM) No. 24-002, dated February 27, 2024
29 which was received by Engr. Christopher R. Supang, OIC-
30 Project Manager for TDPAP last February 29, 2024.

31
32 On the said AOM, the following statements were highlighted
33 and worth noting:

34
35 *"Low turn-over of finished products inventory of the National*
36 *Tobacco Administration (NTA)-Tobacco Dust Processing*
37 *Agribusiness Plant (TDPAP) project resulted to a net loss*
38 *amounting to Php 3,370,836.58 in CY 2023, due to*
39 *competitors' low prices and non-implementation of marketing*
40 *strategies hence, adding to the already very high shortfall of*
41 *the Project since it started its operations, thus resulting to*
42 *wastage government funds."*

43
44 The project had been incurring losses since it started
45 operations in mid-2009, which already accumulated to Php
46 51,973,771.01 as of December 31, 2023 and the constant
47 annual losses were attributed to the following:

- 48
49 a. Sales were much lower than expenses incurred;
50
51 b. High production and operating costs;
52
53 c. Plant and warehouse were razed by fire in August
54 2016 which caused the temporary cessation of
55 production;

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- d. Despite discontinuance of operations from 2019 to 2022, costs are still being incurred for utilities, security, and personnel services;
- e. Selling price is not competitive and lack of marketing strategies to attract customers;

The AOM recommended that the OIC-Project Manager:

- a. Cause the immediate disposal through sale of the remaining finished products;
- b. Immediately stop production or operation especially that the product could not be possibly sold at the predetermined price per study to realize profit;
- c. Discuss the matter with the NTA Top Management, for appropriate action, like offering the Plant for lease or for sale, to avoid incurring more losses and waste of government resources;

After a lengthy discussion, the Governing Board unanimously agreed to issue a Board Resolution ORDERING THE IMMEDIATE STOPPAGE OF PRODUCTION OR OPERATION OF THE TOBACCO DUST PROCESSING AGRIBUSINESS PLANT (TDPAP) IN STO. TOMAS, LA UNION, AND ADOPTING THE RECOMMENDATION OF THE COMMISSION ON AUDIT'S A.O.M. No. 24-002 DATED 27 FEBRUARY 2024

Subject to the following conditions:

- a. Engr. Supang, OIC-Project Manager of TDPAP, is instructed to facilitate the sale of the remaining finished products as soon as possible;
- b. He is allowed to process the remaining raw materials that was procured already and facilitate the sale of the finished products; Afterwards, he will cease the production and operation accordingly;
- c. All pending or future requests for additional funding are hereby automatically denied or disapproved;

This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda.

Thank you very much!

1
2 **DIR. SERNA:** I second the motion.
3
4 **USEC SAVELLANO:** There's a motion seconded. Any comments, reactions,
5 discussions?
6
7 **DAOP CASELA:** Good afternoon, everyone.
8
9 May I please present some reaction with respect to the
10 immediate cessation of operation of the TDPAP in Sto.
11 Tomas, La Union. Upon discerning the implications of the
12 possible closure of the plant, I immediately called OIC
13 Engineer Supang, yesterday afternoon to determine the
14 existing inventory and also to determine the volume of raw
15 materials subject for the production for tobacco dust. I
16 received his report this morning.
17
18 As of yesterday, the inventory in terms of bags is 2,620 and
19 the remaining raw materials, there are at least 35,000
20 kilograms. If these 35,000 kilograms will be manufactured
21 into tobacco dust, this will redound to 1,400 bags. And I
22 asked him, what is the possible duration of the raw materials
23 to be converted into tobacco dust? He replied that the
24 35,000 kilos of raw materials will be converted into 1400
25 bags by April 30, 2024.
26
27 I asked him likewise that for all the inventory, present
28 inventory, and the number of bags to be produced from the
29 present raw materials, he mentioned that he can market or
30 complete the sale up to May 31, 2024. And with this
31 development, sir, although there is a *collatilla* already made
32 in the report of Madam Padayao, I respectfully recommend
33 that the resolution should include the conditionalities as
34 mentioned. Thank you, sir.
35
36 **USEC SAVELLANO:** What are the raw materials that we have existing?
37
38 **DAOP CASELA:** The raw materials are the tobacco sweepings. These
39 tobacco sweepings, we procured this from ULPI for a price
40 of P2. per kilo delivered to the plant. And the existing
41 inventory for this raw material is 35,000 kilos, sir.
42
43 **USEC SAVELLANO:** So, 35,000 kilos times Php 2.00 per kilo, that will be
44 P70,000.00
45
46 **DAOP CASELA:** The conversion Sir, will be about 1,400 bags of (25 kilos per
47 bag) at Php 250.00 per bag.
48
49 **USEC SAVELLANO:** How much is that?
50
51 **ATTY. OBUSAN:** Total of Php 350,000.00 Sir.
52
53 **USEC SAVELLANO:** How much is our investment in that project? Do you have a
54 picture of the structure, for the benefit of our two new
55 Directors?
56
57 *(Picture of the structure being flashed on the screen.)*

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Can anyone tell me how much is our investment for this project? While waiting, any more discussions?

MRS. LOZANO: As brief history of the project for the information of the new directors, the tobacco dust product was a result of a scientific research to come up with the specifications of the product.

And for this tobacco, it contains at least 1% nicotine. And the nicotine content is the active ingredient which is used as a fertilizer and at the same time as a molluscicide. The advantage of this compared to other products for killing or eradicating predators in the pond is that this is organic.

USEC SAVELLANO: I believe it is a good project. But sadly, when we met sometime last year, we were also discussing this problem, how are we going to survive it? So, now I'm asking, how much did you spend on this project, the whole thing? So, from there, we will discuss what are we going to do with this infrastructure. For me, it's a beautiful project, but on a small scale, it's not worth it.

Operating this tobacco dust plant, it's difficult. But the waste, the sweeping aspect, I think it's a good project. But we have to do it on a small scale and have an in-depth study.

MRS. LOZANO: Actually Sir, we are using just a small grinder, one that exists there. We collected tobacco dust from the ULPI and then we processed and normalize the nicotine content.

USEC SAVELLANO: Because you have products. But our investment is huge. What will happen? Then, what are we going to do with this infrastructure? Director?

We have to know the total investment for this project. Can anyone give me the exact amount? Okay, while we're waiting for the report, do you have any other questions?

When we find out the amount, the cost of the project, then what are we going to do with the TDPAP? Do you have any suggestions?

So, I think before we discuss again, how much are we going to rent it out? How much? So, you have to compute. So that we can at least make up for the loss.

That's why we have to plan now. For the details, just report to the next meeting. How much? So, those are the options for rent. Then, if we want to sell, how much are we going to sell the project?

DIR. PADAYAO: Considering the notions of the STEP, we can also utilize the TDPAP in the future.

1 We have a proposal for that. I think I've already discussed
2 that. Because we might have other priorities for the sale of
3 this property.
4
5 **USEC SAVELLANO:** So, the board will prioritize where we are going to sell it.
6 What is our total, sir? It's the same as before, right? So,
7 anyway, those are the options. Unless you have other
8 proposals for what we are going to do.
9
10 **DAOP CASELA:** Maybe for the sale, we can ask the farmers how they can
11 upgrade the quality of their tobacco products. Who's going to
12 decide? With respect to that financial requirement for the
13 project, sir, I will coordinate with the finance and also the
14 research group to determine the total investment. And
15 maybe to determine possibilities on how we could utilize the
16 plant, either by rental or by sale.
17
18 **USEC SAVELLANO:** And, of course, the basic consideration there is the total
19 investment of the agency on the project. And so, who's going
20 to prepare the study?
21
22 **DAOP CASELA:** I will spearhead the study, Sir.
23
24 **USEC SAVELLANO:** So, please make a motion that we delegate the study to the
25 Deputy Administrator.
26
27 **DIR. SERNA:** Mr. Chair, I would like to move that the Deputy Administrator
28 for operations spearhead the study and made possible
29 observations on this project.
30
31 **DIR. PADAYAO:** I second the motion.
32
33 **DAOP CASELA:** Well, it depends on the result of that financial analysis, sir.
34 And with that, we will be guided on... It depends on that
35 either would it be possible for rental or for outright sale. That
36 would depend on the financial analysis, sir.
37
38 **USEC SAVELLANO:** Okay. There's a pending motion. Seconded.
39

BOARD RESOLUTION NO. 210, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE DELEGATION OF MR. NESTOR C. CASELA, DEPUTY ADMINISTRATOR FOR OPERATIONS, TO SPEARHEAD THE CONDUCT OF FEASIBILITY STUDY AND DETERMINE THE PROPER COURSE OF ACTION WITH REGARD TO THE OPERATION OF THE TOBACCO DUST PROCESSING AGRIBUSINESS PLANT (TDPAP), WHETHER OR NOT TO CONTINUE ITS OPERATION."

UNANIMOUSLY APPROVED...."

53
54 **DAOP CASELA:** Mr. Aquino, the members of the governing board and
55 specifically our USEC is asking us what is the total
56 investment for the tobacco dust plant. If you have any data
57 on that.

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MR. AQUINO:

Yes, sir. Building and land machineries, including land improvements, water supply, power supply, is Php 94.9 Million.

USEC SAVELLANO:

One suggestion, when we make projects like this, let's see how we can sustain it. Because the objective of the project is good especially for the tobacco industry. So, this won't happen again.

How about our research output? Are we going to, have it? We're going to have it in our business. Will we make further study on this matter?

And then on the next meeting, we will report our recommendations on this matter.

So, what are we going to do about it? Private company. We don't want to injure someone's profession. I think that's what we discussed before, that we look for commercialization of this research. Not only with this Tobacco Dust, but other researches of NTA, that we will look into commercialization. So maybe that's another project. Can we prepare all the researches, so that we can publish it and invite possible investors?

DASS SAVELLANO:

Sir, if I may, I was talking to the manager of the Industrial Research Department this morning. He mentioned that the patenting of this Tobacco Dust is being started.

However, the utility model, and that is the requirement for the application submitted to the Intelligence Patent Office, is not in the process. The issue will fall under the comment of Director Padayao with respect to the research activities, or the research that has been undertaken for this product. And I feel that there is a sentimental value to those researchers who came up with this technology.

DIR. PADAYAO:

Yes, I remember right. We started with initially the use of Tobacco Dust against molasses. So, I agree that we should continue with the research.

DASS SAVELLANO:

Your Honor, I suggest that we continue with the research. And if there is the possibility of still registering the researches under the name of NTA. Eventually, if we are going to partner with other groups, private or government, we could claim royalties from the utilization of these researches in the name of NTA.

USEC SAVELLANO:

So probably this is just a temporary setback for us to further review and assess what is the most viable approach in operation of the Tobacco Dust plant. Whether to, as you mentioned a while ago, we go for a small-scale version or look for other possibilities on how we could utilize the said facility. Probably there would be two or three or four projects on that said facility, that would, in a way, help the financial viability of said area.

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Who's going to lead this project? This research aspect, not only for Tobacco Dust, is it under the operation? So again, in the next meeting, can we ask the research group to present again?

DAOP CASELA: Yes, sir. Maybe, not only for Tobacco Dust, but those researches undertakings which is now underway for commercialization.

USEC SAVELLANO: Can we also ask them to coordinate for the patent? So that in our next meeting, we know our direction.

DAOP CASELA: Yes, this is corollary to the statement of Sir DASS, that if, for example, we were to patent Tobacco Dust, that would guarantee the absolute ownership of the product to NTA.

USEC SAVELLANO: Very good. So, any further discussion of the patent? Do we need to continue with the research?

DIR. SERNA: Yes, sir. I move for the approval of the delegation of DAOP Casela to make a report on the status of all current and future research undertakings of the NTA, to be presented in the next meeting.

And also, the possible coordination with patenting groups.

DIR. PADAYAO: I second the motion.

USEC SAVELLANO: So, there's a motion? Anybody second? Any discussion, objection, I hear none, motion is **APPROVED**.

BOARD RESOLUTION NO. 211, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE DELEGATION OF MR. NESTOR C. CASELA, DEPUTY ADMINISTRATOR FOR OPERATIONS, TO MAKE A REPORT ON THE STATUS OF ALL CURRENT AND FUTURE RESEARCH UNDERTAKINGS OF THE NTA AND COORDINATE WITH THE INTELLECTUAL PROPERTY OFFICE OF THE PHILIPPINES (IPOPHL) FOR POSSIBLE PATENT REGISTRATION OF ITS RESEARCH PRODUCTS AND EVALUATE FURTHER ITS COMMERCIALIZATION OPPORTUNITIES."

UNANIMOUSLY APPROVED...."

ATTY. OBUSAN: Mr. Chair, a point of clarification only, because I went outside earlier. May I ask what was the consensus of the body regarding the pending motion, the request for the issuance of a board resolution ordering the immediate stoppage of the TDPAP operation subject to some conditions as mentioned in the report?

DAOP CASELA: As the Honorable USec DV commented a while ago, the establishment is given a chance to justify further whether the project on Tobacco Dust will continue or to cease its operation, based on what is going to be presented in the

1 next meeting, and also on the financial analysis of the
2 project.

3
4 And in consideration also of the benefits that could be
5 derived from the project. Thank you, sir. So, it is more on
6 deferment.

7
8 **ATTY. OBUSAN:**

Thank you for that clarification, Sir DAOP.

9
10 So, for our next agenda, we have agenda (G), we have
11 **"REQUEST FOR ISSUANCE OF A BOARD RESOLUTION**
12 **AUTHORIZING THE ASSET AND INVENTORY**
13 **MANAGEMENT (AIM) COMMITTEE TO PUBLISH AND**
14 **ENTERTAIN EXPRESSION OF INTEREST FROM**
15 **PRIVATE OR PUBLIC APPRAISERS WITH REGARDS TO**
16 **NTA PROPERTIES LOCATED IN LAS PIÑAS CITY,**
17 **MONTALBAN, RIZAL, KADIWA NI ANI AT KITA, FEED**
18 **MILL, AND THE TOBACCO DUST PROCESSING**
19 **AGRIBUSINESS PLANT (TDPAP)."**

20
21 To report the summary of the aforementioned agenda, let us
22 recognize the honorable Director Gerry Virgilio V. Guzman,
23 Chairman, Committee on Legal Matters and Properties.
24 Sir...

25
26 **DIR. GUZMAN:**

Thank you, Atty.

- 27
- 28 • The Resource Persons, Deputy Administrator for Support
29 Services Benedicto M. Savellano, together with Mrs.
30 Zenaida T. Arrojo, Manager, Administrative Department, and
31 Engr. Abraham C. Dela Peña, OIC, General Services &
32 Procurement Division presented the agenda.
 - 33
 - 34 • Initially, the discussion centered on the possible hiring of
35 private (or public) appraiser specifically for Kadiwa Ni Ani at
36 Kita and the Feed Mill located at Narvacan, Ilocos Sur.
 - 37
 - 38 • Engr. Dela Peña reported that the Request for Expression of
39 Interest for Appraisal of the two properties was posted
40 already but presently, no one has shown interest;
 - 41
 - 42 • During the course of the discussion, several NTA properties
43 were mentioned with prospective buyers and others being
44 subject of recent AOMs due to continued losses incurred;
 - 45
 - 46 • To serve as guidance on possible course of action that the
47 NTA Top Management will take in the future, it was decided
48 that the above-mentioned properties be appraised.
 - 49
 - 50 • DASS Savellano requested for a Board Resolution
51 **AUTHORIZING THE ASSET AND INVENTORY**
52 **MANAGEMENT (AIM) COMMITTEE TO PUBLISH AND**
53 **ENTERTAIN EXPRESSION OF INTEREST FROM**
54 **PRIVATE OR PUBLIC APPRAISERS WITH REGARDS TO**
55 **NTA PROPERTIES LOCATED IN LAS PIÑAS CITY,**
56 **MONTALBAN, RIZAL, KADIWA NI ANI AT KITA, FEED**

MILL, AND THE TOBACCO DUST PROCESSING AGRIBUSINESS PLANT (TDPAP).

- The Board readily granted the aforementioned request.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR ELAYDO: I second the motion.

USEC SAVELLANO: What are your findings on these properties? Can you report on that, for the benefit of our two new Directors?

DASS SAVELLANO: Yes, sir. We will provide a briefer next board meeting, Your Honor. So, everybody will be appraised of the situation.

There was a directive by the board for us to conduct appraisal or valuation of these properties, if ever this will guide the management and the board in its future decision to either lease or sell the properties.

For the information of everyone, the Feed Mill, Your Honor, was temporarily closed because the area was flooded twice already. At the same time, the lease contract with *(inaudible)* was not renewed and this was a mutual agreement. That's the status, Your Honor.

USEC SAVELLANO: Any further discussions? Since there's none, the motion is approved. Can we go to the next item?

BOARD RESOLUTION NO. 212, S. 2024

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD, AUTHORIZED THE ASSET AND INVENTORY MANAGEMENT (AIM) COMMITTEE TO PUBLISH AND ENTERTAIN EXPRESSIONS 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).”

UNANIMOUSLY APPROVED....”

ATTY. OBUSAN: So, for our next agenda, we have agenda (H), **“PRESENTATION OF NTA’S PLAN AND BUDGET FOR CY 2025 WITH INCLUSION OF BLOCK FARMING COMPONENT OF SUSTAINABLE TOBACCO ENHANCEMENT PROGRAM (STEP)”**

To present this agenda, may we recognize Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department.

1 **MRS. BENOSA:**

2 Good afternoon to Honorable Chairman, USec DV
3 Savellano, to our Vice-Chairman, Administrator Sanchez,
4 and to the members of the governing board.

5 I will be presenting the proposed NTA budget for 2025 and
6 same presentation will be delivered by our Administrator to
7 the DA Internal Budget Committee next week in Naga City.
8 So, I will just be giving the highlights of the presentation,
9 especially the concern of the USEC and his instructions that
10 other crops to be included in that budget.

11
12 For our directions and strategies, for the agency's directions,
13 we have identified three major challenges of the tobacco
14 industry.

15
16 First is the limited budget for project expansion and more
17 interventions. We envision to cover more tobacco farmers.
18 For this, we are again proposing the programs, activities,
19 projects from our five-year roadmap of the Sustainable
20 Enhancement Program under, RA 4155 or Tobacco Fund.

21
22 Another challenge is the high cost of production inputs,
23 where we are proposing for increased production assistance
24 to all tobacco growers, to provide subsidy and collaborate
25 with tobacco producing NGOs and to subsidize production
26 inputs to lessen farmers' cost of production.

27
28 So, another challenge is on climate change or ecological
29 disturbances. Through our research and extension, we hope
30 to encourage also early planting and provide climate and
31 pest-resistant varieties and increase our allocation for risk
32 reduction and management programs.

33
34 Next slide please. For our proposals, here is the graphical
35 presentation. So, for FY 2025, we are proposing for a total of
36 1.26 billion or 129% higher than our 2024 budget, due to the
37 Tier 2 or the new projects proposals amounting to 710
38 million.

39
40 The largest distribution of our budget is under the locally
41 funded projects, the yellow graph, which is totaling about
42 910 million for both Tier 1 and Tier 2. Tier 1 is the continuing
43 projects which is being funded by the DBM, and Tier 2 will
44 be the new projects to be proposed. So, for the budget by
45 strategy because these are the priorities of Secretary Tiu
46 Laurel, so we are required to inform where our projects are
47 located. So, the biggest allocations will go to the expansion
48 and improvement of available, agri-fisheries and areas for
49 increased production.

50
51 With 760 million and mechanization and modernization of
52 agri-fisheries production systems with 228 million and the
53 development and improvement of post-harvest systems and
54 infrastructures with 100 million. So, the next slides will show
55 the details. Next slide please.
56

1 So, I would just like to, because we are prioritizing for 2025.
2 So, for the first priority will be of course the additional
3 tobacco production grant because we have discussed with
4 the DAOP that this is the amount given by the National
5 Government and we are giving for free Php 6,000.00 each.
6 So, we are proposing that we will, if ever we shall be granted
7 this additional 286 million, so we will graduate that according
8 to the hectare each planted.

9 Hopefully we can give the original 40% subsidy to our
10 tobacco farmers. So, the second priority new proposal is the
11 block farming project. So, under here we have the
12 production assistance for other crops, such as rice, corn,
13 vegetables, then livestock, farm machinery and equipment,
14 agribusiness and capacity building.

15
16 The branch offices already submitted the profiles of the block
17 farms. So, whatever is ready for the block farms, we will
18 prioritize the assistance that will be given to us by the DBM.
19 Then, this block farming project is also in answer to the
20 development of viable alternatives to support the tobacco
21 farmers.

22
23 Under RA9211, we have to assist the tobacco farmers who
24 are not already planting tobacco. So, this will at least assist
25 our tobacco farmers and hopefully we can also increase their
26 income through this other income generating activities. The
27 third priority proposal for 2025 is the establishment of
28 Tobacco Grading Institute.

29
30 This is in consonance with Section 3 of RA4155, that we are
31 to establish the Tobacco Research and Grading Institute as
32 part of our regulatory function and also research. And this
33 shall cover land acquisition and detailed engineering design
34 and improvement of the branch training centers and
35 capability building.

36
37 For the fourth proposal, it will be the improved tobacco
38 seedlings. Here, we shall be distributing and produce about
39 120,000 seedlings each and will be distributed to our
40 contract growers. So, for the proposal, new proposals will be
41 totaling to 710 million pesos. Next slide, please.

42
43 These are the physical targets and financial targets for the
44 requested budget. So, for the 100 million continuing, this
45 shall assist about 17,000 farmers. For the new, about 23,000
46 farmers.

47
48 That is the current 16,000 plus the increment. Then for the
49 improved seedlings, 20 modules of about 120,000 seedlings
50 per module. For the step block farming project, we hope to
51 assist about 12 block farms.

52
53 Then, the technology assistance and extension production
54 support. In addition to the production assistance, we are also
55 giving the farmer seeds, pre-seeds. This is a continuing
56 project.
57

1 We are conducting soil and water quality monitoring, giving
2 also incentives to our tobacco farmers. This amount also
3 includes the 143 million is for the monitoring of all and for the
4 technical and marketing assistance of our extension
5 workers. Next slide, please.
6

7 So, for the strategy and mechanization and modernization of
8 agri-fishery production systems, we are proposing only 13
9 units of 4-wheel tractor and 8 units of drilling machine, as
10 this was requested by our board yesterday. The drilling
11 machine for those difficult to irrigate areas. Then, for
12 agricultural and industrial research, this is a continuing
13 project, to improve the production and post-harvest
14 technologies and the industrial research for other uses of
15 tobacco.
16

17 Those are also continuing projects. Then, the establishment
18 of tobacco research, which was discussed earlier. And the
19 secretary's strategy on developing and improving post-
20 harvest systems.
21

22 Our proposal is our usual curing barn assistance project of
23 100 million. So, we hope to construct about 1,000 units of
24 new curing barns and air curing sheds and 2,200 curing
25 barns and sheds to be repaired. Also, under that strategy,
26 we are currently conducting researches to improve the
27 curing structures, like in solar curing barns.
28

29 These are all being undertaken by our research department.
30 Next. For the development and for efficient logistic systems,
31 we all know that the private sector is providing for logistics
32 trading of our tobacco.
33

34 So, this is only the amount for the provision of calling
35 subsidy to our tobacco farmers. Then, for the improvement
36 and expansion of the international market, this is under our
37 market research. So, they are conducting market research
38 assessments of the tobacco industry and they are also
39 participating in trade exhibits.
40

41 For the strategy and proper balancing of developmental and
42 regulatory goals, this is under our regulatory services. So,
43 we are monitoring and continuously monitoring our trading
44 operations under compliance. Also, the issuance of export-
45 import licenses to our private sector manufacturers.
46

47 Then, for the strategy and science information-driven
48 decision-making, we have purchased drones for the
49 documentation of tobacco areas and also the corresponding
50 software. We are maintaining a database of our farmers
51 through the Farmers Master Information System. We also
52 have our barley systems, inventory system, and human
53 resource information systems.
54

55 Next. So, on the strong partnership strategy of the DA, with
56 farmers, fisherfolks, and other stakeholders, these are large
57 under our planning, communication support, and farmers

1 organizational development. So, in this communication
2 support call, we are giving materials or information and
3 extension materials, technology manuals, techno-calendars
4 to our tobacco farmers.

5
6 And also, we are continuously training our tobacco-based
7 co-ops and associations and also providing meetings to our
8 officers of the co-ops and associations. Next. As to our
9 comparative budget by expense class for PS, we are
10 assuming that BBM will be giving us the same amount for
11 the personal services of about P290 million.

12 That's only a partial amount. So, the rest of our PS is being
13 covered by our corporate funds. For the MOE, the tier 1 is
14 P131 million and additional of P258 million for a total of P389
15 million or 196% increase.

16
17 For the capital outlay, this is the P200 million is locally
18 funded, the additional proposal is about P452 million or
19 226% increase. Then, for the total proposal, for tier 1 is P550
20 million and tier 2, about P750 million for a total of P1.3
21 million, or 129% increase. So, that will be all, Your Honor, for
22 the presentation.

23
24 **USEC SAVELLANO:**

25 Thank you. Okay, any discussion? No discussion? Let's go
26 back to our questions? So, where are we? Limit the budget
27 for budget expansion? But we have the money. We have the
28 money.

29 Maybe this is what we should look at because we have
30 money. How are we going to draw the money from the
31 government? How much are we asking? P550 million?

32
33 **MRS. BENOSA:**

34 Not the whole thing, but we're asking for P550 million. We
35 had the letter from the Secretary Pangandaman, because
36 we submitted already the P550 million, but the response that
37 we got, actually, there were a lot of letters, for us to prioritize
38 our programs and projects. They don't want a big one
39 because of our utilization.

40 **USEC SAVELLANO:**

41 We should explain to them where do we want to go? That's
42 why I'm saying, we should change the strategy and that we
43 should not only be talking about the tobacco industry.

44 **MRS. BENOSA:**

45 Yes sir, that's why we are proposing, that's why I'm
46 answering to the media first because we have to talk with the
47 Secretary Pangandaman, so that they know, for example,
48 the P5 billion campaign, that's doable. Sir, if I may, we were
49 informed also that there is a limiting factor in requesting for a
50 huge amount, because if it's more than P2.5 billion, we'll
51 pass through NEDA.

52 **USEC SAVELLANO:**

53 We'll just go to the process. We have a proposal, but still, we
54 have to look for our money. We are also afraid, I'm very sure
55 the others here again, they're questioning the research, the
56 typical during the budget, but if we're going to show them
something, that we can pay with this big amount, like in

1 agriculture, there's only livestock that can provide a positive
2 growth.

3
4 All the rest, nothing. So that can be an alternative proposal
5 for them, because what we should do now especially during
6 COP-10, when we attended it, they were looking for
7 something, did your farmers get rich, did the farmers get
8 rich, that's what they're asking, right? So that we can have a
9 different strategy that we're going to present them, this will
10 be an additional income for the tobacco farmers. That's all I
11 can say, because it's a limited budget, yet, we have money
12 to give.

13
14 Then it was mentioned here also for expansion, we went to
15 Mindanao to ask other provinces to plant tobacco, so we
16 have to support them, we have to justify and we have to
17 plan, with the public media, because when we just write,
18 they should know what we want to do and we also cite that
19 we are now importing 70%, we're now only producing 30%.
20 What are the factors, usually what they say, the problem of
21 the tobacco industry and here I didn't see any program? If
22 you will move, that's the biggest problem in the tobacco
23 industry, nobody is asking, what's our alternative? We will be
24 putting up flue-curing barns but when we put up flue-curing
25 barns, where will we get wood? I don't know, and another
26 thing is water, it's a good thing, you mentioned about drilling,
27 very good job. But we need a lot, that's what I'm saying, that
28 we have the money, but why do we live in the city, we have
29 a lot of problems. We have Ilocos Norte, Ilocos Sur, Abra,
30 Pangasinan, Isabela. How many tobacco producing
31 provinces do we have? And also, we're now planning to
32 expand to Mindanao. We should look into it.

33
34 Let's make it like that. How can we expand if we don't have a
35 source of water? We have well-worked source of water, we
36 have a procuring market, the right fertilizer, the right seeds. If
37 we go to Bicol, I won't even ask.

38
39 So now, we can answer this. At least, we have a direction.
40 We have to emphasize that we have money.

41
42 **MRS. BENOSA:**

43 Sir, in 2023, if you remember, we submitted this way back in
44 2021. So, in the succeeding years, we proposed to combine
45 2.5 billion. We didn't just ask for 5 billion.

46 We proposed 2.5 billion in the DBM. Then next year in 2023,
47 we proposed another 1 billion plus. But I don't know, for me,
48 it's like, it's different now.

49
50 **USEC SAVELLANO:**

51 First, the pronouncement of our President during, it's
52 different now. Governor Manotoc had a speech, and even
53 when there are interviews with the President, we should
54 allow him to take care of the industry.

55 So that's one. That's our basis. And our good Secretary, he's
56 quite active now in the programs supporting the farmers.
57

1 So that's our challenge. Let's try. For me, letter to letter is... I
2 don't know. We really need someone to talk to.
3

4 **DAOP CASELA:** Your Honor, last February 26, when we conducted the year-
5 end assessment, there was an activity there, supposedly,
6 where DBM Director Gina Vergara will attend. But she wasn't
7 there because, she was yet to be reappointed, that was our
8 question.
9

10 But that's what we planned to present to the. We have to
11 really meet with the Secretary. Let's explain. Because for
12 me, it's been a long time.
13

14 **USEC SAVELLANO:** It's been 100 years. For the farmers who worked hard, we
15 should really have a program. We should be able to answer
16 Senator Pia's question.
17

18 Are the farmers getting rich? Let's make them rich. With this
19 program, they should get rich. That's our objective.
20

21 So anyway, those are my comments here. And another
22 thing, we don't have a program in the renewable fuel goods
23 program?
24

25 **MRS. BENOSA:** I don't have anything. Sir, before, we were given about 150
26 million in the renewable fuel goods project way back in 2014,
27 and 2015. We haven't posted it yet. Because there were
28 concerns about what happened back then.
29

30 **USEC. SAVELLANO:** No, that's what I'm asking. It's in the presentation. That I'm
31 going to ask for, please. Because this is another program
32 that we can ask for.
33

34 **MRS. BENOSA:** Yes, there is. There is a synchronized fuel processing
35 program, but it's small. The former project, sir, we have a
36 renewable fuel goods project. It's about sustainability and
37 safety. But there were problems when the farmers were
38 cutting the trees, there were DENR representatives.
39

40 **DIR. GUZMAN:** Sir, with your permission, that's also what the PMS asked
41 me when I was applying for a job. What is your advocacy for
42 Tobacco? I said, alternative fuel for our farmers. So, what I
43 said, sir, is the removal of corn, our corn shell, I said, I will try
44 to explore that possibility.
45

46 **USEC SAVELLANO:** Yes, whatever. It can be corn, it can be bitter gourd, it can be
47 anything. We have to plant it.
48

49 **DIR. GUZMAN:** Yes, sir. And the waste material, the asphalt, we have to do
50 it. So, that's what I think we have to consider when we
51 interview the regulators. Another thing. We have amateur
52 technology on that already, sir.
53

54 **MRS. BENOSA:** Actually, this is with respect to the curing barn for Virginia
55 tobacco. And based on the research study, the use of a
56 specialized furnace, we call that locally anawang furnace.
57 And based on research, Anawang, sir. "Pagsumurudan", sir.

1
2 **USEC SAVELLANO:** Based on that study, if you use other wastes, like you said,
3 the asphalt, coconut husk, other materials, this can reduce to
4 30% the requirement that we will observe.
5
6 **MRS. BENOSA:** Yes, sir. We have that, and it's already included in the
7 production technology.
8
9 **USEC SAVELLANO:** We have to say it's included in the budget. Nothing else?
10 **MRS. BENOSA:** Yes, sir. As far as the curing barn repairs, we are requiring
11 all those available to use the *anawang* or the *ventronic*
12 furnace so that they can be safe.
13
14 **USEC SAVELLANO:** There should be a program.
15
16 **MRS. BENOSA:** It's ongoing, sir. It's already being used, mature technology.
17 In the curing barn, the budget for that is P100 million, sir.
18
19 **USEC SAVELLANO:** How about planting of trees? None?
20
21 **MRS. BENOSA:** This is replanting. We had that replanting project before. But,
22 sir, what happened was the problem was with the DENR that
23 they prohibited the kind of trees earlier planted by NTA and
24 they prohibited cutting it, I mean.
25
26 And in the cutting of these trees, it's so tedious, it's so
27 difficult to secure a cutting permit from DENR.
28
29 **USEC SAVELLANO:** I think we have lawyers here. Because I think if you're going
30 to register, you can just get it. Right?
31
32 **DIR. GUZMAN:** Yes, sir. I think that if you enter into a memorandum of
33 agreement or replanting agreement with DNR, you can cut
34 after a certain period. I think that is possible.
35
36 **MR. SARMIENTO:** With the kind indulgence of the board and Mr. Chair, I
37 suggest that instead of using seedlings, we use cuttings
38 instead.
39
40 **USEC SAVELLANO:** You try exploring all these things. Any other discussions?
41
42
43 **MRS. BENOSA:** We have a yearly annual budget for the regulatory services,
44 twenty-four million, seventy thousand.
45
46 **USEC SAVELLANO:** That's why I'm concerned about that. Because we're losing,
47 what, 60 billion per year?
48
49 What can we add as investment, para sa regulatory, para
50 ma-minimize naman natin ang volume ng illicit trade. So
51 while waiting for Atty. Bob, may I know a part of the
52 discussion on the presentation next week in Naga City?
53
54 **MRS. BENOSA:** Actually sir, the projects that we proposed sa'yo po like the
55 block farming, we conducted a profiling, yung resource
56 persons natin kailangan ready yung mga block farms.
57

1 We have to capacitate them before they can be given all
2 these interventions. Kaya po we just limited it to those
3 numbers na 12 muna, yung next block farms will be assisted
4 in the future, next years na po.
5
6 So, yung readiness po kasi that's one of the criteria ng DBM
7 para i-approve po nila yung ating mga proposals. Kaya kung
8 madami po masyado, mas mahirap kasi limited.
9
10
11 **ATTY. OBUSAN:** Mr. Chair, may we recognize Atty. Ambros of the
12 Regulations Department...
13
14 **ATTY. AMBROS:** Just to give you a brief background, sir. When there's buying
15 or selling of illicit tobacco in the stores, the police will
16 confiscate it, process it, document it, and then file a
17 complaint before the trial courts. The one who's going to
18 prosecute is the police. If the Interagency Committee is not
19 convinced, they won't proceed with the case.
20
21 When it comes to import-export, when the Bureau of
22 Customs directly filed a case against the smugglers, we
23 were also involved in the cases they filed.
24
25 They are requesting certification from the NTA if we issued
26 an export-commodity clearance or import-commodity
27 clearance. The court will send a subpoena and confirm if we
28 issued a commodity clearance. If we will certify that we did
29 not issue it, then that's a good deal.
30
31 It's really hard because the bulk of the smuggling activity is
32 in the middle of nowhere. It's already pinpointed. Sir, no one
33 is trying to prosecute the smugglers.
34
35 **USEC SAVELLANO:** Are you contented with the budget allocated for Regulations
36 Department?
37
38 **ATTY. AMBROS:** It's what we proposed and asked for Mr. Chair.
39
40 *(The succeeding recordings were inaudible and most were*
41 *not captured.)*
42
43 *There were further discussions on the composition of the*
44 *inter-agency that prosecutes and handles documented illicit*
45 *trade of tobacco.*
46
47 *Further, on other matters, Dir. Elaydo reported the status of*
48 *the construction of the new NTA building. The Board agreed*
49 *to invite representatives from DPWH and from the private*
50 *contractor to update the body on any new developments*
51 *pertaining to the said project.*
52
53 **USEC SAVELLANO:** Next Agenda.
54
55 **ATTY. OBUSAN:** The schedule for the next Committee and Board Meeting will
56 be on March 14 and March 15, at 9:00 AM Mister Chair with
57 your concurrence of course.

Obusan III

March 25

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USEC SAVELLANO:

March 15, 10:00 AM is fine.

ATTY. OBUSAN:

Thank you Mister Chair, next on the agenda, is adjournment Mister Chair.

USEC SAVELLANO:

There's a motion?

DIR. Padayao:

Mister Chair. I move for the adjournment of the meeting.

DIR. SERNA:

I second the motion.

USEC SAVELLANO:

Seconded. The session is adjourned.

SO, ORDERED.

Thank you.

Note: THE MEETING WAS ADJOURNED AT EXACTLY 3:40 PM.

PREPARED AND CERTIFIED CORRECT:

Obusan III

ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:



Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board



Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector

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Virtual

Hon. DANILO C. TRONGCO

Appointive Director, Tobacco Farmers Sector



Hon. JESSIE PAT M. SERNA

Appointive Director, Tobacco Traders/Exporters Sector



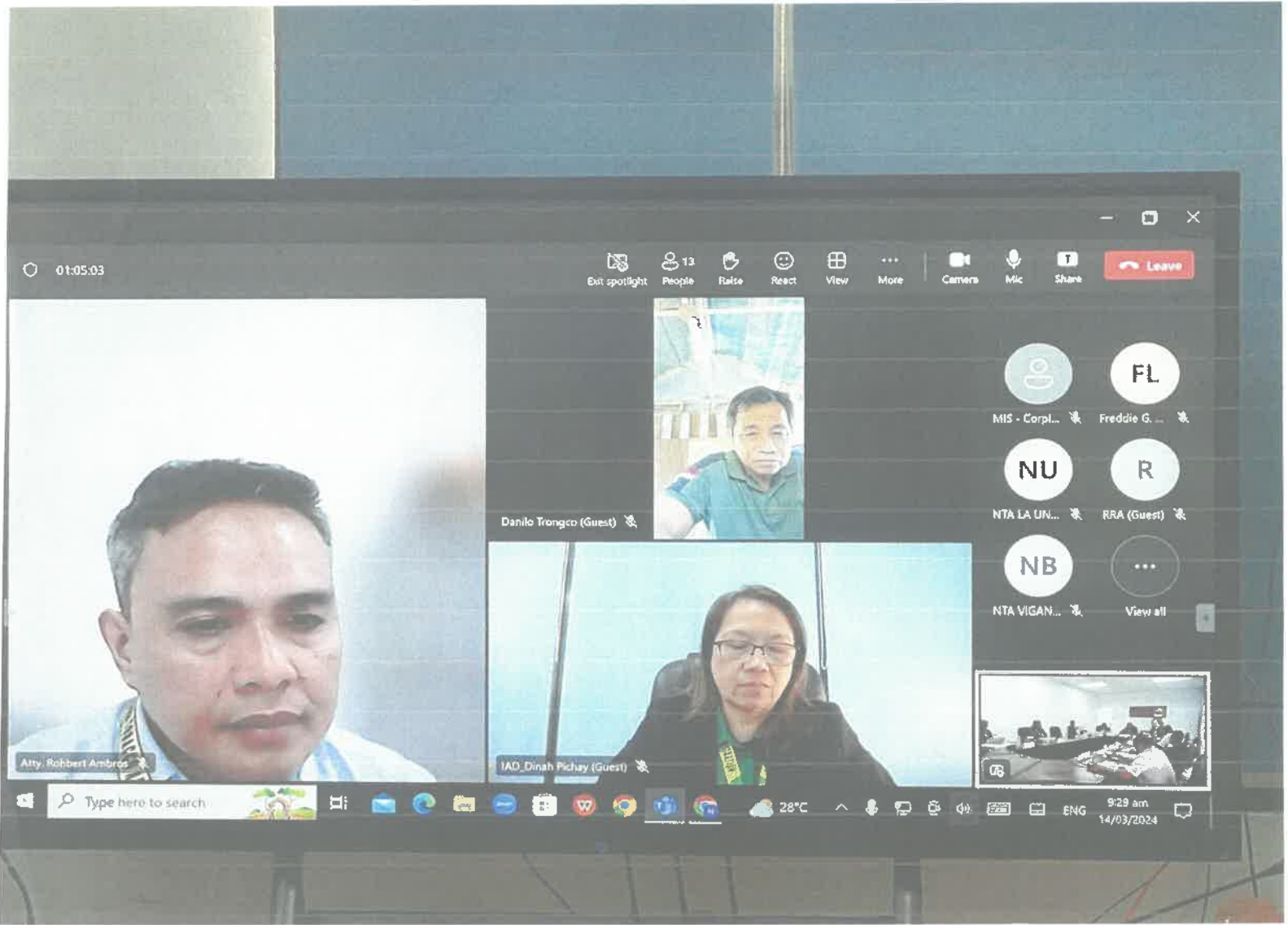
Hon. LUZVIMINDA U. PADAYAO

Appointive Director, Tobacco Farmers Sector



Hon. RAY A. ELAYDO

Appointive Director, Tobacco Manufacturing Sector



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OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND TWENTY SEVENTH (127TH) SPECIAL BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
26 MARCH (10:00 AM)**

PRESENT:

- Hon. DEOGRACIAS VICTOR B. SAVELLANO** - **Undersecretary/Department of Agriculture & NTA Oversight Official / Alternate Chairman Designate**
- Adm. BELINDA S. SANCHEZ** - **Vice-Chair of the Board and Administrator & CEO**
- Dir. JESSIE PAT M. SERNA** - **Member, Tobacco Traders/Exporters Sector**
- Dir. RAY A. ELAYDO** - **Member, Tobacco Manufacturing Sector**
- Dir. LUZVIMINDA U. PADAYAO** - **Member, Tobacco Farmers Sector**
- Dir. GERRY VIRGILIO V. GUZMAN** - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

- Mr. BENEDICTO M. SAVELLANO** - **Deputy Administrator for Support Services**
- Mr. NESTOR C. CASELA** - **Deputy Administrator for Operations**
- Mrs. FORTUNA C. BENOSA** - **Manager, Corporate Planning Department**
- Atty. JUN FRED V. PARADO** - **Attorney V, Office of the Administrator**
- Atty. GORGONIO G. OBUSAN III** - **Board Secretary V**
- Mrs. MAYLENE FLORES-MIZAL** - **Administrative Assistant III/ Secretary II (JO)**
- Mr. JERICHO V. BALMACEDA** - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

- Dir. DANILO C. TRONGCO** - **Member, Tobacco Farmers Sector**
- Mr. BENJAMIN V. SARMIENTO** - **Special Assistant to the Administrator/ Executive Assistant IV**
- Department and Branch Managers / OICs** - **NTA Central Office and Branch Offices**

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the meeting to order at 10:00 AM.

1 **ATTY. OBUSAN:** Good morning, everyone. For the 127TH Special Meeting of
2 the NTA Governing Board, held today March 26, 2024
3 (Tuesday), 10:00 AM at NTA Board Room, 11th Floor Upper
4 Class Tower, Quezon Ave., Quezon City. Please welcome
5 the Honorable Undersecretary of the Department of
6 Agriculture & NTA Oversight Official/Alternate Chairman-
7 Designate Deogracias Victor "DV" B. Savellano's. May we
8 request you Sir to call to order the meeting.
9

10 **USEC SAVELLANO:** The 127th Special Meeting of the NTA Governing Board is
11 now call to order.
12

13 **II. OPENING PRAYER**
14

15 **USEC SAVELLANO:** May I now call on the Board Secretary for the opening
16 prayer.
17

18 **ATTY. OBUSAN:** Thank you, Mister Chair to start with, let us put ourselves in
19 the presence of the lord...
20

21 *"Atty. Obusan led the opening prayer"*
22

23 **USEC SAVELLANO:** Again, may I now call on the Board Secretary to determine
24 the quorum.
25

26 **ATTY. OBUSAN:** Thank you, Mister Chair.
27

28 For the 127th Special Meeting of the NTA Governing Board,
29 we have of course, the Presiding Officer, Honorable
30 Undersecretary of the Department of Agriculture & NTA
31 Oversight Official / Alternate Chairman-Designate,
32 Deogracias Victor "DV" B. Savellano. Good morning, sir.
33

34 We also have the Vice-Chairman and Administrator & CEO,
35 the Honorable Belinda S. Sanchez, good morning, ma'am.
36

37 We also have the members of the NTA Governing Board,
38 the Honorables, Dir. Gerry Virgilio V. Guzman, representing
39 the Tobacco Farmers Sector; Dir. Jessie Pat M. Serna,
40 representing the Tobacco Traders/Exporters Sector; Dir. Ray
41 A. Elaydo, representing the Tobacco Manufacturing Sector;
42 and Dir. Luzviminda U. Padayao, representing the Tobacco
43 Farmers Sector. Good morning, Directors.
44

45 Dir. Danilo C. Trongco, representing the Tobacco Farmers
46 Sector is joining us online via virtual platform, together with
47 Mr. Benjamin V. Sarmiento, Special Assistant to the
48 Administrator/Executive Assistant IV. Good morning, sirs.
49

50 Mr. Nestor C. Casela, Deputy Administrator for Operations,
51 *good morning, Sir DAOP.* Mr. Benedicto M. Savellano,
52 Deputy Administrator for Support Services, *good morning,*
53 *Sir DASS.*
54

55 Atty. Jun Fred V. Parado, Attorney V, OAD, *good morning,*
56 *sir.*
57

1 Likewise, present in the virtual platform are the respective
2 department and branch managers, and OICs. *Good*
3 *morning, everyone.*
4 As such, Mister Chair, we have a Quorum.

5
6 **USEC SAVELLANO:** So, since there's a Quorum, may I call the Board Secretary
7 to read the agenda.

8
9 **ATTY. OBUSAN:** Thank you, Mister Chair.

10
11 For the Agenda of the 127th Special Meeting of the NTA
12 Governing Board, we have Agenda (A), request for the
13 **"Approval of the Agenda of the 127th Special Meeting of**
14 **the NTA Governing Board, held today, 26 March 2024 at**
15 **10:00 AM, at the NTA Board Room, 11th Floor, Upper**
16 **Class Tower, Quezon Ave., Quezon City."**

17
18 **USEC SAVELLANO:** Can we have a motion?

19
20 **DIR. PADAYAO:** For the first agenda, I respectfully move for the "Approval of
21 the Agenda of the 127th Special Meeting of the NTA
22 Governing Board, held on 26 March 2024 at 10:00 AM, at
23 the NTA Board Room, 11th Floor, Upper Class Tower,
24 Quezon Ave., Quezon City".

25
26 **USEC SAVELLANO:** So, there's a motion?

27
28 **DIR. SERNA:** I second the motion.

29
30 **USEC SAVELLANO:** The motion for the approval of Agenda (A), having been duly
31 seconded the motion is hereby **APPROVED**.

32
33 **BOARD RESOLUTION NO. 213, S. 2024**

34
35
36 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
37 ***THE NTA GOVERNING BOARD APPROVES THE AGENDA OF***
38 ***THE 127TH SPECIAL MEETING OF THE NTA GOVERNING***
39 ***BOARD, HELD ON 26 MARCH 2024, AT 10:00 AM, AT THE NTA***
40 ***BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER, QUEZON***
41 ***AVE., QUEZON CITY.***

42
43 ***UNANIMOUSLY APPROVED...."***

44
45 **ATTY. OBUSAN:** Thank you, Mister Chair.

46
47 For our next agenda, we have Agenda (B). This is the
48 request for **"Approval of the Minutes of the 172nd Regular**
49 **Meeting of the NTA Governing Board, held on 15 March**
50 **2024, at 1:00 PM, at the NTA Board Room, 11th Floor,**
51 **Upper Class Tower, Quezon Ave., Quezon City."**

52
53 **DIR. SERNA:** Mister Chair, I respectfully move for the Approval of the
54 Minutes of the 172nd Regular Meeting of the NTA Governing
55 Board, held on 15 March 2024, at 1:00 PM, at the NTA
56 Board Room, 11th Floor, Upper Class Bldg., Quezon Ave.,

1 Quezon City, subject to submission of amendments, if any,
2 within five (5) days from today?

3
4 **DIR. TRONGCO:**

I second the motion.

5 **USEC SAVELLANO:**

The request for the approval of Agenda (B), having been
6 duly seconded the motion is hereby **APPROVED**.

7
8 **BOARD RESOLUTION NO. 214, S. 2024**

9
10 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
11 ***THE NTA GOVERNING BOARD APPROVES THE MINUTES OF***
12 ***THE 172ND REGULAR MEETING OF THE NTA GOVERNING***
13 ***BOARD, HELD ON 15 MARCH 2024, AT 1:00 PM, AT THE NTA***
14 ***BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER, QUEZON***
15 ***AVE., QUEZON CITY.***

16
17 ***UNANIMOUSLY APPROVED....”***

18
19 **ATTY. OBUSAN:**

Thank you Mister Chair.

20
21 For the next agenda, we have Agenda (C), **“Request for**
22 **approval of the Block Farm Accreditation Guidelines, Its**
23 **Implementation and creation of a Technical Working**
24 **Group”**

25
26 *To report the summary of the aforementioned Agenda, let us*
27 *recognize Honorable Jessie Pat M. Serna, Chairperson,*
28 *Committee on Trading Operations and Regulations. Sir...*

29
30 **DIR. SERNA:**

Thank you very much, Atty.

- 31
32 • The Resource Person, Mr. Noyo Valdez, Division Chief,
33 Planning, Programming and Evaluations Division (PPED)
34 presented the agenda;
35
36 • The formulation of the Block Farm Accreditation Guidelines
37 came about or is patterned before that of the Sugar
38 Regulatory Administration. The formulation itself of the
39 guidelines were among the topics discussed during the
40 workshop on the preparation of Program/Activities/Projects
41 (or PAPs) for the block farm project last February 28 at
42 Microtel.
43
44 • The NTA's Accreditation Guidelines will mainly focus on the
45 following:

46
47 **A. Basic qualification of the Block Farms:**

- 48
49 1. Each block farm should enroll at least 25 hectares for
50 tobacco production.
51 2. Areas should be within 5-kilometer radius from one farm
52 to another and within one or two barangays.
53 3. Each block farm should have legal personality to enter
54 into a Memorandum of Understanding (MOU); it must be
55 registered with either CDA, SEC, DOLE.

4. Majority of the members are farmers with small landholdings, 1 hectare and below.

B. Other Requirements Needed:

1. Accomplished Application Form
2. MOU supported by a Resolution of the General Membership stating that each member commits:
 - a. Their farm lots for tobacco production for a period of at least 3 years up to maximum of 5 years;
 - b. To implement best practices on tobacco production as recommended by NTA;
 - c. To provide NTA with all necessary information in connection with the program
 - d. Any violation of the MOU is ground for termination of accreditation
3. Basic organizational and Individual Profile

C. The Accreditation Process:

1. The block farm applicant shall undergo an Orientation.
 2. The applicant shall submit an application form and all the requirements set forth.
 3. The application form together with the documents submitted will be verified by the Farm Technology and Services Department (FTSD).
 4. If the applicant has met all the requirements, the Branch Office and the Focal Person shall endorse its approval to the Administrator. Approval or disapproval of application shall be communicated within 30 days. Reasons for disapproval will be made known to the applicant and the applicant may file for reconsideration after correcting the defects or insufficiency of the application.
 5. Issuance of Certificate of Accreditation shall be issued to the applicant after receipt of the favorable recommendation.
 6. A Memorandum of Agreement shall be forged by the Block Farm and the NTA stating therein the obligations and responsibilities of each party before any fundings shall be authorized for release.
- It was suggested that a clear-cut parameters or indicators be incorporated to establish the proper timing for the weaning off period of the selected Block Farms.
 - A technical working group (TWG) will be created to monitor the implementation of the approved guidelines in the process.

- 1 • This subject matter having been thoroughly discussed during
2 the Committee Meeting, and with a Motion to Approve, which
3 was duly seconded. I respectfully move for the approval of
4 the agenda. Thank you very much!

5
6 **DIR. TRONGCO:** Mister Chair, I respectfully move for the approval of the block
7 farm accreditation guidelines, its implementation and
8 creation of a technical working group.

9
10 **DIR. PADAYAO:** I second the motion.

11
12 **USEC SAVELLANO:** Any discussion on the matter? No discussion? So, since
13 there's no discussion, the motion is hereby **APPROVED**.

14
15 **BOARD RESOLUTION NO. 215, S. 2024**

16
17 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE***
18 ***NTA GOVERNING BOARD APPROVES THE BLOCK FARM***
19 ***ACCREDITATION GUIDELINES, ITS IMPLEMENTATION, AND***
20 ***THE CREATION OF A TECHNICAL WORKING GROUP FOR ITS***
21 ***MONITORING PURPOSES.***

22
23 ***UNANIMOUSLY APPROVED....”***

24
25 **USEC SAVELLANO:** Next agenda.

26
27 **ATTY. OBUSAN:** Thank you Mister Chair.

28
29 For the next agenda, we have Agenda (D), **“REQUEST FOR**
30 **APPROVAL OF THE AMENDMENT ON THE TARGET**
31 **YIELD PER TOBACCO TYPE / SUBTYPE PER HECTARE**
32 **AS BASIS FOR THE AVAILMENT OF SUBSIDY FOR**
33 **FARMERS UNDER THE TCGS PROJECT”**

34
35 *To report the summary of the aforementioned Agenda, let us*
36 *recognize Honorable Luzviminda U. Padayao, Member,*
37 *Committee on Trading Operations and Regulations.*
38 *Ma'am...*

39
40 **DIR. PADAYAO:** Thank you very much, Atty.

- 41
42 • The Resource Persons, Mr. Nestor C. Casela, Deputy
43 Administrator for Operations and Engr. Roger T. Madriaga,
44 Manager, Pangasinan branch office presented the agenda;
45
46 • The request for the reduction of yield per hectare came
47 about due to natural calamities encountered and the volatility
48 in the prices of tobacco which resulted into the Extension
49 Workers having a hard time monitoring the movement of the
50 tobacco produced.

- The NTA Branch Offices' Operations Group, which is made up of Branch Managers, Officers-in-Charge, and Chief Agriculturists, made the request.
- Consequently, an appeal that the production level be used or considered in order that the TCGS farmer cooperators can avail themselves of the 40% subsidy be reduced likewise.
- The proposed production level or yield per hectare per tobacco type or sub-type to be considered during the crop year 2023-2024, to wit:

	KGS/Hectare
Virginia Improved Flavor	1,800
Virginia Neutral Flavor	1,600
Burley Improved Flavor	2,200 (for Region I)
	2,300 (for Region II)
Burley Neutral Flavor	2,000
Native (Batek)	2,000
Natie (Cigar Filler)	2,000

- The 40% subsidy can augment some of the losses of our tobacco farmers whom we desire to improve their living conditions.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. GUZMAN:

I second the motion.

USEC SAVELLANO:

There's a motion seconded. Any comments, reactions, discussions? I just have one question, what's the basis of 1,800, 1,600, and 2,200? For the past two years, what happened to this? Are we increasing? Are we decreasing?

DAOP CASELA:

Sir, good morning.

Please allow me to give a background for this agenda. This issue was presented during a committee meeting a month or two.

The Honorable USec, did not agree to this because it shows or manifests retrogression because of the reduction. And I for one, my view, sir, I agree to this, but considering the prevailing situations being encountered by our farmers, and of course guided by the mandates and the aspirations for the farmers, the basis of the reduction would be for one, reasonable. The targets as to the yield level as stipulated under the implementing guidelines for TCGS is quite high as it approximates the potential yield already for all these varieties.

1 The potential yield would mean the highest level of
2 production that could be obtained per crop. And this, the
3 targets as stated in TCGS is quite high. And considering also
4 that there are incidents or occurrences during the growth
5 period of tobacco, like incidents of pests and diseases, the
6 occurrence of natural calamities, and now the occurrence of
7 the El Niño phenomena, this contributes to the reduction of
8 the yield.

9
10 So, on this, coupled also by the unabated price increase of
11 tobacco right now. And in such a case, our technicians could
12 only monitor and document the movement of tobacco
13 because of the volatility of prices. Meaning to say there are
14 so many field canvassers or buyers, and middlemen, who
15 are very aggressive in buying tobacco right now.

16
17 And because of this, there is an anticipated big demand for
18 tobacco this year. Because of this keen competition of
19 marketing, the farmers or the technicians could hardly
20 monitor the movement because as we all know, trading or
21 marketing operations could happen any time of the day, not
22 only during the day but also during the night. So, our
23 technicians could hardly monitor.

24
25 **USEC SAVELLANO:**

It's been a problem ever since.

26
27 **DAOP CASELA:**

Yes, sir. So, with all these circumstances, and also in terms
28 of the provision of production assistance, as far as the entity
29 is concerned, for this year implementation of the TCGS, the
30 cash component of the TCGS was significantly reduced from
31 Php 37,000 per hectare. It went down to Php 18,500 per
32 hectare. So, meaning to say that in the adoption of the
33 production technology, because of the unavailability of
34 material inputs and cost requirement, this would, of course,
35 this would definitely affect the level of production.

36
37 And I would like to make mention that what are the
38 implications of these prices on the part of the wholesale
39 tobacco dealers. On the part of the wholesale tobacco
40 dealers, I mean the big buyers, the projected volume of
41 tobacco for deliveries by contracted buyer cooperators could
42 hardly be realized. Consequently, their purchase
43 commitment from their other buyers could not be met. And
44 this would mean a negative business repercussion.

45
46 Now, likewise, collection of production assistance in the form
47 of material inputs provided to farmers may be jeopardized.
48 Because there are three categories in which production
49 assistance is being provided to our farmers.

50
51 One, that is fully sustained or provided by NTA. Meaning to
52 say the material inputs and the cost component is solely
53 provided by NTA.

54
55 Another one is through intervention, intervention or operation
56 of the traders and the NGOs where they provide the material
57 inputs needed by our farmer cooperators. This is the

1 component they could only participate because they cannot
2 provide cash inputs.

3
4 With this equation, I mean the high prices, the farmers will
5 now have a wider latitude or option as to where they could
6 sell their tobacco. Meaning, knowing the culture of farmers,
7 of course, they will sell their tobacco whoever is the highest
8 bidder or who offered the highest price for their tobacco.

9
10 And therefore, because of this volatility of movement of
11 tobacco, it could hardly monitor as to the volume being
12 derived from the project served. Likewise, the effect of this
13 increase in prices is that the wholesale tobacco dealers who
14 are advocates of the good agricultural practices and the
15 sustainable tobacco program could be jeopardized because
16 "*labo-labo na sir*". And there are also wholesale tobacco
17 buyers who do not provide a production assistance so much
18 so that the interest of these WTDs who are providing
19 production assistance, the volume may be jeopardized
20 because these WTDs who are not providing production
21 assistance has the option or can provide the higher prices
22 for tobacco.

23
24 Because they're not providing production assistance, they
25 can offer higher prices. And as far as the WTDs who are
26 providing production assistance, there is a risk. There is risk
27 because of the advanced production assistance.

28
29 **USEC SAVELLANO:**

What's a WTD?

30
31 **DAOP CASELA:**

Wholesale tobacco dealers. There are two big WTDs here
32 who are advocates of these good agricultural practices, the
33 ULPI and the TransManila.

34
35 And according to them, because of the *labo-labo na sir, di na*
36 *nasusunod yung pinaghirapan nilang ipatupad, itong mga*
37 *good agricultural practices*. Now, the negative implication of
38 this is that our tobacco, our Philippine tobacco, will no longer
39 be competitive in the international market because it does
40 not follow anymore the requirements of good agricultural
41 NSTPs.

42
43 **USEC SAVELLANO:**

So, what's, if that's the case, what's the role of the NTA, the
44 timely regulation? What will be our role?

45
46 **DAOP CASELA:**

Yes, yes sir. This poses a challenge to the NTA.

47
48 **USEC SAVELLANO:**

So, what's your suggestion?

49
50 **DAOP CASELA:**

Now, for the WTDs who are not practicing good agricultural
51 practices, I think it's not really a sanction but rather we'll sit
52 down with them. It's just to convince them to follow.

53
54 **USEC SAVELLANO:**

What if they're not going to follow? Because we are, the NTA
55 is supposed to be a regulatory body, so we should give
56 direction.

57

1 **DAOP CASELA:** They might not avail of the TCGS program of the NTA.
2 Because they have the capital, assuming they have the
3 capital.
4

5 **USEC SAVELLANO:** Are you finished? Because I just have some points to raise,
6 you mentioned about target by yield level. So, meaning?
7

8 **DAOP CASELA:** Target level, meaning to say sir, that the implementing
9 guidelines of TCGS is quite high and because of the...
10

11 **USEC SAVELLANO:** That was my question before. Of course, if you have a high
12 target, you lower it. But our performance will not look good.
13 **DAOP CASELA:** Yes, because you suggested sir that we should come up
14 with measures on how we could assist the farmers in trying
15 to achieve this level.
16

17 **USEC SAVELLANO:** Yes, because that's my next question. Because if we lower
18 it, we won't be able to do it. The tobacco industry is very rich.
19 What's happening? We have billions of pesos in this
20 industry. So, what's happening? Probably, that's why we're
21 here to protect the industry, to develop the industry, and to
22 be able to export.
23

24 **DAOP CASELA:** But in the performance, it's not convenient. And one
25 recommendation here is for every year, there should be a
26 further study as to the provision of performance, I mean the
27 yield level targets, depending on the projected situation. This
28 equation of the unabated price increases contributed to the
29 positive and negative effect of this equation, sir.
30

31 **DIR. PADAYAO:** Yes. So, it is recommended that every year, implementing
32 guidelines for TCGS, particularly on the level of production,
33 should be studied prior to its implementation.
34

35 **USEC SAVELLANO:** Who's going to study on that?
36

37 **DIR. PADAYAO:** The Farm Technology and Services Department and the
38 Industrial Research Department.
39

40 **USEC SAVELLANO:** We've been here for so long, so what's the
41 recommendations that we're going to do? Because as you
42 can see, we're not improving. This is my last question, why
43 are we lowering it? Because the audit will tell us, we should
44 do something to improve. Because we're going to do this for
45 auditing purposes.
46 That's what we're talking about, right?
47

48 **DAOP CASELA:** Yes, sir. But this could not be fully justified by NTA after this
49 year because of the research study being undertaken now to
50 determine really the average yield per hectare per type of
51 tobacco.
52

53 **USEC SAVELLANO:** But when was that study? It's just only now? Previous, *wala*?
54

55 **DAOP CASELA:** It started last year. For this year, it is verification trial already.
56

1 **USEC SAVELLANO:** Okay. Another thing, you mentioned also that the middlemen
2 are now aggressive.
3
4 **DAOP CASELA:** Yes, sir.
5
6 **USEC SAVELLANO:** It's better if they're aggressive, right? There's a demand.
7 Yes.
8 Why aren't we addressing this? We should be producing
9 quality tobacco.
10
11 **DIR. PADAYAO:** But there's pole vaulting, sir. They buy tobacco.
12
13 **USEC SAVELLANO:** Pole vaulting is natural; it's been there for a long time. So
14 that's why we're here to regulate. That's the role of NTA,
15 right?
16
17 So how can we protect the investors who invest in
18 supporting the farmers but how about if the farmers see a
19 good price? Because you said the middlemen are
20 aggressive now. Yes. So how do we protect them? Maybe
21 we should look at how we're going to protect the investors or
22 the capitalists.
23
24 Where do they sell it, these aggressive middlemen?
25
26 **DAOP CASELA:** To WTDs, sir.
27
28 **USEC SAVELLANO:** We're part of this. I'm getting lost in the conversation. Since
29 we're here to regulate, first, to help the industry and also to
30 help the farmers.
31
32 Of course, you're a businessman, you should also make
33 money. But everybody should be happy. Not to the expense
34 of the farmers who have been producing tobacco for a long
35 time.
36
37 They don't have a good life, right? So, let's fix it. So,
38 everyone will benefit.
39
40 We have representation from the farmer's sector. I think they
41 can also add to this. What do you think about this? Since
42 you're the representative of the farmers, what can you say
43 about this?
44
45 **DIR. GUZMAN:** Really, this is a perennial problem for the farmers, sir.
46 Because even if it's 50 centavos, or one peso, it's already
47 being sold to others. To others who didn't invest, as you
48 said, sir.
49
50 **DAOP CASELA:** That's why their sanction was put in the Implementing
51 Guidelines. If they will sell to other buyers other than the one
52 whom they were contracted with, they will be removed from
53 the list of available production assistants. So that they can
54 be given a lesson.
55

1 **DIR. PADAYAO:** But after some time, being so good again, they were
2 included again in the list because they are good farmers.
3 Again. Again.
4

5 **USEC SAVELLANO:** So, is that a part of our policy? Yes? Now, once you're
6 removed, once the performance is better, you will be
7 included again? Is that the policy?
8
9 What I'm asking is, if that's the policy, there's no problem,
10 right?
11

12 **DAOP CASELA:** The guideline or policy with respect to that issue, sir, is very
13 clear, that if a farmer under the project, that is TCGS is
14 found to be non-compliant with all the stipulations indicated,
15 the violator is then blacklisted.
16

17 **USEC SAVELLANO:** Blacklisted? So, the problem is, are the technicians being
18 evaluated or the performance is being evaluated or
19 assessed year in, year out?
20

21 **DAOP CASELA:** So those who did not fully comply with the provisions of the
22 MOA, the penalty is that they will be blacklisted, meaning
23 they will not be available or cannot be qualified to be
24 cooperators in the end of the project. In all honesty, there is
25 no distinct policy of NTA yet with respect to the restoration
26 on how to bring up again these blacklisted cooperators.
27

28 **USEC SAVELLANO:** Can somebody study on that? So, it will form part of the
29 policy.
30

31 **DIR. PADAYAO:** I suggest, sir, that the policy should be an inclusion to the
32 implementing guidelines of the TCGS, sir.
33

34 **USEC SAVELLANO:** For your study, if it works and if the body will approve it, then
35 we'll adopt it. But if it will not be approved, then it's okay.
36

37 **DAOP CASELA:** Yes, sir.
38

39 **DIR. PADAYAO:** Sometimes, those farmers will go to the mayors, they will
40 make an appeal. They will ask why the NTA did not include
41 them in the distribution of cash assistance?
42

43 **USEC SAVELLANO:** Yes, but we are the regulators. There are regulations that we
44 should follow.
45

46 **DAOP CASELA:** It will be so drastic if there is a policy of not allowing them to
47 trade. Because it will be against the free trade law. And of
48 course, with the numbers of field canvassers, it will be
49 difficult for the government to stop them. There will be a lot
50 of conflicts there.
51

52 **USEC SAVELLANO:** Free trade law? No, as long as we have a policy, we won't
53 have conflicts. Because first, we are protecting the industry.
54 Second, the farmers should benefit from what we are doing.
55 Because we are the government, right? That's what I saw
56 there.
57

1 And of course, the businessmen, we won't stop them as long
2 as they are doing the right thing. That's what I think is the
3 regulation. That's why we are here.
4
5 Because if we let it go, it will be confusing. And we might
6 lose our direction.
7
8 **DAOP CASELA:** But sir, in a situation like this, it happens not so often, the
9 price increase like this.
10
11 **USEC SAVELLANO:** No, it's okay. As long as it's not so often. But when it's there,
12 we are still being followed.
13
14 **DAOP CASELA:** Yes, sir. This is an example of demand and supply. That's
15 why I said that this is only happening now.
16
17 **USEC SAVELLANO:** You can't fear that this will happen again. Even if the price
18 increases, demand will still be there. But the demand is not
19 so keen as this one compared to other years.
20
21 **DAOP CASELA:** Our buyers, the prices they can offer is in compliance only to
22 the established flood prices. Not just like this one, in which
23 case, aside from the increase of the floor prices from
24 Php10.00 or Php 7.00 for Burley.
25
26 **USEC SAVELLANO:** They increased it. Who increased it? So, if it increases,
27 what's missing? Supply? That's what I'm saying, that's where
28 we should focus to increase the production because there
29 are demands already.
30
31 And we have a floor price. So, even if you have a lot of
32 production, they are guaranteed the price. So, are we
33 increasing the production or decreasing through the years?
34
35 **DIR. PADAYAO:** Actually, sir, our original target yield level is higher than 200
36 kilos. It's only this year that they are requesting to lower it.
37
38 **USEC SAVELLANO:** No, because when we meet today, why? The 40 percent.
39 That's in the audit. That's why they are lowering it to meet
40 the manual audit. Yes? That's why I'm asking, why are we
41 doing the audit?
42
43 **DAOP CASELA:** The audit, sir, is based on our implementing guidelines. It
44 says that the yield level is 2,000 kilos. However, we see that
45 the technician can't record the 2,000 kilos.
46
47 **USEC SAVELLANO:** Why can't the technician record it?
48
49 **DAOP CASELA:** Because, sir, the TCGS are advancing the product. The
50 contracted farmer cooperators, though they have that
51 contract with certain buyer firms, the culture is that, and it's
52 by nature, maybe, that if there is a higher price, they sell it.
53
54 Therefore, at the expense of the buyer firm, that's why, and
55 aside from that, banking on the mandates of the agency is to
56 improve the living conditions of the farmers. And this

1 increase in prices right now is manifest, or shows the
2 increased productivity and profitability of the farmer.
3
4 And it will result, of course, to the betterment of their living
5 conditions. And not only that, the lowering of the level of
6 targets for this year on TCGS is also a way of making our
7 farmers comply with the requirement of the level of
8 production. If this will be approved so that they can avail of
9 the 40% subsidy given by NTA.
10
11 **ATTY. OBUSAN:** Mr. Chair, can we recognize Ma'am Dina Pichai of Internal
12 Audit Department? Ma'am Dina, go ahead.
13
14 **MRS. PICHAY:** Yes, sir. One of the findings of Internal Audit last year when
15 we conducted the audit of the IFOIGAP-TCGS, that there
16 were farmers who were granted a subsidy of 40%, even if
17 they did not qualify.
18
19 **USEC SAVELLANO:** Yes. So, there's a policy there. There's a policy there.
20
21 **MRS. PICHAY:** Sir, it was stated in the guidelines of the IFOIGAP that for a
22 farmer to be granted a 40% subsidy, he or she must reach
23 the target yield that was stated in the criteria.
24
25 **USEC SAVELLANO:** So, how did that happen? How did that happen? Why were
26 they granted that? They're not qualified, supposed to be.
27
28 **DAOP CASELA:** That's what I'm saying, sir. What they're saying is that they
29 cannot attain the...
30
31 **USEC SAVELLANO:** For the branch office. Yes. That's why I'm interested in that
32 because we need to see the problem.
33
34 So, let's say, if the branch office, they were not able to do it,
35 what can we do to help? What can we do for that branch
36 office? Right? Maybe they don't have enough people. So, we
37 have to address all those to have a smooth operation. What
38 is your suggestion?
39
40 Madam Auditor, what is your suggestion?
41
42 **MRS. PICHAY:** Sir, one of our recommendations was for management to
43 review the guidelines of the TCGS.
44
45 If the guidelines are not followed, if they cannot reach the
46 target level, it's either we scratch that criterion altogether so
47 that it won't be...
48
49 That's right. We have to study what's applicable. Okay.
50
51 **USEC SAVELLANO:** So, Madam Auditor, what's your recommendation to our
52 branch offices? What's your recommendation?
53
54 **MRS. PICHAY:** For them, sir, to closely monitor and record the production.
55
56 **USEC SAVELLANO:** Yeah, but do they have the facility? Do they have the budget
57 for that? Do they have enough personnel?

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MRS. PICHAY:

We might have enough budget for that, sir, but the situation dictates that our technicians will not be able to assist the farmers 24 hours a day. And marketing situations also happens at night, especially if there is a good process.

USEC SAVELLANO:

Yeah, what are we going to do about it? Because we know that it's being sold at night. What are we going to do?

DAOP CASELA:

What I did for this cropping season, sir, is I devised a form, a monitoring form, a reporting form for our technicians by reporting a bi-monthly report as to the deliveries and corresponding payment of the production assistance. The documents we use here, sir, are the applicable documents, just like there is a PIV.

There is a company that does not use a PIV. Yeah, let's look at it, sir. So, let's look at the documents.

USEC SAVELLANO:

Is there a possibility that we have a MOA with the LGUs in terms of monitoring? Because monitoring takes 24 hours. Right? Maybe we can do that.

If possible, I'm just suggesting. I think maybe we don't have enough people because as you mentioned, they work at night, and our employees can't work 24 hours a day. Maybe we can have a MOA with the LGUs to help us with our problems because we really don't have enough people in the NTA.

DAOP CASELA:

Yes, actually, this situation breaks already the LGUs, and some LGUs are coming up with ordinances that their barangay offices are commissioned to monitor the movements, for the bio-consumption we have undertaken and of those financial issues by the municipalities. But not all municipalities. Only the LGUs of the tobacco-producing provinces.

Just study it. Because those are the problems you've identified. So, we need to have a solution for that.

USEC SAVELLANO:

I think this is worth a whole lot of sense because the end purpose of LGUs is of course they want to protect the recording documentation of their tobaccos produced within their municipality. So, they're coming up with ordinances like that. But maybe not all of them.

So, can the NTA adapt? Maybe we can have a MOA. There's a template already. I'm very sure. Does anyone not want one like that? I think it's a win-win situation. You were citing problems. We're now into suggesting solutions when there's a problem.

And may I request that Ma'am Padayao, can you report your activity at the boundary when you were city manager?

1 **DIR. PADAYAO:** Yes, but that's for the province. It can also be LGU or
2 province.
3
4 We have findings that their tobaccos go to the north. And
5 vice versa. Our problem is that the tobaccos go to the south.
6 What we did, with the help of the provincial government, we
7 established a monitoring point where all those buyers will be
8 examined to record where they will go.
9
10 So, we also decentralize it to the municipalities.
11
12 **USEC SAVELLANO:** Can we make a task force on that to review the matter?
13
14 **DIR. PADAYAO:** Yes, sir. What could be done here is a matter of maybe
15 communicating for dissemination to the LGUs.
16
17 **DAOP CASELA:** This is really workable, sir. It will also redound to their
18 benefit.
19
20 **USEC SAVELLANO:** Can you prepare your recommendation of the MOA? It will
21 be presented in our next meeting?
22
23
24 **DAOP CASELA:** Yes, sir. It's such a win-win situation. May I suggest also, sir,
25 in addition to the PIVs as basis of the production, we can
26 also include the COPs? There are three options by which the
27 technician can record.
28
29 One is the PIV (Purchase Invoice Voucher). This is actual
30 issuance of PIV once the farmer sells their produce to the
31 contracted buyer firm. And another company uses the
32 tobacco computation sheet in which case, the volume and
33 the corresponding payment are placed there.
34 That computation sheet, will be translated later here in the
35 PIV.
36
37 Another one is the COP, the Certificate of Purchase. This is
38 being used by the cowboys. COPs are serialized and it's
39 being issued by NTA.
40
41 Let's say it's within the province where the cowboys were
42 sold, he can follow it up to that particular buying station and
43 then he can demand for the proper document from the NTA,
44 sir.
45
46 That's why it's very proper, sir, that the serial number is
47 indicated in the COP. Because there are clever.
48
49 **USEC SAVELLANO:** You mentioned about the expired... COPs? What is that?
50 What will you do if there are findings?
51
52 **DIR. PADAYAO:** As far as I know, sir, if the COPs that were not used,
53 because the... field canvassers are buying and delaying the
54 COP. So, they purchased that. And one trading rule
55 established is to return the COP.
56

1 **USEC SAVELLANO:** So, there's no penalty? They're buying it. What? They're
2 buying the... No, it's expired.
3
4 **DIR. PADAYAO:** They're using expired. They can translate to PIVs now, sir.
5 That's why we are warning the LGUs also.
6
7 **USEC SAVELLANO:** So, there's no penalty? No. The farmer's produce can't be
8 legally recorded. That's also a problem.
9
10 So, we have to look for a solution. What will we do? That's
11 what we're looking for. At least in our discussion, we're
12 finding solutions to the problems.
13
14 **DAOP CASELA:** In that situation, sir, I suggest that for the unutilized COP,
15 this will be returned to NTA. But we have so many
16 resourceful cowboys as well as LGUs.
17
18 This is like this. A simple computation, the per kilo of tobacco
19 from 7171 amounts to about Php 500.00 Of the record, if you
20 can buy the PIV or the COP or whatever per kilo basis, let's
21 say, if you reduce the Php 500.00 pesos, it's still big. Some
22 of our friends there are becoming so resourceful that they
23 can increase the level of production by way of using these
24 documents.
25
26 That's why, sir, we proposed to NTA that the basis for the
27 level of production is now the actual area planted with
28 tobacco. And we have done already a survey for two years
29 as to the actual area planted with tobacco.
30
31 **USEC SAVELLANO:** So, the problem is solved now? The mayors who are buying
32 are now discouraged?
33
34 **DAOP CASELA:** At least they're becoming aware. The COP or whatever, it's
35 not complete if the area is determined. We are now
36 undertaking a research study to really determine the actual
37 or the average level of production per hectare of some type
38 of tobacco.
39
40 So, if we plant it in the area, we can come up with the the
41 yield level per hectare. We're just waiting for the result of that
42 and once we have that, that can be utilized and we can
43 come up with a policy based on the government's concerns
44 through, of course, our regulation department.
45
46 **DIR. PADAYAO:** Anyway, sir, this request only holds true for this crop year.
47 We'll just lower it a bit.
48
49 **USEC SAVELLANO:** What's important is that we have policies in place. Yes.
50 You're saying that now. What if after three years, at least we
51 have, policies included.
52
53 So, with all the researches, with all the inputs, there's no
54 shortage of inputs now?
55
56 **DIR. PADAYAO:** Water, sir. Water.
57

1 **USEC SAVELLANO:** So, we have a lot of programs about water. We already
2 included the drilling machine? Can we appeal also to the
3 LGUs to make programs to help us.
4
5 We already have a roadmap that we can do that involves
6 everything. For example, San Esteban, they have a tobacco
7 area there. Then let's help them.
8
9 **DIR. PADAYAO:** Sir, what we need to is NIA's help, sir, in irrigation, like solar
10 irrigation system. But this is just a... convergence.
11
12 **USEC SAVELLANO:** But we need to program everything. Right? For example, in
13 San Esteban, how many barangays do they have? What
14 kind of tobacco do they plant?
15
16 **DIR. ELAYDO:** Eight barangays Mr. Chair.
17
18 **USEC SAVELLANO:** So, what are our programs there? What are LGUs'
19 programs? What are NIA's programs?
20
21 **DIR. ELAYDO:** In San Esteban, sir, all of our farmers have free production
22 inputs. We also provide generators and water pumps each
23 farmer.
24
25 **DIR. PADAYAO:** Wow. For each farmer?
26 **USEC SAVELLANO:** But in general, I think, you have been given a water pump in
27 all barangays of Ilocos, maybe all of them have a water
28 pump, a hose, a generator, a tractor. So, how come we still
29 have problems with this?
30
31 So, what I'm saying is, with all the equipment, with all the
32 fertilizer, all that we are given, what are the programs that
33 we will do for water? It's not only for the tobacco season. It's
34 for the whole year.
35
36 So, I think, if we look at it, we have to appeal. Can we have a
37 program? Can we have a road map on that? for example, it's
38 a multi-commodity. But at the same time, it's based on
39 tobacco funds. But it will benefit the whole community. Yes.
40 All farmers, fisher folks, etc.
41
42 Even if there's a water pump, the water level will be low. No
43 water will come out. So, we requested and included the high-
44 duty drilling machine that will be built so that it can reach
45 deeper to source out water.
46
47 And this is in coordination with the ELS. Or we can identify
48 the small water impounding. Yeah.
49
50 As a background, in our block farm, all the projects will go
51 there. So, with all the interventions, the agency will go there.
52 And of course, this is not only limited assistance from the
53 government.
54
55 But rather, it is a convergence of all assistance provided by
56 other government agencies or NGOs.
57

1 So, little by little, when we develop the block farm. I mean,
2 my personal view of that is that little by little, we can solve
3 the problem of the middleman.
4

5 First, the requirements that they have to start is having a
6 juridical personality. So, either they should be cooperative or
7 partner associations within the block farm. And with that,
8 what will happen, not only for tobacco, but other crops also.
9 So, the block farm concept, it will not just be tobacco, but
10 rather, all agricultural crops that are feasible will be planted
11 within the block farm.
12

13 That's the concept. So I think we have enough discussion.
14 Just include the things that we've discussed so we can
15 improve the implementation of this program. Okay, so there
16 was a pending motion. It was seconded.
17

18 No more discussion? We have enough.
19

20 **DAOP CASELA:** Thank you, sir. We will include all the suggestions and
21 recommendations, sir.
22

23 **USEC SAVELLANO:** The motion is hereby APPROVED.
24
25

26 **BOARD RESOLUTION NO. 216, S. 2024**
27

28 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
29 ***THE NTA GOVERNING BOARD APPROVES THE***
30 ***AMENDMENT ON THE TARGET YIELD PER TOBACCO***
31 ***TYPE / SUBTYPE PER HECTARE AS BASIS FOR THE***
32 ***AVAILMENT OF SUBSIDY FOR FARMERS UNDER THE***
33 ***TCGS PROJECT.***
34

35 ***UNANIMOUSLY APPROVED....”***
36

37
38 **ATTY. OBUSAN:** Thank you, sir. We move on to Agenda (E), the request for
39 **“Approval of the audit report on the administrative**
40 **services of NTA Ilocos Norte branch office.”**
41

42 *To report the summary of the aforementioned Agenda, let us*
43 *recognize Honorable Gerry Virgilio V. Guzman, Member,*
44 *Committee on Board Audit and Finance. Sir...*
45

46 **DIR. GUZMAN:** Thank you very much, Atty.
47

- 48 • The Resource Persons, Mrs. Dinah E. Pichay, Manager,
49 Internal Audit Department together with Ms. Rochelle De
50 Peralta, Internal Auditor III, presented the Audit Report on
51 the Administrative Services of NTA Ilocos Norte branch
52 office for calendar year 2022-2023.
53

- The Internal Audit was conducted on February 12-16, 2024.
- It aims to evaluate the degree of compliance with the internal policies and oversight bodies and 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 Ilocos Norte Branch Office particularly in the areas of Personnel Management (except for Performance Management for CY 2022-1ST Sem 2023), Records Management, Procurement and Issuance of Supplies and Equipment for the Year 2022-2023 and follow-up audit on the TFDSP.
- The Audit Report observed that overall, the administrative services of the NTA Ilocos Norte Branch Office particularly the personnel management, records management, and procurement and issuance of 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 policies and external rules and regulations, and deficiencies in internal controls, compliance and 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 partially implemented, leaving only one audit recommendation yet to be implemented.
- The result of the Audit Report was made known to the concerned branch office.
- Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, acknowledged the Audit Report and assured the body that changes will be implemented to address the flaws cited in the report.
- The body likewise commended the Auditing team for the comprehensive report.

- 1 • This subject matter having been thoroughly discussed during
2 the Committee Meeting, and with a Motion to Approve, which
3 was duly seconded. I respectfully move for the approval of
4 the agenda. Thank you very much!

5
6 **DIR. ELAYDO:** I second the motion.

7
8 **USEC SAVELLANO:** Any discussion, clarification? I hear none. Then the motion is
9 hereby APPROVED.

10
11 **BOARD RESOLUTION NO. 217, S. 2024**

12
13 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE***
14 ***NTA GOVERNING BOARD APPROVES THE AUDIT REPORT***
15 ***ON THE ADMINISTRATIVE SERVICES OF NTA ILOCOS NORTE***
16 ***BRANCH OFFICE.***

17
18 ***UNANIMOUSLY APPROVED....”***

19
20 When's the audit activities on operations? Because it's an
21 administrative matter.

22
23 **DIR. PADAYAO:** I'm not too sure, sir, including operations, sir. It's here, right?
24 Yes, sir. It's included here? There are schedules.

25
26 **USEC SAVELLANO:** Ah, there's a schedule. All branches. Okay. When is it?

27
28 **ATTY. OBUSAN:** Mr. Chair, may we recognize Ma'am Dina Pichay...

29
30 **MRS. PICHAY:** Yes, sir. For the operations audit, for ease of the
31 implementation of the programs and projects, sir. Currently,
32 the operations audit division just completed the audit for the
33 gulayan and manukan. I will submit the report.

34
35 For the entire year, sir, there are scheduled audits of
36 different programs of the NTA. And the administrative
37 services audit is being conducted by the management audit
38 division.

39
40 **USEC SAVELLANO:** So, when?

41
42 **MRS. PICHAY:** Sir, we will provide you with the schedule.

43
44 **USEC SAVELLANO:** Okay, thank you.

45
46 *(After the board meeting, Mrs. Pichay provided the*
47 *schedules of the upcoming audit activities to Hon.*
48 *Undersecretary DV Savellano.)*

49
50 **USEC SAVELLANO:** Next Agenda.

51
52 **ATTY. OBUSAN:** Next item Mr. Chair, we have Agenda (F), the request for
53 “Approval of fiscal year 2024 corporate operating
54 budget in the amount of Php 1,349,669,000.00 to be

1 submitted to the Department of Budget and
2 Management.”

3
4 *To report on this matter, may we recognize Honorable*
5 *Director Ray A. Elaydo, the Chairperson, Committee on*
6 *Board Audit and Finance, Sir...*

7
8 **DIR. ELAYDO:**

9 Thank you. Good morning, Mr. Chair, and to all present and
10 my fellow members of the governing board.

- 11 • The Resource Persons, Mrs. Fortuna C. Benosa, Manager,
12 Corporate Planning Department together with Mr. Reynaldo
13 R. Aquino, OIC, Finance Department presented the agenda.
- 14
15 • Manager Benosa stated that in pursuance of its mandates
16 and thrusts, and in line with the Department of Agriculture’s
17 Thrusts and Strategies for 2023-2028, the NTA accords top
18 priority to the following Programs/Activities/Projects (PAPs)
19 for CY 2024:

20
21 **1. Tobacco Farmers Production Grant and the Tobacco**
22 **Contract Growing System (TCGS)**

- 23 - Providing production, technical and marketing
24 assistance to tobacco farmers;
- 25 - Php 100 Million from the National Government will be
26 given us grant at Php 6,000.00 per farmer tilling 0.5
27 hectares and below. This shall be augmented from the
28 agency’s Corporate Funds by about Php 140 million as
29 production loan of farmers with 40% subsidy;

30 **2. Tobacco Seed Production and Distribution**

- 31 - Targets to provide free seeds to about 8,000 tobacco
32 farmers

33 **3. Curing Barn Assistance Project (CBAP)**

- 34 - Facility assistance to the construction and repair of
35 about 3,000 curing barns and air curing shed for the
36 tobacco farmers of Regions 1, 2, and CAR.

37 **4. Provision of Bio-Stimulant for Rain Damaged**
38 **Tobacco** as a mitigation measure for the affected crops

- 39 of tobacco farmers (as needed);

40 **5. Farmers’ Organizational Development** to include
41 continuing registration of farmers, strengthening farm
42 clusters, trainings for cooperative officials and members,
43 organizational development and livelihood assistance, to

1 enable the farmers to become self-reliant, food secured
2 and active partners of development.

- 3 **6. Gulayan at Manukan sa Barangay Project** was
4 conceived in response to ensuring food security. Php
5 10 Million is targeted for 1,000 tobacco farmer
6 beneficiaries.
- 7 **7. Monitoring of Soil and Water Quality** shall generate
8 information on the fertility and salinity status of different
9 tobacco growing areas to be presented as soil fertility
10 and chloride maps.
- 11 **8. Agricultural Researches** are aimed at improving the
12 production technology particularly on the preservation or
13 development of current tobacco varieties, field
14 verification of organic and inorganic fertilizers or
15 pesticides to recommend the suitable fertilizers for
16 various tobacco types that will lessen the cost of
17 production and improvement of curing structures and
18 curing processes to tap other fuelwood sources like
19 solar-aided curing barns.
- 20 **9. Industrial Researches** are focused on other uses of
21 tobacco.
- 22 **10. Quality Assurance for Tobacco Leaf and**
23 **Manufactured Products** will concentrate in the
24 provision of laboratory services to test the quality of soil,
25 water, fertilizer, and leaf tobacco, including the
26 continuing study and monitoring of physical and
27 chemical quality of cigarettes, as an input to continuing
28 technology adjustments, standards formulation and
29 effective regulation enforcement and compliance.
- 30 **11. Renewable Energy Farm Project and Restoration of**
31 **Ecological Integrity** of Tobacco Growing Regions.
32 Activities will include the annual **Synchronized Tree**
33 **Planting** per province and the **Beema Bamboo**
34 **Production Project**.
- 35 **12. Development of Facility Maps in Tobacco Producing**
36 **Areas** aims to develop the NTA projects and tobacco
37 related activities and facilities map for stakeholders of
38 the tobacco industry; to generate a web map application,

1 story map and operations dashboard embedded to NTA
2 website.

3 **13. Market Research and Development** includes research
4 and assessment on the local tobacco industry,
5 situations/trends of the international market and trade
6 promotions thru participation in trade exhibits.

7 **14. Regulatory Services** include monitoring of trading
8 operations, documentation of tobacco production where
9 NTA certifies annually to DBM as basis for R.A. 7171 &
10 8240 shares of LGUs. Likewise, issuance of
11 license/permits to leaf buyers, importers and exporters,
12 and the conduct of bi-annual Tripartite Consultative
13 Conference for the setting of tobacco floor prices.

14 **15. Communication Support Program** involves the
15 provision of information and education materials for the
16 stakeholders especially the tobacco farmers, in the form
17 of technoguides or technocalendars, newsletters, video
18 production, radio programs, and other forms of social
19 media.

20 **16. Institutional Development Programs** include Human
21 Resource Development activities, capability trainings for
22 the agency's personnel and improvement or repair of
23 facilities, buildings, and all other activities under GASS.

24 **17. Support to Operations (STO) Projects/Activities** which
25 are regularly funded under the GAA.

- 26 • Mr. Aquino on the other hand, stated that for the effective
27 implementation of the programs and projects for CY 2024,
28 the NTA will need a Total Agency Budget of **One Billion,
29 Three Hundred Forty-Nine Million, Six Hundred Sixty-
30 Nine Thousand Pesos (Php 1,349,669,000.00).**

- 31 • It will be spent for the following:

32			
33			
34	Personal Services	Php	351,900,000.00
35	Maintenance and other Operating Expenses	Php	580,804,000.00
36	Accounts Payable	Php	52,803,000.00
37	Due to National Treasury	Php	119,632,000.00
38	Capital Outlay	Php	49,179,000.00
39	Investment Outlay/Locally Funded Projects	Php	195,551,000.00
40			

- 41 • This subject matter having been thoroughly discussed during
42 the Committee Meeting, and with a Motion to Approve, which
43 was duly seconded. I respectfully move for the approval of
44 the agenda. Thank you very much!

1 **DIR. PADAYAO:** I second the motion.
2
3 **USEC SAVELLANO:** Thank you. There's a motion. Seconded. I just have a
4 question. It's on number one proposal.
5
6 For eight thousand farmers, we'll give six thousand pesos?
7 Number two. In tobacco seed production.
8
9 How many tobacco farmers there?
10
11 **DAOP CASELA:** Forty-two thousand registered.
12
13 **USEC SAVELLANO:** How many will get six thousand?
14
15 **DAOP CASELA:** Sixteen thousand, six hundred sixty-six.
16
17 **USEC SAVELLANO:** So how much is the budget?
18
19 **DAOP CASELA:** One hundred million, sir.
20
21 **USEC SAVELLANO:** How many about for flue-curing barn? Three thousand
22 barns?
23 What is the allocation here?
24
25 **DAOP CASELA:** One hundred million. It depends sir. Regular DBM budget is
26 one hundred million for the TCGS program.
27
28 For construction it's fifty thousand pesos, and this is subject
29 to the sixty-forty subsidy program, sir.
30
31 **USEC SAVELLANO:** But for repair do they still use bamboo?
32
33 **DAOP CASELA:** Yes, we still use it, sir. But the new construction doesn't have
34 bamboo.
35
36 **USEC SAVELLANO:** How about this food production program. We are also doing
37 the guidelines for livestock. How do you implement this?
38 How many chickens per farmer?
39
40 **DIR. PADAYAO:** Twenty chickens.
41
42 **USEC SAVELLANO:** Twenty chicks. A variety of vegetable seed, just for
43 livestock? Twenty chicks per farmer. Free range?
44
45 **DAOP CASELA:** Free range, yes, sir.
46
47 **USEC SAVELLANO:** They don't have a payback?
48
49 **DAOP CASELA:** No, they don't. It's really free. And there's also additional
50 feeds given.
51
52 **USEC SAVELLANO:** A complete package, for how many months?
53
54 **DAOP CASELA:** We have a complete package, but it's not enough.
55
56

1 **USEC SAVELLANO:** It's for self-support. But is there a program, a nucleus? Let's
2 say, I'm a farmer. I'll take care of the chickens. But the
3 production, we'll get it from there, instead of buying?
4

5 **DAOP CASELA:** No sir. We don't have a catcher.
6

7 **USEC SAVELLANO:** Maybe we can. Because you're going to block farming,
8 maybe we can do that. The marketing component should be
9 established. This will generate additional income for them.
10

11 **DAOP CASELA:** Yes, sir. Because sometimes it's hard to find free range.
12

13 **USEC SAVELLANO:** Then you mentioned here, Beema. Why Beema? It's Indian
14 bamboo.
15

16 Why don't we use the native bamboos? We'll be coming up
17 with some innovations on the implementation of this.
18

19 I mean a very important component of the industrial tobacco
20 is the requirement of fuel and wood. And the tobacco
21 industry is considered a big factor in the innovation of our
22 forest.
23

24 Therefore, we should be embarking on a project that would
25 sustain the energy requirement of our tobacco farmers. I'm
26 not questioning that. But why Beema? And we have *Bayog*?
27

28 We already have some existing varieties of bamboos here. I
29 don't think anyone is producing. Because we don't have a
30 program.
31

32 The seedlings, I mean. It can be additional income for the
33 farmers. Because our tobacco farmers, they go to the field's
34 early in the morning. When they come back, they don't have
35 to rest. But in their surroundings, there are a lot of trees. So,
36 I think we should have a program to train them how to do the
37 propagation.
38 To establish nurseries, so that we have something to get.
39 Because even the things that we import, it's too much.
40

41 As discussed yesterday with the company, we will be
42 embarking on a more impressive program on tobacco
43 production. As this is mediated also in the production
44 process.
45

46 What I'm saying is that there should be a bamboo program.
47 To put up a nursery to do the propagation. I mean, why
48 would we import? We already have this.
49

50 It's a backyard program. And the farmers, once they are
51 trained to do this. Additional income for them, and we
52 include also our native in the bamboo production program.
53

54 And another thing, the Madam Director Luz mentioned about
55 drilling machine.
56

57 **DIR. PADAYAO:** Yes. It's included in our budget sir.

1
2 **USEC SAVELLANO:** Where is it? In the irrigation program? It's already in the
3 budget?
4
5 **DAOP CASELA:** It's already in the budget. I didn't see it. It's already good.
6
7 **ATTY. OBUSAN:** Mr. Chair, we recognize Ma'am Nini Benosa. Go ahead,
8 Ma'am.
9
10 **MRS. BENOSA:** Yes, good morning, Mr. Chair and honorable members of the
11 board. Good morning. Our drilling machine was included in
12 the 2025 proposal. It also has a component under the capital
13 outlay.
14
15 **USEC SAVELLANO:** So, it was included in the proposal. Does it include a tube
16 well? Because after drilling, you need a tube, right? Our
17 engineers are here.
18
19 **MRS. BENOSA:** It's like a casing. We'll pay for it. We'll give it to them. They'll
20 pay for it per station.
21
22 **USEC SAVELLANO:** Per block or per branch? It should be per branch. Mayor,
23 how much is it?
24
25 **DIR. ELAYDO:** Around 2 or 3 million. They have computers and there's a
26 locator.
27
28 **USEC SAVELLANO:** Anyway, just look at it. If it's too much, we can give it to all
29 the branches. How many branches do we have, eight?
30 Roughly, Php 16 million, because it's a good program.
31
32 **DAOP CASELA:** But the proposal is, after the weaning period, I mean, every
33 year, a branch office would come up with one or two more
34 block farms.
35
36 **USEC SAVELLANO:** Then if you have the drilling machine, you can make
37 guidelines. It's not only for the tobacco farmers. Priority are
38 tobacco farmers, because it's expensive. Another thing, how
39 about the research for the waste?
40
41 **ATTY. OBUSAN:** This is the next topic Mr. Chair.
42
43 **USEC SAVELLANO:** What can we do with that? Because we've done a lot
44 already. What should we focus on? Our new research
45 undertaking is the use of tobacco stalks as flour. And this is
46 used for construction materials. Binders, right?
47
48 **MRS. LOZANO:** Yes sir. And we're just waiting for the laboratory analysis as
49 to the component of these tobacco stalks.
50
51 **USEC SAVELLANO:** How much are we investing in? It's just so cheap. Because
52 you just have to gather the waste. How much is the
53 investment? For the research, how much is the investment?
54 The one that's in the budget.
55
56 How about the act of commercialization, just research? How
57 about the others?

1
2 **MRS. BENOSA:** This is next, sir.
3
4 **USEC SAVELLANO:** But this is included in the budget?
5
6 **MRS. BENOSA:** Yes, sir. It's included.
7
8 **USEC SAVELLANO:** Okay, let's go back later. Let's leave this agenda pending
9 first. Can we have the next agenda so we can see if we need
10 to put in budget for these researches?
11
12 **ATTY. OBUSAN:** Thank you, Mr. Chair. Under Agenda (G), we have the,
13 "**Presentation of the implementation of research**
14 **projects on other uses of tobacco.**"
15
16 *May we recognize Mrs. Myrna O. Lozano, Manager,*
17 *Industrial Research Department.*
18
19 **MRS. LOZANO:** Sir, do I have to discuss this all, since it is already in the
20 materials that I have submitted?
21
22 **USEC SAVELLANO:** Is that long?
23
24 **MRS. LOZANO:** May I just share 20 slides?
25
26 **USEC SAVELLANO:** Just do 10. Hurry up.
27
28 **MRS. LOZANO:** Sir, let's go to the tobacco stalk. Tobacco stalk as raw
29 material for thermoplastic composite manufacturing. *Next*
30 *slide, sir.* And this project is in collaboration with the Forest
31 Product Research and Development Institute (FPRDI) and
32 the Industrial Technology Development Institute (ITDI).
33
34 This will be added to conventional plastics for the production
35 of building materials. *Next slide.* The U.S. identifies it as an
36 agricultural responder for our tobacco stalk.
37
38 **USEC SAVELLANO:** Who is our marketer? It produces lumber. For plywood? Why
39 are we doing this? What is the market for?
40
41 **MRS. LOZANO:** Sir, to produce building materials. Components for plywood
42 used for vacuum and flooring systems.
43
44 These are designs of the U.S. IPDA, sir. *Next slide, sir.* So,
45 the tobacco stalks that we will produce, will be pulverized.
46 The aim of the U.S. IPDA is to utilize the tobacco stalks that
47 are considered waste in the field. These are the simple
48 equipment that we used in NTA Batac. Our output here is
49 tobacco stalk flour. We call it tobacco stalk flour because it is
50 ground so that it becomes flour.
51
52 Last February 29, 2024, we sent to the U.S. IPDA 150 kilos.
53 They will try it for molding and prototyping. And we are
54 waiting for the results. This is our ultimate goal.
55
56 **USEC SAVELLANO:** Is the process still the same for the pesticide production? It's
57 still the same, right?

1
2 **MRS. LOZANO:** Sir, no. It's the EDL company. You were the one who linked
3 us with the EDL company. My progress here is that we are
4 arranging the product profiling for our pesticides.
5
6 We also submitted to EDL some of our products for their
7 appreciation. Because what Engineer Jerome wants is to try
8 it on the chickens, sir. Because those are their products for
9 the game fowl. And maybe by next month, we'll have the
10 results.
11
12 So, this is my recommendation for the tobacco stalk flour.
13
14 Can you also process it in the moon? We're still collecting.
15
16 **USEC SAVELLANO:** Have you talked to those who are supposed to be supplying
17 that?
18
19 **MRS. LOZANO:** Sir, what I have contacted so far, are ITDI, PDI, and FPRDI,
20 for commercialization.
21
22 **USEC SAVELLANO:** Because after that, there should be something to buy.
23 Because they might have requirements on how sticky it is.
24
25 **MRS. LOZANO:** Sir, we have already applied the particle size that they
26 require.
27 We have already tested it.
28
29 **USEC SAVELLANO:** Who did that? DOST?
30
31 **MRS. LOZANO:** DOST, sir.
32
33 **USEC SAVELLANO:** Just research. Because if we do something, there should be
34 something to sell. We shouldn't just do research. Because
35 most of the research of DOST is not being commercialized.
36 So, if we can see who they are talking to, we can talk to
37 them.
38
39
40 **MRS. LOZANO:** Yes, sir.
41
42 **USEC SAVELLANO:** So, how much is our budget there? Research?
43
44 **ATTY. OBUSAN:** Mr. Chair, may we again recognize Ma'am Nini?
45
46 **USEC SAVELLANO:** Yes.
47
48 **MRS. BENOSA:** Regarding the budget for the research, we have not yet
49 touched on the copies that were given to us by the program.
50 But for specifically the other uses, the total budget for the
51 other uses is Php 1.9 million or about 2 million. So, regarding
52 the stalk flour that you just mentioned, they have proposed
53 about Php 528,000.00
54
55 **USEC SAVELLANO:** So, all the research projects were already included in the
56 budget. So, it's all in the budget?
57

1 **MRS. BENOSA:Y** Yes, sir. Php 1.9 million.

2
3 **USEC SAVELLANO:** Okay, any questions regarding the presentation? Since
4 there's none, can we now go back to the budget? It's okay,
5 Budget for Php 1.3 Billion?
6

7 Yes, that's a pending motion. So, it was seconded. Any more
8 discussion? I hear none, then the motion is hereby
9 **APPROVED.**
10

11
12 **BOARD RESOLUTION NO. 218, S. 2024**

13
14 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT***
15 ***THE NTA GOVERNING BOARD APPROVES THE***
16 ***CORPORATE OPERATING BUDGET (COB) FOR FISCAL***
17 ***YEAR (FY) 2024 IN THE AMOUNT OF ONE BILLION,***
18 ***THREE HUNDRED FORTY-NINE MILLION AND SIX***
19 ***HUNDRED SIXTY-NINE THOUSAND PESOS (PHP***
20 ***1,349,669,000.00) AND AUTHORIZING THE SUBMISSION***
21 ***THEREOF TO THE DEPARTMENT OF BUDGET AND***
22 ***MANAGEMENT.***

23 ***UNANIMOUSLY APPROVED...."***
24

25
26 **USEC SAVELLANO:** And for this research usage, what's the pleasure of the
27 body?
28

29 **DIR. PADAYAO:** The approval will be requested, sir. And for considering the
30 benefit of the output labor, I recommend for the approval.
31

32 **DIR. SERNA:** I second the motion.
33

34 **USEC SAVELLANO:** So, there's a motion for the approval of the research projects
35 on other uses of tobacco. Seconded. Any discussion? I hear
36 none, then the motion is hereby **APPROVED.**
37

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39
40 **BOARD RESOLUTION NO. 219, S. 2024**

41
42 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE***
43 ***NTA GOVERNING BOARD APPROVES THE ADOPTION OF***
44 ***THE IMPLEMENTATION OF RESEARCH PROJECTS ON***
45 ***OTHER USES OF TOBACCO.***
46

47 ***UNANIMOUSLY APPROVED...."***
48

49
50 **ATTY. OBUSAN:** Mr. Chair, next agenda on other matters is the proposed
51 schedule for the 173rd regular meeting of the NTA
52 Governing Board. Tentatively, it is scheduled on April 11,

1 2024, Thursday at 9am to be held at NTA Candon City,
2 Ilocos Sur. It coincides with the tobacco festival, Mr. Chair.

3
4 **USEC SAVELLANO:** Okay. Just one meeting, right?

5
6 **ATTY. OBUSAN:** The Committee Meeting will be held the day before on April
7 10.

8
9 **USEC SAVELLANO:** Okay. What's the pleasure of the body? Candon, right?
10 Make it 10 o'clock in the morning. Okay. What did you say,
11 there's a beauty pageant?

12
13 **DIR. ELAYDO:** Can they present here before the body?

14
15 **USEC SAVELLANO:** There's a request from Director Elaydo that the winners will
16 have a courtesy call. So, I think that all the directors are
17 excited to meet in Candon? Next item.

18
19 **ATTY. OBUSAN:** Next item, Mr. Chair, is adjournment, but before that, any
20 other instructions?

21
22 **USEC SAVELLANO:** I don't have any instructions. There's a motion?

23
24 **DIR. PADAYAO:** Mister Chair. I move for the adjournment of the meeting.

25
26 **DIR. SERNA:** I second the motion.

27
28 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.

29
30 SO, ORDERED.

31
32 **ATTY. OBUSAN:** That concludes our 127th Special Board Meeting. To the
33 online participants, thank you for your attendance and
34 participation.

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36
37
38 Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:40 AM.

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43 **PREPARED AND CERTIFIED CORRECT:**

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48 
49 **ATTY. GORGONIO G. OBUSAN III**
50 Board Secretary V
51 NTA Governing Board

52
53
54 **ATTESTED:**

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3 **Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO**
4 *Undersecretary, Department of Agriculture*
5 *NTA Oversight Official, and Alternate Chairman Designate*
6 *to the NTA Governing Board*
7



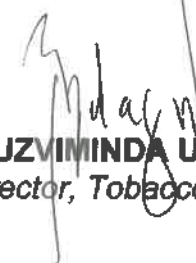
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11 **Hon. GERRY VIRGILIO V. GUZMAN**
12 *Appointive Director, Tobacco Farmers Sector*
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18 **Hon. DANILO C. TRONGCO**
19 *Appointive Director, Tobacco Farmers Sector*
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25 **Hon. JESSIE PAT M. SERNA**
26 *Appointive Director, Tobacco Traders/Exporters Sector*
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31 **Hon. LUZVIMINDA U. PADAYAO**
32 *Appointive Director, Tobacco Farmers Sector*
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38 **Hon. RAY A. ELAYDO**
39 *Appointive Director, Tobacco Manufacturing Sector*



OFFICE OF THE NTA GOVERNING BOARD

ONE HUNDRED AND SEVENTY THIRD (173rd) REGULAR BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
16 APRIL (1:00 PM)

PRESENT:

- Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate
- Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO
- Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
- Dir. DANILO C. TRONGCO - Member, Tobacco Farmers Sector
- Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
- Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

- Mr. BENJAMIN V. SARMIENTO - Special Assistant to the Administrator/
Executive Assistant IV
- Mr. NESTOR C. CASELA - Deputy Administrator for Operations
- Mrs. FORTUNA C. BENOSA - Manager, Corporate Planning Department
- Atty. JUN FRED V. PARADO - Attorney V, Office of the Administrator
- Atty. GORGONIO G. OBUSAN III - Board Secretary V
- Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)
- Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

- Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

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5 **ATTY. OBUSAN:**

Good afternoon, everyone. For the 173rd Regular Meeting of the NTA Governing Board, held today April 16, 2024 (Tuesday), 1:00 PM at NTA Board Room, 11th Floor Upper Class Tower, Quezon Ave., Quezon City. Please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano. May we request you Sir to call to order the meeting.

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14 **I. CALL TO ORDER**

15
16 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
17 *meeting to order at 1:00 PM.*

18
19 **USEC SAVELLANO:**

The 173rd Regular Meeting of the NTA Governing Board is called to order. Mister Secretary? Who's going to lead the opening prayer?

20
21
22
23 **II. OPENING PRAYER**

24
25 **ATTY. OBUSAN:**

(Led the Opening Prayer.)

26
27
28 **USEC. SAVELLANO:**

So, can we now go to the next item, the determination of the quorum?

29
30
31 **ATTY. OBUSAN:**

Thank you, Mister Chair.

32
33 For the 173rd Regular Meeting of the NTA Governing Board, we
34 have of course, the Presiding Officer, Honorable
35 Undersecretary of the Department of Agriculture & NTA
36 Oversight Official / Alternate Chairman-Designate, Deogracias
37 Victor "DV" B. Savellano. *Good afternoon, Sir.*

38
39 We also have the Vice-Chairman and Administrator & CEO, the
40 Honorable Belinda S. Sanchez, *Good afternoon, Ma'am.*

41
42 We also have the members of the NTA Governing Board, Hon.
43 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
44 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
45 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
46 Trongco, representing the Tobacco Farmers Sector; and Hon.
47 Dir. Luzviminda U. Padayao, representing the Tobacco
48 Farmers Sector. *Good afternoon, Directors.*

49
50 Hon. Dir. Ray A. Elaydo, representing the Tobacco
51 Manufacturing Sector is joining us online via virtual platform.

52
53 Also present here at the NTA Boardroom are:

54
55 Mr. Nestor C. Casela, Deputy Administrator for Operations,
56 *Good afternoon, Sir DAOP.*
57

1 Mr. Benjamin V. Sarmiento, Special Assistant to the
2 Administrator/Executive Assistant IV. *Good afternoon, Sir.*

3
4 Mrs. Fortuna C. Benosa, Manager, Corporate Planning
5 Department, *Good afternoon, Ma'am.*

6
7 Likewise, present in the virtual platform are the respective
8 Department and Branch Managers, and OICs. *Good afternoon,*
9 *everyone.*

10
11 As such, Mister Chair, we have a Quorum.

12
13 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
14 Confirmation, Adoption, and Consideration in our Agenda.

15
16 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 173rd Regular
17 Meeting of the NTA Governing Board.

18
19 We have Agenda (A), the request for "Approval of the
20 **Agenda of the 173rd Regular Meeting of the NTA**
21 **Governing Board, held today, April 16, 2024, at 1:00 PM, at**
22 **the NTA Boardroom, 11th Floor, Upper-Class Tower,**
23 **Quezon Avenue, Quezon City.**

24
25 **USEC. SAVELLANO:** What's the pleasure of the body?

26
27 **DIR. TRONGCO:** Honorable Chair, I respectfully move for the approval of the
28 agenda of the 173rd Regular Meeting of the NTA Governing
29 Board, held today, April 16, 2024, at this time, at the NTA
30 Boardroom, 11th Floor, Upper-Class Tower, Quezon Avenue,
31 Quezon City.

32
33 **DIR. PADAYAO:** I second the motion.

34
35 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
36 hear none. Then the motion is APPROVED. Can we go to the
37 next item?
38

39 **BOARD RESOLUTION NO. 220 S. 2024**

40
41 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
42 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 173rd REGULAR***
43 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 16 APRIL 2024, AT***
44 ***1:00PM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
45 ***QUEZON AVE., QUEZON CITY.***

46
47 ***UNANIMOUSLY APPROVED...."***

48
49 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
50 minutes of the 127th Special Meeting of the NTA
51 Governing Board, held last March 26, 2024, at 10:00 AM, at
52 the NTA Boardroom, 11th Floor, Upper-Class Tower,
53 Quezon Avenue, Quezon City.

54
55 **USEC. SAVELLANO:** What's the pleasure of the body? Director Padayao, please?

1 **DIR PADAYAO:**

Mr. Chair, I respectfully move for the Approval of the minutes of the 127th Special Meeting of the NTA Governing Board, held on March 26, 2024, at 10 a.m., at the NTA Boardroom, 11th Floor, Upper-Class Tower, Quezon Avenue, Quezon City.

6 **USEC SAVELLANO:**

There's a motion. Anybody seconded? Seconded the motion. Seconded. Any discussion, or objection? I hear none. Then the motion is APPROVED. Can we now go to the next item?

10 **BOARD RESOLUTION NO. 221, S. 2024**

12 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE MINUTES OF THE 127TH SPECIAL MEETING OF THE NTA GOVERNING BOARD, HELD ON 26 MARCH 2024, AT 10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER, QUEZON AVE., QUEZON CITY.***

19 ***UNANIMOUSLY APPROVED....”***

23 **ATTY. OBUSAN:**

Mr. Chair, we have Agenda (C) , a request for **“Approval of the BEFF-CATTLE Production Assistance Project Supplemental Guidelines for inclusion in the original implementing guidelines”**.

To report on the summary of this agenda, may we recognize Honorable Director Danilo C. Tronco, Member, Committee on Research and Extension. Sir?

32 **DIR TRONGCO:**

Beloved Chair, ito po yung summary report of discussion and recommendations. For the request for approval of the BEFF CATTLE Production Assistance Project Supplemental Guidelines for inclusion in the original implementing guidelines.

Yesterday, during the committee meeting, the resource person, Mrs. Dina Pichay, Manager, Internal Audit Department, together with Mr. Resty C. Campe, Division Chief of Creation, Audit Division, Internal Audit 5, presented the agenda. The need for supplemental guidelines and their inclusion in the original implementing guidelines for the BEEF-CATTLE Production Assistance Project, otherwise known as the BCPAC, came about due to unrecorded transactions highlighted during previous audit time. It was reported that debts of various CATTLE were not recorded in the books of NTA and recordings of repayment were done without a clear management policy.

This is contrary to Section 6 of the Government Accounting Manual stating that each entity shall recognize and present its financial transactions and operations conformably with an actual basis of accounting in which transactions and other events are recognized when they occur, thus resulting in

- To address the problem, the Operations Audit Division made the following Recommendations:
 - Management, in coordination with the Finance Department and Branch Accountants, to:
 1. Devise policy in costing the offspring whether bull or heifer as basis of recording farmer-beneficiaries' repayments.
 2. 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
 3. Devise policy in recording the cattle particularly in repayments and in cases of deaths.
 - These policies that were recommended comprises the Supplemental Guidelines that was approved by the Governing Board after a lengthy discussion.
 - It was agreed upon that the fair value of the offspring (either heifer or a bull) shall be determined by a Certified Veterinarian.
 - Considering that the Industrial Research Department is requesting that a project-based Veterinarian be hired to validate the results of its ongoing researches, it was agreed upon by the Board that the task of making valuation of the offspring be also included in the Terms of Reference of the Veterinarian that will be hired in the future.
 - This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. PADAYAO:

I second the motion.

USEC. SAVELLANO:

There's a motion. Seconded. Any discussion, or objection? I just have some questions.

Because, under Department of Agriculture, usually included in our dispersals ang food. Number one problem kasi iyang pagkain.

So, I think in the guidelines, we should include the porridge. Kasi minsan binibigyan mo, wala pala pambili ng pagkain. Then another thing is I observed also, as a member of Congress, nakita ko yung binibigay nila, hindi yung specified, yung breed.

So, kaya medyo tumatagal kami sa D.A., sa livestock, because of yung inaayos namin yung guidelines. Ang gusto kasi namin sa D.A., if we give whatever, what kind of animal, kina-iinggitan talaga. So yun ang nangyayari because we've done so many dispersals sa district ko. Pero yun nga, payat, malnourish, malapit na mamatay.

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So, I think we should have also a committee to evaluate kasi ang nangyayari pa, and part of the guideline should be the source. Saan ba yung source or consolidator pwede? Kasi yung nangyayari sa bidding, yung consolidator wala siyang fund. Di ba? Pero Php 40,000.00 yung amount dito. Kaya niya lang bumili Php 15,000.00. But if you're going to put in the guidelines na yung pang-gagalingan nito, yung talagang quality, may farm siya, may truck siya, yung kompleto.

Siyempre tayo sa D.A., NTA, di naman natin tinitignan na yun kung anong meron. So yun lang yung guidelines that should be streamed kung gusto natin ito mapadami at hindi lang ang makinabang ay yung consolidator-bidder.

DIR. TRONGCO: Mga middleman lang kasi.

USEC. SAVELLANO: Yung middleman ang nakikinabang. Pero may program ako noon from the DSWD, cattle dispersal, dineliver agad. In-invite ako, sabi ko, akala ko distribution tayo? Sir, na-distribute na namin kaninang umaga. Akala ko alas-9 p? Kasi mamatay na po yung mga baka, so kailangan ibigay na namin. Sabi ko, gusto kong makikita. Talagang pinilit ko. Noong pinuntahan ko, talagang mahihiya ka. Sobrang papayat. Kaya siyempre ayaw nilang ipakita sa atin.

So, I think we should be strict in the monitoring even sa dispersal. Para we can assure that the farmers will get the quality animal. So those are the things. I'm just telling you, based on my experience.

We can include that in the guidelines. At yung mga source na dapat kinukuhanan, yung mga talagang breeders. Para may patutunguhan yung dispersal project natin. If we can identify yung areas where we can develop new breeds. Sila na mag-breed. Then yung mga anak nila, yun ang repayment sa atin, yun ang ipamimigay natin. Then we will be distributing yung quality. So, I'm just sharing with you. So, if we can include that in our guidelines.

DAOP CASELA: We do recognize those inadequacies in terms of these undertakings. Just like for example, just admittedly, walang expertise.

USEC. SAVELLANO: Kawawa yung mga farmers natin. Ang makikinabang yung consolidators, hindi yung mga farmers. Kasi pag makita niyo mga pictures, mahihiya talaga kayo.

DIR. TRONGCO: Kasi hindi kagaya ng baboy na kung manganak ay sampu. Ito, isa lang, minsan dalawa.

USEC SAVELANO: And mostly yung binibigay, kasi siguro 80%, gusto mong katayin eh. Di ba may ganun kayo? Hindi, di ba nag-fattening? So how are we going to increase yung numbers of animals sa atin if that's the case? Hindi long-term, pang short-term. It's why we're looking for alternative livelihood for our farmers.

1 **DAOP CASELA:** Sir, may we seek assistance from D.A. as to the manner and
2 procedures involved in the dispersal program of cattle?
3

4 **USEC. SAVELLANO:** Sure, ipapadala ko sayo yung guidelines namin. Di ba madami
5 na dispersal ang NTA? May na-develop na ba, nag-re-breed na
6 sila? Can you identify? Kasi naghahanap ako ng bibigyan ko
7 ng breeders. Kasi, we have to upgrade. Kailangan i-upgrade
8 natin yung existing natin. If not, kung may babae yan, we can
9 do yung Artificial Insemination.
10

11 **DIR. TRONGCO:** Para may continuity.
12

13 **USEC. SAVELLANO:** So, if you can give me the status kung sino pwede idevelop to
14 become a big farm. tulungan natin.
15

16 **DAOP CASELA:** Regarding sa valuation, we opted to hire a consultant sir, a
17 veterinarian at that.
18

19 **USEC. SAVELLANO:** Wag na kayo mag-hire, gagastos pa kayo.
20

21 **DAOP CASELA:** Kasi yung isang project naming sa research kailangan nilang i-
22 validate yung effect ng tobacco, yung extract as well. Kaya
23 isinama na lang po naming yung sa valuation sa kanyang
24 services na gagawin.
25

26 **USEC. SAVELLANO:** Pero just in case you need more vets and experts. Mag MOA
27 na lang NTA with Bureau of Animal Industry with endorsement
28 and support from D.A.
29

30 **DAOP CASELA:** After finishing the first batch of the program, Sir. And not only
31 for the cattle, that's also why I opt to come up with a technical
32 working group to address ang mga nakitang problema.
33

34 **USEC. SAVELLANO:** Pero pag ginawa natin yung guidelines, we will stick to it na
35 yung pwede mag breed lang niyan, yung meron farm. May
36 package dyan at the farm, which includes yung pagkain.
37 Nandyan rin yung delivery truck mo. May ganoong component.
38

39 **DAOP CASELA:** Pero with those negative observations which we addressed to
40 the owners, gumanda naman yung mga sumunod na
41 deliveries.
42

43 **USEC. SAVELLANO :** Pero at least ilagay natin sa ayos. Paano naman yung presyo
44 niya, Php 40,000.00 worth pero halagang Php 10,000.00-
45 15,000.00 lang.
46

47
48 Now we'll be having a TWG. If you're amenable, pwedeng
49 itable natin. Baka mayroon pa kayong gustong idagdag from
50 your experience para mapaganda natin yung program. Kasi
51 maganda yung program, may money at makikinabang yung
52 tobacco farmers. Pagandahin na natin.
53

54 **DAOP CASELA:** Pero sir if we may, those suggestions that you have made will
55 be incorporated during the next dispersal program kasi
56 pwedeng patapusin muna namin ito?

- 1 **USEC. SAVELLANO:** Sa delivery naman ito. So, what I'm saying is kahit sino
2 magbibid dyan, tayo naman gagawa ng terms of reference. So
3 doon sa terms of reference natin, last kasama doon.
4
- 5 **DAOP CASELA:** Ongoing na po kasi itong program, pag-transfer po kasi ng
6 offspring kailangan ng valuation and at the same time hindi
7 naisama yung requirements ng program in terms of vaccines,
8 and medicines. That's is the reason why we opted to have a
9 veterinarian to include in the program yung AI. So yung mga
10 suggestions po ninyo sir, we'll be including those suggestions
11 for the next implementation of the same project.
12
- 13 **USEC. SAVELLANO:** So na-bid na ito? Delivered na?
14
- 15 **DIR. PADAYAO:** Ongoing na po Sir, and up to what generation na ito. Ibig kong
16 sabihin sir para mapanatili yung quality ng breed kase
17 distribute kami ng distribute.
18
- 19 **USEC. SAVELLANO:** Kaya sinasabi ko one of the programs di ba nag-bigay na tayo
20 yung mga babae pwede natin upgrade through artificial
21 insemination. So that's another program na pwede isama natin.
22 Kasi meron na sila.
23
- 24 **USEC SAVELLANO:** But I can ask my people to help you also.
25
- 26 **DAOP CASELA:** Yes, sir thank you sir.
27
- 28 **USEC SAVELLANO:** Let's move on. So, there's a motion, seconded. Any
29 objections? I hear none. Then the motion is **APPROVED**. Can
30 we now go to the next item?
31

BOARD RESOLUTION NO. 222, S. 2024

32
33
34 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
35 ***GOVERNING BOARD APPROVES THE BEEF CATTLE PRODUCTION***
36 ***ASSISTANCE PROJECT (BCPAP) SUPPLEMENTAL GUIDELINES AND ITS***
37 ***INCLUSION TO THE ORIGINAL IMPLEMENTING GUIDELINES.***
38

39 ***UNANIMOUSLY APPROVED...."***

- 40
- 41 **ATTY. OBUSAN:** MR. Chair before we move to our next Agenda may we
42 recognize the presence of Honorable Dir. Ray A. Elaydo who
43 had joined us online via virtual platform. Good afternoon, Sir.
44
- 45 **DIR. ELAYDO:** Good afternoon, everyone. God bless us all. Please continue.
46
- 47 **ATTY. OBUSAN:** Moving on Mr. Chair we have under **Agenda (D)**, **"REQUEST**
48 **FOR THE APPROVAL OF THE AGENCY'S PLAN AND**
49 **BUDGET (APB) FOR CALENDAR YEAR (CY) 2025**
50 **AMOUNTING TO Php 1,603,245.000.00.**
51
- 52 **ATTY. OBUSAN:** To report on the summary of this agenda, may we recognize
53 Honorable Director Gerry Virgilio V. Guzman, Member,
54 Committee on Board Audit and Finance. Sir?
55

1 **DIR. GUZMAN:**

The Resource Persons, Mrs. Fortuna C. Benosa, Manager, Corporate Planning Department together with Mr. Reynaldo R. Aquino, OIC, Finance Department presented the agenda.

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4
5 • Manager Benosa stated that in pursuance of its mandates and
6 thrusts, and in line with the Department of Agriculture's Thrusts
7 and Strategies for 2023-2028, the NTA accords top priority to
8 the following Programs/Activities/Projects (PAPs) for Calendar
9 Year 2025:

10
11 1. Tobacco Farmers Production Grant

- 12
13 - With Php 100 Million budget from the National
14 Government, under Tier 1, will provide production
15 assistance at Php 6,000.00 each to about 16,667
16 tobacco farmers tilling 0.5 hectares and below.
17 - With the objective of increasing the assistance to more
18 tobacco farmers due to increasing cost of production,
19 the agency is proposing an additional budget of Php
20 286 Million under Tier 2, which will benefit about 23,354
21 tobacco farmers including those tilling above 0.5
22 hectares.

23
24 2. Tobacco Farmers' Production Assistance/Tobacco Contract
25 Growing System (TCGS)

- 26
27 - Continuing project funded from the agency's Corporate
28 Funds to provide production, technical, and marketing
29 assistance to tobacco farmers regardless of hectareage.
30 Php 100 Million is allocated to assist about 2,000
31 farmers that will be given a 40% subsidy from their
32 production loan;

33
34 3. Curing Barn Assistance Project (CBAP)

- 35
36 - Continuing project under Tier 1; Provision of facility
37 assistance for the construction and repair of about
38 3,000 curing barns and air curing shed for the tobacco
39 farmers of Regions 1, 2, and CAR.

40
41 4. Improved Tobacco Seedlings Project is proposed under Tier
42 2 with the aim of encouraging early planting among tobacco
43 farmers as it was found to improve the yield and quality of
44 tobacco leaves. The Php 20 Million proposed under Tier 2
45 targets to produce 40 million seedlings of 40 modules @
46 100,000 (per module) to be distributed to TCGS tobacco
47 farmers;

48
49 5. The Block Farming Project, also proposed under Tier 2, is a
50 clustering program under Sustainable Tobacco
51 Enhancement Program (STEP) which aims to encourage
52 farmers to engage in crop diversification and agribusiness
53 thereby increasing their productivity and income. Each
54 model block farm (12 block farms in all) will be provided with
55 project components such as capability building, assistance
56 in the production of other crops, such as rice, corn,
57 vegetable, and in poultry, livestock, irrigation,

1 mechanization, livelihood, and agribusiness. This shall also
2 answer the development of other viable alternatives to
3 support the tobacco farmers such as diversification of
4 commodities, given the worldwide campaign to bring down
5 tobacco consumption.
6

7 6. Technology Assistance, Extension and Production Support
8 Services. This program includes the provision of certified
9 tobacco seeds for tobacco farmers, pest clinic and quick
10 response team, monitoring of soil and water quality and
11 provides the resources for NTA extension workers to
12 monitor the implementation of its various programs and
13 projects. It is also implementing the Farmer's
14 Organizational Development, where trainings are provided
15 to tobacco-based cooperatives or associations and block
16 farms, including livelihood trainings in coordination with
17 relevant government agencies.
18

19 7. Agricultural Researches are aimed at improving the
20 production technology particularly on the preservation or
21 development of current tobacco varieties, field verification of
22 organic and inorganic fertilizers or pesticides to recommend
23 the suitable fertilizers for various tobacco types that will
24 lessen the cost of production and improvement of Curing
25 Structures and Curing Processes to tap other fuelwood
26 sources like Solar-aided Curing Barns.
27

28 8. Industrial Researches are focused on other uses of
29 tobacco. The research on Tobacco Handmade Paper has
30 led to the production of novelty items that are already ready
31 for commercialization and were piloted to the Women
32 Weavers Association of Banna, Ilocos Norte; In a
33 collaborative research with FPRDI, Los Banos, ground
34 tobacco stalks were found to be a safe additive in wood
35 glue and effective in termites; Other researches include
36 Tobacco Powder and Extracts as organic pesticides in fruit
37 bearing trees and vegetables, while soaps and shampoos
38 were found to control diseases of animals;
39

40 9. Quality Assurance for Tobacco Leaf and Manufactured
41 Products will concentrate in the provision of laboratory
42 services to test the quality of soil, water, fertilizer, and leaf
43 tobacco, including the continuing study and monitoring of
44 physical and chemical quality of cigarettes, as an input to
45 continuing technology adjustments, standards formulation
46 and effective regulation enforcement and compliance.
47

48 10. Renewable Energy Farm Project and Restoration of
49 Ecological Integrity of Tobacco Growing Regions. Activities
50 will include the annual Synchronized Tree Planting where
51 about 1 million tree seedlings are being planted in Regions
52 1, 2, and CAR.
53

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11. Regulatory Services include monitoring of trading operations, documentation of tobacco production where NTA certifies annually to DBM as basis for R.A. 7171 & 8240 shares of LGUs. Likewise, issuance of license/permits to leaf buyers, importers and exporters, and the conduct of bi-annual Tripartite Consultative Conference for the setting of tobacco floor prices.

12. Market Research and Development includes research and assessment on the local tobacco industry, situations/trends of the international market and trade promotions thru participation in trade exhibits.

13. Communication Support Program 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, and other forms of social media.

14. Institutional Development Programs include Human Resource Development activities, capability trainings for the agency's personnel and improvement or repair of facilities, buildings, and all other activities under General Administration and Support Services (GASS).

15. Scholarship Program for Tobacco Farmers Dependents, is in response to R.A. 9211, and a program for the youth sector and aims to encourage students to enroll in agriculture-related courses.

16. Proposed under Tier 2 is the Establishment of Tobacco Research and Grading Institute as provided under Section 3 of R.A. 4155 or the Tobacco Fund, to professionalize the extension workers, tobacco farmers, and graders of trading centers. The initial amount of Php 150 Million shall cover land acquisition, detailed engineering design, improvement of Branch Training Centers and Capability Building.

17. Support to Operations (STO) Projects/Activities which are regularly funded under the GAA.

- Mr. Aquino on the other hand, stated that for the effective implementation of its programs and projects for CY 2025, the NTA will need a Total Agency Budget of One Billion, Six Hundred and Three Million, Two Hundred Forty-Five Thousand Pesos (Php 1,603,245,000.00).

- It will be spent for the following:

Personal Services	Php	324,303,000.00
MOOE	Php	975,502,000.00
Capital Outlay	Php	303,440,000.00

1 • This subject matter having been thoroughly discussed
2 during the Committee Meeting, and with a Motion to
3 Approve, which was duly seconded. I respectfully move for
4 the approval of the agenda. Thank you very much!
5

6 **DIR. ELAYDO:** I second the motion.

7

8 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection?
9

10 **DAOP CASELA:** Assuming that DBM will approve this amount of budget, it will
11 still pass through Senate hearing. Php 150 million because
12 Honorable Madam Senator Villar advised NTA that Php 100
13 million from that budget of TCGS will be given as subsidy to
14 tobacco farmers. So that depleted the fund for TCGS and
15 correspondingly there was a decrease in the area and of
16 course the number of farmers from grades.
17

18 And here comes additional and that Php 100 million that was
19 distributed among tobacco farmers with certain parameters
20 established by NTA, that Php 100 million, the number of
21 farmers beneficiaries was 16,666 farmers was given Php
22 6,000.00 per farmer. And with the proposed Tier 2 of the same
23 grant, we are requesting for Php 286 million for the same
24 purpose to cover more farmers.
25

26 **MRS. BENOSA:** It was about Php 250 Million approved last year. There's a
27 counterpart of the agency.
28

29 **USEC. SAVELLANO:** May we get the exact figures?
30

31 Yes, sir. In Tier 1, there is Php 550 million, sir. Continuing Tier
32 1. Php 550 million. That is for 2024 and we suppose that this
33 will be carried over in 2025 because it's continuing.
34

35 **USEC. SAVELLANO:** So, about Php 550 million for 2024?
36

37 **MRS. BENOSA:** Yes, sir. And for 2025 maybe it will be the same.
38

39 **USEC. SAVELLANO:** Okay, for the request.
40

41 **MRS. BENOSA:** So, for 2024, it's Php 237 million.
42

43 **USEC. SAVELLANO:** Php 237 million for 2024?
44

45 **MRS. BENOSA:** Php 351.9 million, sir.
46

47 **USEC. SAVELLANO:** For 2025? So how come in 2025, it will go down again?
48

49 **MRS. BENOSA:** Sir, I'm very sorry. We don't have our Budget Officer. Although
50 our Finance is here. Sir, according to our Finance, due to many
51 retirees, so the request for Personnel Services (PS) went
52 down.
53

54 **USEC. SAVELLANO:** So, for MOOE, 2023?
55

56 **MRS. BENOSA:** 2023 is Php 367.7 million.

1 **USEC. SAVELLANO:** 2024?
2
3 **MRS. BENOSA:** Php 459.6 million, sir.
4
5 **USEC. SAVELLANO:** So, halos na-doble 25? So Capital Outlay?
6
7 **MRS. BENOSA:** For 2023, it's Php 165.5 million. 2024 is Php 244.7 million, sir.
8
9 **USEC. SAVELLANO:** So our budget for this year, Php 351M, Php 459M, Php 244M.
10 That's almost one billion.
11
12 **MANAGER:** Yes, sir.
13
14 **USEC. SAVELLANO:** Isang billion din. Personnel, Maintenance, MOOE, Capital
15 Outlay, billion na rin.
16
17 **MRS. BENOSA:** Yes, sir. Meron counterpart din ng Corporate Funds po diyan.
18
19 **USEC SAVELLANO:** Ilan yung Corporate Funds?
20
21 **MRS. BENOSA:** Sa anong year po?
22
23
24 **USEC. SAVELLANO:** Same, 2023-2024.
25
26 **MRS. BENOSA:** Sir, we don't have the exact figures at the moment.
27
28 **USEC. SAVELLANO:** Can you explain more about Corporate Funds?
29
30 **MRS. BENOSA:** Yung Corporate Funds po natin ay galing po sa ating dun sa
31 mga Interest Income. Meron din po tayong identification ng
32 ating corporate funds like Fees po. Meron din tayong, yung
33 Regulatory Fees mainly.
34
35 **USEC. SAVELLANO:** Regulatory? Saan Interest Income?
36
37 **MRS. BENEOSA:** Meron po tayong mga Administrative Charges doon po sa ating
38 mga production loans and other interest po sa ating mga
39 projects na ini-implement. Meron po tayong mga protocol
40 researches kaya lang konti lang po yung mga napupunta ng
41 private sector but it's only very minimal.
42
43 **USEC. SAVELLANO:** Pwede sabihin mo rin yan?
44
45 **MRS. BENOSA:** Yes, sir. Yung Corporate Funds po, for 2023 is Php 751.1M.
46
47 **USEC. SAVELLANO:** So, Corporate Funds, saan natin ginagamit.
48
49 **MRS. BENOSA:** Yan po yung dini-distribute din po natin. Meron tayong
50 additional for TCGS like nag-allocate tayo for 2024 na
51 additional Php 150M from corporate funds. Then for 2025,
52 another Php 100M to augment po yung binibigay natin sa mga
53 production assistance sa farmers.
54
55 **USEC. SAVELLANO:** So, for the Php 750M, Php 150M lang ang nagastos?
56

1 **MRS. BENOSA:** Ay hindi po Sir, hindi lang po yang sa TCGS marami pa po na
2 ibang ginagamitan. We will just provide na lang the detailed
3 presentation po. Right now po, we are preparing the needed
4 documentation for the upcoming Tier 2.
5

6 **USEC. SAVELLANO:** Tier 2 kasi mas malaki. Tier 1 lagi pinag-usapan. So anyway,
7 just present this next Board Meeting. So, there's a motion,
8 seconded. Anymore discussions? So, since there are no more
9 discussions, the motion is hereby APPROVED.
10

11 And I will be expecting the documents next week?
12

13 **MRS. BENOSA:** Yes Sir.
14

15 **BOARD RESOLUTION NO. 223, S. 2024**

16
17 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
18 GOVERNING BOARD APPROVES THE AGENCY’S PLAN AND BUDGET (APB)
19 FOR CALENDAR YEAR (CY) 2025 AMOUNTING TO ONE BILLION, SIX
20 HUNDRED THREE MILLION, TWO HUNDRED FORTY-FIVE THOUSAND PESOS
21 (Php 1,603,245,000.00) AND ITS SUBSEQUENT SUBMISSION TO THE
22 DEPARTMENT OF BUDGET AND MANAGEMENT.***
23

24 ***UNANIMOUSLY APPROVED....”***
25

26
27 **USEC. SAVELLANO:** Thank you. Next.
28

29 **ATTY. OBUSAN:** Next Agenda, Mister Chair, under **Agenda (E)**, the request for
30 **“Approval of the Audit findings and Recommendation on
31 the Implementation of Gulayan at Manukan sa Barangay
32 for Calendar Year 2023”**.
33

34 To report on the summary of this Agenda, may we recognize
35 Honorable Director Luzviminda Padayao, Member, Committee
36 on Board Audit and Finance.
37

38 **DIR. PADAYAO:** The Resource Persons, Mrs. Dina E. Pichay, Manager, Internal
39 Audit Department together with Mr. Resty C. Cambe, Division
40 Chief, Operations Audit Division (Internal Auditor V) presented
41 the agenda;
42

- 43 • The Gulayan at Manukan sa Barangay (GMB) CY 2023 is an
44 integral part of the Livelihood Assistance Program of the NTA,
45 a program that supports the Department of Agriculture’s effort
46 for food sufficiency.
47
- 48 • GMB has two components. One is diversified backyard
49 vegetable gardening wherein the seeds will be given free of
50 charge to identified tobacco farmer-beneficiaries with land and
51 labor, serving as their equity. The other component is
52 manukan; each farmer-beneficiary will be provided with 25
53 chicks and feeds, free of charge, with enclosures and other

1 necessary materials for the proper implementation of the
2 project as their equity.

- 3
- 4 • Generally, the audit determined whether GMB was
5 implemented effectively, efficiently, ethically, and economically.
6
 - 7 • The audit was conducted in the implementing NTA Branch
8 Offices in Cagayan, Isabela, Batac, Vigan City, Ilocos Sur,
9 Candon City, Ilocos Sur, Abra, Pangasinan, and La Union. A
10 sample of fifty percent (50%) or 667 farmer beneficiaries were
11 selected for document validation. From the document
12 validation samples, a further sample of another fifty percent
13 (50%) or 334 farmer-beneficiaries were selected for on-site
14 validation. The processes of recruitment, procurement, delivery
15 and distribution, collection, recording, and project monitoring
16 will be validated through the course of the audit.
17
 - 18 • The result on audit of GMB showed that the project was
19 implemented effectively, ethically, efficiently, and economically
20 EXCEPT for the following matters:
21
- 22 1. Late preparation of individual farm plan and budgets were
23 observed in NTA Pangasinan and NTA Isabela.
 - 24 2. Non-inclusion of farmer-beneficiaries in the approved
25 consolidated farm plan and budget, without definitive provision
26 mandating the Branch Project Management Team to submit an
27 amended list of farmer-beneficiaries for approval by the
28 Administrator/CEO in case of changes from the proposed list.
 - 29 3. Improper recording made by Branch Accountant of NTA La
30 Union on the distributed inputs and materials of the GMB
31 project was charged to the Other MOOE account instead of
32 Financial Subsidy account as budgeted in the Corporate
33 Budget for FY 2023.
 - 34 4. Excess refund to Central Office committed by NTA Vigan.
 - 35 5. There were some documented repeated farmer beneficiaries of
36 the program.
 - 37 6. In NTA Abra, six (6) broiler chicks were distributed to the
38 mother of the assigned extension worker.
 - 39 7. Incomplete distribution of inputs was recorded in NTA Abra,
40 NTA Candon, NTA Cagayan, and NTA Isabela.
 - 41 8. There were also reported distribution of inputs more than the
42 required quantity in NTA Cagayan and NTA Isabela.
 - 43 9. Non-preparation and non-submission of monitoring reports
44 committed by NTA Abra, NTA Pangasinan, and NTA Candon.

1 10.High mortality of broiler chicks in NTA La Union and NTA
2 Vigan.
3 11.Significant number of unplanted vegetable seed packs.
4 12.Discrepancies in the procurement process were also observed
5 in the procurement of inputs for the project.
6 • For each respective audit findings, the Operations Audit
7 Division correspondingly proposed recommendation to address
8 the issue.
9
10 • Mr. Nestor C. Casela, Deputy Administrator for Operations,
11 acknowledged the Audit Report and assured the Board that
12 changes will be implemented to address the flaws cited in the
13 report. Further, he stated that he will be issuing Memoranda to
14 respective Branch Managers to follow-up and monitor their
15 compliance to the recommendations made by the audit team.
16
17 • This subject matter having been thoroughly discussed during
18 the Committee Meeting, and with a Motion to Approve, which
19 was duly seconded. I respectfully move for the approval of the
20 agenda. Thank you very much!
21
22 **DIR. SERNA:** I second the motion.
23
24 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection?
25
26 **DAOP CASELA:** This project was continued last year. And again, there were
27 findings that our Branch Managers did not follow strictly the
28 Implementing Guidelines of the program. So much so that I
29 assured the Board of Directors that correspondingly these
30 Managers will be advised as to their compliance to the
31 recommendations of IAD as a way of improving the
32 implementation of the project, sir. Thank you.
33
34 **USEC. SAVELLANO:** Question lang. Right now, we have the AI, avian influenza. So,
35 with this, I think we should again have definite guidelines if the
36 chickens will be transferred from other provinces. So, if that's
37 the case, if we're going to implement it for this year, baka
38 magka-problema tayo. So, what I'm saying is dapat tingnan
39 natin ito. If there's a nucleus farm in Ilocos, doon na lang siya.
40 Doon na lang sila kukuha. Pero kasi di mo na ito pwede ilagay
41 sa Norte. So, we should look into that.
42
43 **DAOP CASELA:** Yes, Sir.
44
45 **USEC. SAVELLANO:** Kasi like dito, there were cases that of recorded mortality. Kasi
46 baka galing Manila or galing Batangas. Siyempre because of
47 yung distance siguro kaya may mga namatay. So those are the
48 things that we have to consider.
49
50 **DAOP CASELA:** Yes, Sir. So, this will be some sort of a measure, anticipatory.
51
52 **USEC. SAVELLANO:** Yes. And also make sure na vaccinated na yung chicks.
53

1 **DAOP CASELA:** Yes, Sir.
2
3 **USEC. SAVELLANO:** So that should be part of the Terms of Reference.
4
5 **DAOP CASELA:** Yes, sir.
6
7 **USEC. SAVELLANO:** And again, if we can identify yung mga breeder farms, yung
8 mga talagang with good genetics, mas maganda yung
9 pakikinabangan ng mga farmers natin. Only, yun nga, if that
10 farm is in Batangas, parang dito transfer yung malayo.
11
12 And also, if we can expand upon this, yung Gulayan at
13 Manukan. Ang isang mas mabilis sumami ay yung Itik-Pinas.
14 They will lay eggs, tapos mas mabilis. Even yung pagkain,
15 hindi problema.
16
17 **DIR. TRONGCO:** Pero problema sir yung lake. Dapat may lake.
18
19 **USEC. SAVELLANO:** Hindi na, hindi na. Naka-cage na ngayon yung nasa backyard
20 lang.
21
22 **DAOP CASELA:** Wala nang ganitong itik sir doon sa Ilocos.
23
24 **USEC. SAVELLANO:** Wala, pero we can develop it.
25
26 **DAOP CASELA:** With the purpose of fast-growing, yung mga manok natin.
27
28 **USEC. SAVELLANO:** And also, yung sa manok natin. Because sa D.A., mayroon pa
29 kami yung pang-itlog. Layers. Importante rin yun. Kasi majority
30 ng supply ng itlog natin galing Bulacan. Meron ilan sa Ilocos,
31 pero kulang. Ilang towns lang yan. Karamihan pa rin galing sa
32 ibang probinsya. Kaya if we can help them, we can develop the
33 industry as an alternative program for them.
34
35 **DAOP CASELA:** Yung modular cages for layers. Yung parang backyard na din.
36
37 **USEC SAVELLANO:** With only biosecurity to consider also, kailangan talaga. Kapag
38 may livestock, kailangan ng biosecurity. Again, if you can give
39 me list of recipients, pwede natin tulungan. Para mapalaki pa
40 natin. We can give additional money. We just incorporate those
41 guidelines. Unless kung may suggestions pa kayo, may
42 additional pa kayo for incorporation to these recommendations.
43
44 **DAOP CASELA:** This is a follow-through as a result of the findings. At the
45 moment, may mga disobedient farmers, kaya that is the
46 difficulty, Sir, if there is no established weaning period sa mga
47 assistance program natin. That should be established in all
48 these programs that we have so much so that we can also help
49 other farmers after the weaning period. So that assistance will
50 not only be concentrated to these favored farmers. It's a big
51 deal. Madami, namihasa na sa ayuda.
52
53 **USEC SAVELLANO:** Let's move on. So, there's a motion, seconded. Any
54 objections? I hear none. Then the motion is **APPROVED**. Can
55 we now go to the next item?
56
57

1 **BOARD RESOLUTION NO. 224, S. 2024**

2
3 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
4 **GOVERNING BOARD APPROVES THE AUDIT FINDINGS AND**
5 **RECOMMENDATIONS ON THE IMPLEMENTATION OF GULAYAN AT**
6 **MANUKAN SA BARANGAY FOR CALENDAR YEAR 2023.**

7
8 **UNANIMOUSLY APPROVED"**

9
10 **ATTY. OBUSAN:** Mr. Chair, the next agenda, under Agenda (F), the
11 "Presentation of the Financial Analysis Made on the
12 Tobacco Dust Processing Agribusiness Plant (TDPAP)
13 Project with Board Recommendations"

14
15 To report on this Agenda, may we recognize, Deputy
16 Administrator for Operations, Mr. Nestor C. Casela, and
17 Engineer Christopher Supang, OIC, TDPAP.

18
19 **DAOP CASELA:** As discussed yesterday, Your Honors, there were two
20 presentations as to the financial analysis. The first one is the
21 investment financial analysis and the operational financial
22 analysis.

23
24 And on the investment financial analysis, the initial amount of
25 investment for property and equipment initially was Php 94.8
26 million, sir. But because of the depreciation, there was a
27 significant reduction as to the present net amount, which is now
28 Php 57.4 million. Yun po ang total investment.

29
30 While on the operational financial analysis, it shows here that
31 ever since the tobacco dust plant started operating, it always
32 incurred losses. And to be more specific, for 2021, the net loss
33 was Php 22.2 million, and for 2023, Php 3.3 million.

34
35 So, the findings of COA was for NTA to stop operation, or
36 recommended to stop operation because of these continuous
37 losses. And despite of that feasibility study, which prompted
38 management of NTA to resume operation, the possibility that it
39 will breakeven, or the income would only be realized after a
40 five-year period, which will still be minimal. But with a yearly
41 loss of about Php 2 to 2.3 million, and considering the
42 precarious financial situation of NTA, NTA could not afford to
43 have these continuous losses, Sir.

44
45 So based on consultations with management, it was suggested
46 that there is a present inventory of finished products of about
47 2,628 bags, that is the inventory, and there is an existing raw
48 material. This is the unfinished products, which is about 3,500
49 kilos. And it is expected that if the raw materials will be
50 processed, this will turn out to be 1,400 bags.

51
52 And based on the report of the project manager, the expected
53 processing time for the raw materials will be up to April 30, and
54 it is expected that the remaining stocks to be sold will be
55 finished by May 31. That is the 2,628 bags and the 1,400 bags.

1
2 And management also suggested that if this finished product
3 will be sold out, then there will be cessation of operation of the
4 tobacco dust plant. And it is suggested that the property will
5 either be subject for lease or for rental. And as a result of this,
6 or maybe the undergoing activity of the Asset Inventory
7 Management team, in which other properties are being
8 evaluated, we will now include the tobacco dust as a subject to
9 appraisal.
10
11 And actually, there is an ongoing action of management to hire
12 a registered appraiser to determine valuation for the Kadiwa at
13 Ani property, the feed mill, and other properties of NTA. So, it is
14 opined that this tobacco dust plant will also be subject for
15 valuation, sir. Thank you, sir.
16
17 **USEC. SAVELLANO:** What's the pleasure of the body?
18
19 **DIR. PADAYAO:** The status of the operations of the tobacco dust plant will be
20 further evaluated, considering that there are still stocks left and
21 also raw materials to be processed then sold.
22
23 **DAOP CASELA:** Another question that crop up yesterday was the sustainability
24 of raw materials for the production. And there is no certainty on
25 that because from the present source of the raw materials, they
26 are also supplying these materials to other clients, Sir. So,
27 there is no certainty as to the availability of the raw materials.
28
29 **USEC. SAVELLANO:** So, our main concern now is the complex?
30
31 **DAOP CASELA:** Yes, sir.
32
33 **DIRECTOR PADAYAO:** And the structure and its continuing depreciation, Sir?
34
35 **DAOP CASELA:** Malaki ang depreciation, sir.
36
37 **USEC. SAVELLANO:** If I remember it right, it was deliberated before on either to sell
38 or lease the plant depende sa appraisal na ginagawa?
39
40 **DAOP CASELA:** Yes, sir.
41
42 **USEC. SAVELLANO:** So, we just wait for the appraisal before we can decide?
43
44 **DAOP CASELA:** Yes, so meaning to say that the final decision will be after the
45 result of the appraisal proper, sir?
46
47 **USEC. SAVELLANO:** So, we just take note of that and discuss the matter when the
48 appraiser will give us the report.
49
50 **DAOP CASELA:** But in the meantime, Sir, once we are able to dispose all these
51 finished products, the Management, I mean administration will
52 come up with this resolution, since most of the employees there
53 are job orders and definitely, they will be terminated. And those
54 who are working there as regular, they will go back to their
55 original mother units.
56

1 And of course, we still have to safeguard the property. So, it is
2 suggested that there will just be two security guards who will be
3 manning the property, sir.
4
5 **USEC SAVELANO:** Okay, so we will just take note of that and wait for the report of
6 the appraiser. So, can we now go to the Other Matters?
7
8 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the
9 next board meeting tentatively, it is calendared on April 30,
10 2024 at 9:00 AM, Tuesday.
11
12 **USEC. SAVELLANO:** Let's do it April 29 at 3:00 PM.
13
14 So, another thing, if we can Directors, every board meeting
15 may report lang tayo from the sectors that we are representing.
16 So yan yung isa.
17
18 Then another thing, every meeting, can we also have a report
19 regarding illicit trading. Kasi sobrang laki na masyado ng
20 losses ng government dito.
21
22 Para mo-monitor din natin, ano ba talagang participation? Ano
23 magagawa natin dito?
24
25 So ano ba meetings natin, twice a month di ba? I am expecting
26 na meron tayong regular reporting regarding these matters.
27
28 **DAOP CASELA:** I will advise Atty. Ambros regarding this, Sir.
29
30 At least with that approach Sir, we'll keep ourselves abreast
31 with situations internally and externally.
32
33 **USEC. SAVELLANO:** Next item.
34
35 **ATTY. OBUSAN:** Next item, Mr. Chair, is adjournment.
36
37 **USEC SAVELLANO:** There's a motion?
38
39 **DIR. PADAYAO:** Mister Chair. I move for the adjournment of the meeting.
40
41 **DIR. SERNA:** I second the motion.
42
43 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
44
45 SO, ORDERED.
46
47 **ATTY. OBUSAN:** That concludes our 173rd Regular Meeting of the NTA
48 Governing Board. To all the online participants, thank you for
49 your attendance and participation. Magandang hapon po sa
50 lahat.
51

52 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 3:20 PM**
53
54
55
56
57

(no subject)

1 message


Maylyn Mizal <maylyn.mizal09@gmail.com>
To: nta.governingboard@gmail.com

Wed, Apr 24, 2024 at 10:52 AM




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375K

PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:



Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND TWENTY-EIGHT (128TH) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
30 APRIL 2024 (10:00 AM)**

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - **Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - **Vice-Chair of the Board and Administrator & CEO**

Dir. JESSIE PAT M. SERNA - **Member, Tobacco Traders/Exporters Sector**
Dir. RAY A. ELAYDO - **Member, Tobacco Manufacturing Sector**
Dir. DANILO C. TRONGCO - **Member, Tobacco Farmers Sector**
Dir. LUZVIMINDA U. PADAYAO - **Member, Tobacco Farmers Sector**
Dir. GERRY VIRGILIO V. GUZMAN - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

Mr. NESTOR C. CASELA - **Deputy Administrator for Operations**
Mr. BENEDICTO M. SAVELLANO - **Deputy Administrator for Support Services**
Mr. BENJAMIN V. SARMIENTO - **Special Assistant to the Administrator/
Executive Assistant IV**
Atty. JUN FRED V. PARADO - **Attorney V, Office of the Administrator**
Atty. GORGONIO G. OBUSAN III - **Board Secretary V**
Mrs. MAYLYN FLORES-MIZAL - **Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

1
2
3
4 **ATTY. OBUSAN:**

Good morning, everyone. For the 128th Special Meeting of the NTA Governing Board, held today April 30, 2024 (Tuesday), 10:00 AM at NTA Board Room, 11th Floor Upper Class Tower, Quezon Ave., Quezon City. Please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano. May we request you Sir to call to order the meeting.

12
13 **I. CALL TO ORDER**

14
15 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
16 *meeting to order at 10:00 AM.*

17
18 **USEC. SAVELLANO:**

The 128th Special Meeting of the NTA Governing Board is called to order. Mister Secretary? Who's going to lead the opening prayer?

21
22 **II. OPENING PRAYER**

23
24 **ATTY. OBUSAN:**

(Led the Opening Prayer.)

25
26 **USEC. SAVELLANO:**

So, can we now go to the next item, the determination of the quorum?

27
28
29 **ATTY. OBUSAN:**

Thank you, Mister Chair.

30
31 For the 128th Special Meeting of the NTA Governing Board, we
32 have of course, the Presiding Officer, Honorable
33 Undersecretary of the Department of Agriculture & NTA
34 Oversight Official / Alternate Chairman-Designate, Deogracias
35 Victor "DV" B. Savellano. *Good morning, Sir.*

36
37 We also have the Vice-Chairman and Administrator & CEO, the
38 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*

39
40 We also have the members of the NTA Governing Board, Hon.
41 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
42 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
43 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
44 Trongco, representing the Tobacco Farmers Sector; Hon. Dir.
45 Luzviminda U. Padayao, representing the Tobacco Farmers
46 Sector; and Hon. Dir. Ray A. Elaydo, representing the Tobacco
47 Manufacturing Sector; *Good morning, Directors.*

48
49 Also present here at the NTA Boardroom are:

50
51 Mr. Nestor C. Casela, Deputy Administrator for Operations,
52 *Good morning, Sir DAOP.*

53
54 Mr. Benedicto M. Savellano, Deputy Administrator for Support
55 Services, *Good morning, Sir DASS.*
56

1 Mr. Benjamin V. Sarmiento, Special Assistant to the
2 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*
3 Atty. Jun Fred V. Parado, Attorney V, Office of the
4 Administrator. *Good morning, Atty. JV.*
5

6 Likewise, present in the virtual platform are the respective
7 Department and Branch Managers, and OICs. *Good morning,*
8 *everyone.*
9

10 As such, Mister Chair, we have a Quorum.

11
12 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
13 Confirmation, Adoption, and Consideration in our Agenda.
14

15 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 128th Special
16 Meeting of the NTA Governing Board.
17

18 We have Agenda (A), the request for "Approval of the
19 **Agenda of the 128th Special Meeting of the NTA Governing**
20 **Board, held today, April 30, 2024, at 10:00 AM, at the NTA**
21 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
22 **Avenue, Quezon City.**
23

24 **USEC. SAVELLANO:** What's the pleasure of the body?
25

26 **DIR. TRONGCO:** Honorable Chair, I respectfully move for the approval of the
27 agenda of the 128th Special Meeting of the NTA Governing
28 Board, held today, April 30, 2024, at this time, at the NTA
29 Boardroom, 11th Floor, Upper-Class Tower, Quezon Avenue,
30 Quezon City.
31

32 **DIR. GUZMAN:** I second the motion.
33

34 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
35 hear none. Then the motion is APPROVED. Can we go to the
36 next item?
37

38 **BOARD RESOLUTION NO. 225 S. 2024**

39
40 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
41 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 128TH SPECIAL***
42 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 30 APRIL 2024, AT***
43 ***10:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
44 ***QUEZON AVE., QUEZON CITY.***
45

46 ***UNANIMOUSLY APPROVED...."***
47

48 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
49 **Minutes of the 173rd Regular Meeting of the NTA Governing**
50 **Board, held last April 16, 2024, at 1:00 PM, at the NTA**
51 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
52 **Avenue, Quezon City.**
53

54 **USEC. SAVELLANO:** What's the pleasure of the body? Director Padayao?

1 **DIR. PADAYAO:** Mr. Chair, I respectfully move for the Approval of the minutes of
2 the 173rd Regular Meeting of the NTA Governing Board, held
3 on April 16, 2024, at 1:00 PM, at the NTA Boardroom, 11th
4 Floor, Upper-Class Tower, Quezon Avenue, Quezon City,
5 subject to submission of amendments, if any, within five (5)
6 days from today.
7

8 **DIR. SERNA:** I second the motion.
9

10 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
11 hear none. Then the motion is **APPROVED**. Can we now go to
12 the next item?
13

14 **BOARD RESOLUTION NO. 226, S. 2024**

15
16 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
17 GOVERNING BOARD APPROVES THE AGENDA OF THE 173RD REGULAR
18 MEETING OF THE NTA GOVERNING BOARD, HELD ON 16 APRIL 2024, AT
19 1:00 PM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,
20 QUEZON AVE., QUEZON CITY.***
21

22 ***UNANIMOUSLY APPROVED...."***
23

24 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, request for "Approval
25 for the Issuance of NTA's Financial Statement for Calendar
26 Year (CY) 2023".
27

28 To report on the summary of this agenda, may we recognize
29 Honorable Director Ray A. Elaydo, Chairperson, Committee on
30 Board Audit and Finance. Sir.
31

32 **DIR. ELAYDO:** Good morning, Mister Chair and to everyone present here
33 today, this is the Summary Report of Discussion and
34 Recommendations for this Agenda.
35

- 36 • The Resource Persons, Mr. Reynaldo Aquino, OIC, Finance
37 Department, and Ms. Lorelie B. Figarola, Accountant IV,
38 presented the agenda;
39
- 40 • Mr. Aquino, informed the body that the corresponding Board
41 Resolution is a necessary requirement for submission to the
42 Commission on Audit together with the Financial Statement for
43 Calendar Year 2023.
44
- 45 • On her part, Ms. Figarola cited COA Resolution No. 2013-021
46 and Republic Act No. 10149 as the Legal Basis for the yearly
47 submission of the Financial Statements and other Financial
48 Reports /Schedules.
49
- 50 • Further, she stated that the Financial Statement is composed
51 of the Agency's Financial Position, Financial Performance,
52 Cash Flow, and the Notes to the Financial Statement.
53

54

1 • As of December 31, 2023, the Agency's Total:
2

3 1. Assets amounted to Php 3,570,696,014.97
4 2. Liabilities amounted to Php 2,210,353,811.61
5 3. Net Assets amounted to Php 1,360,342,203.36
6
7

8 • This subject matter having been thoroughly discussed during
9 the Committee Meeting, and with a Motion to Approve, which
10 was duly seconded. I respectfully move for the approval of the
11 agenda. Thank you very much!
12

13 **DIR. TRONGCO:** I second the motion.
14

15 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
16 just have some questions. How about the Las Piñas property,
17 is it included here in the NTA's assets?
18

19 **DASS SAVELLANO:** Mister Chair, the property in Las Piñas is still up for appraisal
20 including other NTA properties. Only the book values or
21 acquisition values of these properties are declared in the
22 Financial Statement.
23

24 **USEC. SAVELLANO:** Are we going to pay for the appraisal?
25

26 **DASS SAVELLANO:** Yes, Mister Chair. We already posted these properties for
27 appraisal. There is already an offer, but we want to check with
28 other government appraisers like Landbank and DBP because
29 the quotation of the private appraiser is Php 10,000.00 per title.
30

31 **USEC. SAVELLANO:** How many titles?
32

33 **DASS SAVELLANO:** More or less 400 titles Sir, or total of Php 4Million.
34

35 **USEC. SAVELLANO:** Let's move on. So, there's a motion, seconded. Any
36 clarifications? I hear none. Then the motion is **APPROVED.**
37 Next item.
38
39

40 **BOARD RESOLUTION NO. 227 S. 2024**

41
42 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE GOVERNING***
43 ***BOARD APPROVES THE ISSUANCE OF THE AGENCY'S FINANCIAL***
44 ***STATEMENT FOR CALENDAR YEAR (CY) 2023.***
45

46 ***UNANIMOUSLY APPROVED...."***
47

48 **ATTY. OBUSAN:** Next Agenda, Mr. Chair, under **Agenda (D)**, request for
49 **"Approval of the Tobacco Contract Growing System**
50 **(TCGS) Supplemental Guidelines for Inclusion to the**
51 **Original Implementing Guidelines."**
52

53 To report on the summary of this Agenda, may we recognize
54 Honorable Director Luzviminda U. Padayao, Chairperson,
55 Committee on Research and Extension. Ma'am.

1 **DIR. PADAYAO:**

2 Good morning, Sir. For this Agenda, the Implementing
3 Guidelines of the Tobacco Contract Growing System is already
4 in place. However, there are additional amendments for this to
5 be better implemented.

- 6
- 7 • The Resource Persons, Mr. Nestor C. Casela, Deputy
8 Administrator for Operations presented the agenda.
 - 9
 - 10 • According to him, these Supplemental Guidelines are
11 necessary to address situations which were only encountered
12 during the implementation of the project.
 - 13
 - 14 • He proposed the include the following provisions in the original
15 Implementing Guidelines of the project:

16 **1. Under Section B on Farm Inputs**

17 Reports on Force Majeure causes like drought (El Nino
18 Phenomenon), severe incidence of pests and diseases, freak
19 rain, and other natural calamities shall include documentary
20 proof/evidence like the picture of the damaged crop and
21 Certification as to the degree/extent of damage from the
22 Municipal Agriculture Officer (MAO) of the Municipality where
23 the occurrences existed.

24 **2. Under Section E on Production Assistance/Grant**

25

26 **6.** Farmer-cooperators who shall be able to pay 60% of the
27 total production assistance and complying with the provision of
28 No. 4 of Section B on Farm Inputs of the TCGS Implementing
29 Guidelines shall be automatically granted the 40% subsidy.

30 **3. Under Annex C (As amended based on Board Resolution**
31 **No. 216, S.2024)**

32 Inclusion of Native Cigar Wrapper Tobacco under the Different
33 Types/Sub-Types of the Tobacco Contract Growing System
34 (TCGS) to have a Production Target of 1,200 kilograms per
35 hectare.

- 36
- 37 • This subject matter having been thoroughly discussed during
38 the Committee Meeting, and with a Motion to Approve, which
39 was duly seconded. I respectfully move for the approval of the
40 agenda. Thank you very much!

41

42 **USEC. SAVELLANO:** There is a motion. Anybody seconded?

43

44 **DIR. SERNA:** I second the motion, Mister Chair.

45

46 **USEC. SAVELLANO:** Any further discussion? I hear none, then the motion is
47 **APPROVED.** Next.

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BOARD RESOLUTION NO. 228, S. 2024

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“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE TOBACCO CONTRACT GROWING SYSTEM (TCGS) SUPPLEMENTAL GUIDELINES FOR INCLUSION TO THE ORIGINAL IMPLEMENTING GUIDELINES.

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RESOLVED FURTHER THAT THE FOLLOWING SUPPLEMENTAL GUIDELINES/AMENDMENTS BE INCORPORATED TO THE ORIGINAL IMPLEMENTING GUIDELINES:

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4. Under Section B on Farm Inputs

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Reports on Force Majeure causes like drought (El Nino Phenomenon), severe incidence of pests and diseases, freak rain, and other natural calamities shall include documentary proof/evidence like the picture of the damaged crop and Certification as to the degree/extent of damage from the Municipal Agriculture Officer (MAO) of the Municipality where the occurrences existed.

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5. Under Section E (6) on Production Assistance/Grant

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Farmer-cooperators who shall be able to pay 60% 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.

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6. Under Annex C (As amended based on Board Resolution No. 216, S.2024), Inclusion of Native Cigar Wrapper Tobacco under the Different Types/Sub-Types of the Tobacco Contract Growing System (TCGS) to have a Production Target of 1,200 kilograms per hectare.

33
34

UNANIMOUSLY APPROVED....”

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38

ATTY. OBUSAN: On Other Matters, Mr. Chair, is the proposed schedule for the next board meeting tentatively, it is calendared on May 14, 2024 at 9:00 AM, Tuesday.

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USEC. SAVELLANO: Let's do it at 10:00 AM.

41
42

ATTY. OBUSAN: This is noted, Mister Chair.

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DAOP CASELA: Good morning, Sir. Still on Other Matters, there is a scheduled visitation of the Honorable Secretary of the Department of Agriculture, Sec. Tiu Laurel Jr. to the ULPI in Isabela. That is tentatively scheduled on May 8th. And late last week, Mr. Erwin Ang called me up. He's the Vice President of the ULPI and he informed me that the Regional Director of the Department of Agriculture in Region 2, scheduled series of programs to be attended by the Honorable Secretary. That would now limit the time allotted for ULPI.

53
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57

ULPI is requesting a longer time allotment to the visitation of the Honorable Secretary so that they can have ample time to present their new system that will now be used in the ongoing trading operations. We are hoping that you can intercede in behalf of ULPI.

1
2 **USEC. SAVELLANO:** They are requesting for how many hours at least?
3
4 **DAOP CASELA:** Sir, the whole day.
5
6 **USEC. SAVELLANO:** The whole day? That's not possible. Maybe four or five hours
7 will do. Usually, until lunchtime?
8
9 **USEC. SAVELLANO:** Nine to twelve?
10
11 **DAOP CASELA:** Nine to twelve, that will do, Sir. Thank you.
12
13 **USEC. SAVELLANO:** Can ULPI give us the itinerary?
14
15 **DAOP CASELA** Yes, sir.
16
17 **USEC. SAVELLANO:** I have a meeting with the Secretary on Thursday, so I need the
18 itinerary by tomorrow, because Wednesday is a holiday.
19
20 **DAOP CASELA:** Yes, Sir. We will be submitting it to you immediately, once I talk
21 with Mr. Ang this afternoon.
22
23 **USEC. SAVELLANO:** In our last meeting, I mentioned that we should include reports
24 coming from the different sectors that the Directors are
25 representing, any updates?
26
27 Kumusta ang trading operations? Anyway, so we'll know what's
28 happening. For the farmers, are they okay with the floor price?
29 Then for illicit trade, what's happening?
30
31 In terms of budgeting, we need to have more budget to combat
32 illicit trade. Because we used to have budget for intelligence,
33 but now we don't have that. So, what are we going to do? Illicit
34 trade is a big issue besetting the tobacco industry.
35
36 What are the concerns of the traders and the farmers? How
37 about the production and quality? What's happening to us? Are
38 we increasing the production? Are we having good quality
39 tobacco? That's what we need to address in our researches.
40 So, we need to put investments in our research.
41
42 Then our expansion program, are we expanding?
43
44 We also look at the status of the whole industry. And then the
45 pricing. Because we have a floor price. But I think it's super
46 high now, tama ba? How much is it now? These are the things
47 that must be reported.
48
49 It's necessary for us to appreciate what we're doing here.
50 Because if we don't say this, it's like we're not on the right
51 track. Then are we having other markets? Or are we just doing
52 what's already existing? So at least we know, so we can have a
53 plan.
54
55 So, I'm suggesting that in our next meeting, we need to report
56 the concerns of the traders and the exporters, that of the
57 farmers, and also the manufacturers. And I think everyone here

1 should know about it. If it's okay. So, we'll be informed. At least
2 we'll have a grasp of the industry. Because it's better. So, we're
3 not just doing daily operations, but we should look further also.
4

5 **DIR. PADAYAO:** Sir, actually we have an initial report of the ongoing trading
6 operations during our committee meeting. However, for it to be
7 more comprehensive, there will be minor revisions first, as
8 instructed to Atty. Ambros.
9

10 **USEC. SAVELLANO:** For what?
11

12 **DIR. PADAYAO:** Trading operation, Sir. We have the current prices. We have
13 acceptance already of the different buying stations. We will
14 report that next board meeting, but based on the initial data
15 gathered, the highest buying price now is Php 123.40 per kilo.
16 And it's for native.
17

18 **USEC. SAVELLANO:** Native?
19

20 **DIR. PADAYAO:** Yes Sir. In Misamis Oriental, the price per kilogram is very high,
21 Php 433.04.
22

23 **USEC. SAVELLANO:** It's because of the high demand but only limited supply.
24

25 **DIR. PADAYAO:** Yes, sir.
26

27 **USEC. SAVELLANO:** Maybe next time, we'll expand more in that area. So, it's a
28 perfect time. So, in our next planning session, we'll definitely
29 consider expansion.
30

31 **DIR. PADAYAO:** Yes, sir. And we must correlate it with soil analysis. Why in
32 there, the quality of tobacco produce is good. And the nicotine
33 content is also high.
34

35 **USEC. SAVELLANO:** Maybe you can join hands with BSWM, Bureau of Soil and
36 Water Management, a collaboration of sort. They have a big
37 budget under the D.A.
38

39 **DAOP CASELA:** Sir, based on the report on the total tobacco volume recorded
40 for the Mindanao area for 2022, they have recorded 4.3 million
41 kilos.
42

43 **USEC. SAVELLANO:** 4.3 million kilos, from Mindanao?
44

45 **DAOP CASELA:** From all the tobacco-producing areas in Mindanao, Sir.
46

47 **USEC. SAVELLANO:** Compared to last year?
48

49 **DAOP CASELA:** 3 million kilos last year.
50

51 **USEC. SAVELLANO:** That's good.
52

53 **DAOP CASELA:** The volume of production manifested on the price, as we can
54 see.
55

1 **USEC. SAVELLANO:** Once we have all this, in reporting, from 3 million kilos to 4.3
2 million kilos, what was the income of the tobacco farmers? So,
3 we can clearly see the effect on the industry.
4
5 So, in our next meeting, can we include it in our agenda?
6
7 From the farmer sectors, are they happy?
8
9 **MR. SARMIENTO:** Yes Sir, very happy, *kabi-kabila yung videoke*.
10
11 **USEC. SAVELLANO:** But from the traders? They are currently not selling because
12 the price is too much.
13
14 **DIR. PADAYAO:** They don't have to come up with their quota.
15
16 **USEC. SAVELLANO:** So again, as I said, we should investigate traders, farmers, and
17 illicit trade. Because illicit trade will kill the industry. Then how
18 about the production and quality. Is our production increasing?
19 Is our quality getting better?
20
21 **DAOP CASELA:** But concerning the increase in production, Sir, there is a
22 potential problem here. And this concerns the imposition of the
23 ceiling or cap for R.A. 8240 and R.A. 7171.
24
25 **USEC. SAVELLANO:** That's why it should be presented before the members of
26 Congress. We're already increasing. Your share is already
27 increasing. So, they're the ones who will take care of the cap.
28
29 **DAOP CASELA:** Yes, but I think the most concerned sector is the LGUs, Sir.
30
31 **USEC. SAVELLANO:** Of course, the LGUs have every right to be concerned, but
32 Congress will be the one that will take care of the cap.
33
34 **DAOP CASELA:** Two positions are being presented here, Sir. One is the
35 maintenance of the provision for R.A. 8240 and R.A. 7171
36 under R.A. 11346. That is 15%, maintaining the 15% share.
37 The other one is to increase the cap. For R.A. 8240, that is
38 native type, to increase the cap to P10 Billion, and for R.A.
39 7171, that is for Virginia, to increase the cap to P25 million, Sir.
40
41 **USEC. SAVELLANO:** Anyway, aren't you attending the meeting tomorrow with North
42 Luzon Alliance. It would be nice if we had a paper on that. We
43 can present it to them. They can look at it and maybe lobby for
44 us. The meeting is tomorrow, 9 o'clock in the morning in the
45 Congress.
46
47 **DAOP CASELA:** Since the NTA has more facts and issues about this, we
48 prepared already a draft of the position paper for the NTA.
49
50 **USEC. SAVELLANO:** So, we can present it to the chairman of the North Luzon
51 Alliance, before Congressman Barba. Have you met with the
52 livestock consultant?
53
54 **DAOP CASELA:** Mr. Jonathan, Sir? I called him up last Friday. We were both
55 busy. I was attending also to other important matters. But for
56 this week, rather, I hope I can meet with him next week sir.
57


1
2 the Board, which were going to ventilate further to ULPI for the
3 improvement of their system.
4
5 **USEC. SAVELLANO:** So, when are you going to meet with ULPI again?
6
7 **DAOP CASELA:** I will confer with Atty. Ambros as to the availability of ULPI. It's
8 good, sir, because in terms of volume if this is digitalized, I
9 think we can come up with more reliable data. Because ULPI
10 covers almost 85% of the total production for Burley and Batek
11 etc.
12
13 **USEC. SAVELLANO:** Can ULPI adapt to cover everything? Can we do that?
14
15 **DAOP CASELA:** No, because it's a different negotiation, Sir.
16
17 **USEC. SAVELLANO:** Why not give the system to NTA? The agency will then manage
18 the system. So, ULPI together with the other companies, it will
19 be using a uniform system.
20
21 **DAOP CASELA:** This is about the certification issued by NTA concerning the
22 volume of production of LGU. Here, it's just one click on their
23 system. You can see the file of every farmer, the pricing,
24 production, so on and so forth. It is very comprehensive.
25
26 **USEC. SEVELLANO:** That's why I said, convince ULPI to just convey it to the NTA, if
27 possible. Under CSR for, they will be NTA's big brother. Any
28 other matters?
29
30 **ATTY. OBUSAN:** Next item, Mr. Chair, is adjournment.
31
32 **USEC SAVELLANO:** There's a motion?
33
34 **DIR. GUZMAN:** Mister Chair. I move for the adjournment of the meeting.
35
36 **DIR. SERNA:** I second the motion.
37
38 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
39
40 SO, ORDERED.
41
42 **ATTY. OBUSAN:** That concludes our 128th Special Meeting of the NTA
43 Governing Board. To all the online participants, thank you for
44 your attendance and participation. Magandang umaga po sa
45 lahat
46
47 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:10 AM**
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:



Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZMININDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY FOURTH (174th) REGULAR BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
14 MAY 2024 (10:00 AM)**

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - **Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - **Vice-Chair of the Board and Administrator & CEO**

Dir. JESSIE PAT M. SERNA - **Member, Tobacco Traders/Exporters Sector**
Dir. RAY A. ELAYDO - **Member, Tobacco Manufacturing Sector**
Dir. DANILO C. TRONGCO - **Member, Tobacco Farmers Sector**
Dir. LUZVIMINDA U. PADAYAO - **Member, Tobacco Farmers Sector**
Dir. GERRY VIRGILIO V. GUZMAN - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

Mr. BENEDICTO M. SAVELLANO - **Deputy Administrator for Support Services**
Mr. NESTOR C. CASELA - **Deputy Administrator for Operations**
Mr. BENJAMIN V. SARMIENTO - **Special Assistant to the Administrator/
Executive Assistant IV**
Mrs. FORTUNA C. BENOSA - **Manager, Corporate Planning Department**
Atty. JUN FRED V. PARADO - **Attorney V, Office of the Administrator**
Atty. GORGONIO G. OBUSAN III - **Board Secretary V**
Mrs. MAYLYN FLORES-MIZAL - **Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

1 **MINUTES OF THE MEETING**
2
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4

5 **ATTY. OBUSAN:** Good morning, everyone. For the 174th Regular Meeting of the
6 NTA Governing Board, held today May 14, 2024 (Tuesday),
7 10:00 AM at NTA Board Room, 11th Floor Upper Class Tower,
8 Quezon Ave., Quezon City. Please welcome the Honorable
9 Undersecretary of the Department of Agriculture & NTA
10 Oversight Official/Alternate Chairman-Designate Deogracias
11 Victor "DV" B. Savellano. May we request you Sir to call to
12 order the meeting.
13

14 **I. CALL TO ORDER**
15

16 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
17 *meeting to order at 10:00 AM.*
18

19 **USEC SAVELLANO:** The 174th Regular Meeting of the NTA Governing Board is
20 called to order. Mister Secretary? Who's going to lead the
21 opening prayer?
22

23 **II. OPENING PRAYER**
24

25 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*
26
27

28 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
29 quorum?
30

31 **ATTY. OBUSAN:** Thank you, Mister Chair.
32

33 For the 174th Regular Meeting of the NTA Governing Board, we
34 have of course, the Presiding Officer, Honorable
35 Undersecretary of the Department of Agriculture & NTA
36 Oversight Official / Alternate Chairman-Designate, Deogracias
37 Victor "DV" B. Savellano. *Good morning, Sir.*
38

39 We also have the Vice-Chairman and Administrator & CEO, the
40 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*
41

42 We also have the members of the NTA Governing Board, Hon.
43 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
44 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
45 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
46 Trongco, representing the Tobacco Farmers Sector; and Hon.
47 Dir. Luzviminda U. Padayao, representing the Tobacco
48 Farmers Sector; and Hon. Dir. Ray A. Elaydo, representing the
49 Tobacco Manufacturing Sector; *Good morning, Directors.*
50

51 Also present here at the NTA Boardroom are:
52

53 Mr. Benedicto M. Savellano, Deputy Administrator for Support
54 Services, *Good morning, Sir DASS.*
55

56 Mr. Nestor C. Casela, Deputy Administrator for Operations,
57 *Good morning, Sir DAOP.*

1 Mr. Benjamin V. Sarmiento, Special Assistant to the
2 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*

3
4 Atty. Jun Fred V. Parado, Attorney V, Office of the
5 Administrator, *Good morning, Atty. JV.*

6
7 Likewise, present in the virtual platform are the respective
8 Department and Branch Managers, and OICs. *Good morning,*
9 *everyone.*

10
11 As such, Mister Chair, we have a Quorum.

12
13 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
14 Confirmation, Adoption, and Consideration in our Agenda.

15
16 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 174th Regular
17 Meeting of the NTA Governing Board.

18
19 We have Agenda (A), the request for "Approval of the
20 **Agenda of the 174th Regular Meeting of the NTA Governing**
21 **Board, held today, May 14, 2024, at 10:00 AM, at the NTA**
22 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
23 **Avenue, Quezon City."**

24
25 **USEC. SAVELLANO:** What's the pleasure of the body?

26
27 **DIR. PADAYAO:** Mister Chair, I respectfully move for the approval of the agenda
28 of the 174th Regular Meeting of the NTA Governing Board, held
29 today, May 14, 2024, at this time, at the NTA Boardroom, 11th
30 Floor, Upper-Class Tower, Quezon Avenue, Quezon City.

31
32 **DIR. TRONGCO:** I second the motion.

33
34 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
35 hear none. Then the motion is APPROVED. Can we go to the
36 next item?
37

38 **BOARD RESOLUTION NO. 229 S. 2024**

39
40 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
41 **GOVERNING BOARD APPROVES THE AGENDA OF THE 174th REGULAR**
42 **MEETING OF THE NTA GOVERNING BOARD, HELD ON 14 MAY 2024, AT**
43 **10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,**
44 **QUEZON AVE., QUEZON CITY.**

45
46 **UNANIMOUSLY APPROVED...."**

47
48 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
49 **minutes of the 128th Special Meeting of the NTA Governing**
50 **Board, held last April 30, 2024, at 10:00 AM, at the NTA**
51 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
52 **Avenue, Quezon City."**

53
54 **USEC. SAVELLANO:** What's the pleasure of the body? Director Padayao, please?
55

1 **DIR. PADAYAO:** Mr. Chair, I respectfully move for the Approval of the minutes of
2 the 128th Special Meeting of the NTA Governing Board, held on
3 April 30, 2024, at 10:00 AM, at the NTA Boardroom, 11th Floor,
4 Upper-Class Tower, Quezon Avenue, Quezon City, subject to
5 submission of amendments, if any, within five (5) days from
6 today.
7

8 **DIR. GUZMAN:** I second the motion.
9

10 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
11 hear none. Then the motion is **APPROVED**. Can we now go to
12 the next item?
13

14 **BOARD RESOLUTION NO. 230, S. 2024**

15
16 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
17 GOVERNING BOARD APPROVES THE MINUTES OF THE 128TH SPECIAL
18 MEETING OF THE NTA GOVERNING BOARD, HELD ON 30 APRIL 2024, AT
19 10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,
20 QUEZON AVE., QUEZON CITY.***
21

22 ***UNANIMOUSLY APPROVED...."***
23

24 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, request for "Approval
25 to increase the cash award incentive to service excellence
26 awardee in the individual and group categories
27 respectively in time for the upcoming NTA anniversary
28 celebration on July 24, 2024".
29

30 To report on the summary of this agenda, may we recognize
31 Honorable Director Jessie Pat M. Serna, Member, Committee
32 on Nomination, Remuneration, and Personnel Administration.
33 Sir.
34

35 **DIR. SERNA:** Okay, here is the Summary Report of Discussion with regard to
36 this agenda, Honorable Chair.
37

- 38
- 39 • The Resource Person, Mrs. Zenaida T. Arrojo, Manager,
40 Administrative Department, presented the agenda;
 - 41 • According to her, the current cash award incentive given to
42 service excellence awardee in the individual and group
43 categories respectively has been in effect since 2018 as
44 approved by the Civil Service Commission;
 - 45 • Due to inflation and continuous increase in prices of
46 commodities for daily sustenance, it is just and proper to
47 increase the monetary cash award given to future winners
48 starting this year as proposed by the Committee.
 - 49 • The increase in monetary cash award will incur the agency an
50 additional of Php 97,500.00 and the funding will be taken from
51 the HR Fund.
 - 52 • This subject matter having been thoroughly discussed during
the Committee Meeting, and with a Motion to Approve, which

1 was duly seconded. I respectfully move for the approval of the
2 agenda.

- 3 • Thank you very much!

4
5 **DIR. GUZMAN:** I second the motion.

6
7 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
8 hear none. Then the motion is APPROVED. Next agenda.
9

10
11 **BOARD RESOLUTION NO. 231, S. 2024**

12
13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
14 GOVERNING BOARD APPROVES THE INCREASE IN THE CASH AWARD
15 INCENTIVE TO SERVICE EXCELLENCE AWARDEE IN THE INDIVIDUAL AND
16 GROUP CATEGORIES RESPECTIVELY IN TIME FOR THE UPCOMING NTA
17 ANNIVERSARY CELEBRATION ON JULY 24, 2024.***

18
19 ***UNANIMOUSLY APPROVED...."***

20
21
22 **ATTY. OBUSAN:** Moving on Mr. Chair, we have under Agenda (D), request for
23 "Approval designating the listed NTA Officials as the
24 agency's representatives in securing Authority To Print
25 (ATP) Receipts/Invoices from the Bureau of Internal
26 Revenue (BIR)."
27

28 To report on the summary of this agenda, may we recognize
29 Honorable Director Ray A. Elaydo, Chairperson, Committee on
30 Board Audit and Finance. Sir.
31

32 **DIR. ELAYDO:** The Resource Persons, Mr. Reynaldo R. Aquino, OIC, Finance
33 Department, presented the agenda.
34

- 35 • According to him, NTA is presently applying/securing Authority
36 To Print (ATP) 1,000 booklets of Official Receipt from the BIR.
37 At present, there are only 430 booklets remaining on stock.
38 These are for use of all Collecting Officers of the agency in the
39 Central and Branch Offices.
40
- 41 • One of the requirements to secure ATP to Official Receipts or
42 Invoices for non-individual is the Board Resolution or Secretary
43 Certificate indicating the purpose and the name of the
44 Authorized Representatives.
45
- 46 • The NTA Management respectfully recommends the following
47 NTA officers to be designated as the official representative/s of
48 the Agency to the BIR in applying and securing Authority To
49 Print Official Receipts/Invoices as follows:
50

- | | | |
|----|------------------------|------------------------|
| 51 | 1. Reynaldo R. Aquino | OIC / Budget Officer V |
| 52 | 2. Marivic G. Espolong | Budget Officer IV |
| 53 | 3. Merilene V. Sansano | Budget Officer II |
| 54 | | |

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- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. TRONGCO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussion, or objection? I have some questions.

Regarding the receipts and invoices, after printing, what do you expect?

DASS SAVELLANO: These are distributed to the branch offices Mister Chair. They issue these receipts, to our clients, to those who apply for fees or those who are paid by the NTA.

USEC. SAVELLANO: How sure are we that these receipts or invoices are not being copied and used for other purposes, illegal or illicit purposes?

DASS SAVELLANO: Your Honor, the authorized printing that is authorized by the government is the APO Printing Office.

USEC. SAVELLANO: So, they are the ones printing, APO? They are the one that prints cigarette labels too, isn't it?

DASS SAVELLANO: Mister Chair, I think, that's the one we're talking about.

USEC. SAVELLANO: The NTA and BIR should also help to curve these illicit activities. Let's help the industry. So, what will we do so that the government doesn't go bankrupt? Because we're losing so much and the government needs money.

DASS SAVELLANO: Your Honor, that will be part of the report that we will be provided later by Atty. Ambros.

USEC. SAVELLANO: Can we defer the approval of this Agenda for the meantime. We will get back on this later. If the Honorable Director Elaydo is amenable?

DIR. ELAYDO: Amenable, Mister Chair.

USEC. SAVELLANO: Thank you. So, we'll just go ahead with the agenda.

ATTY. OBUSAN: Next Agenda, Mister Chair, under Agenda (E), "Presentation on the updates on Tobacco Acceptances as of April 30, 2024 and NTA's campaign activities in combatting Illicit Tobacco Trade."

To report on the summary of this Agenda, may we recognize Honorable Director Jessie Pat M. Serna, Chairperson, Committee on Trading Operation and Regulations. A more comprehensive report will be delivered by Atty. Rohbert Ambros, Manager, Regulations Department subsequently.

DIR. SERNA: Again, good morning, Mister Chair.

1 **USEC. SAVELLANO:** Good morning, Director Serna. Please go ahead.
2
3 **DIR. SERNA:** With regard to this Agenda, as we all know, the illegal trade of
4 smuggled cigarettes at the moment legitimately defies the
5 government's tax revenues and poses a direct threat to the
6 economic well-being of our community.
7
8 The government at present is losing at least P60 million in
9 excise taxes yearly. Euromonitor estimates that 13 percent of
10 Philippine cigarettes are illegal, as some parts in Mindanao,
11 Zamboanga Sibugay, and Misamis Occidental has the highest
12 percentage. Six out of ten cigarettes sold in retail are illegal.
13
14 Last week, the President has directed the Bureau of Customs
15 and Bureau of Internal Revenues to enhance their efforts
16 against illicit trade of smuggled cigarettes. During the meeting
17 with the private sector advisory council of the agricultural
18 sector, he instructed them to find ways and give more efforts in
19 order to improve their performance. With this, again, may I ask
20 Attorney Ambros to have a more comprehensive report on this
21 matter. Thank you.
22
23 **ATTY. AMBROS:** Thank you, Director Serna. Good morning, Mister Chair.
24
25 **USEC. SAVELLANO:** Somebody will suspend the rules so we can accommodate the
26 request to recognize our resource speaker, Atty. Ambros.
27
28 **DIR. GUZMAN:** Mister Chair, to make the way for the report of Attorney
29 Rohbert Amnbros, may I move for the suspension of the rules?
30
31 **USEC. SAVELLANO:** So, there's a motion for the suspension of the rules, anybody
32 seconding?
33
34 **DIR. TRONGCO:** I second the motion.
35
36 **USEC. SAVELLANO:** So, may we now request Attorney Rohbert Ambros to present
37 the report?
38
39 **ATTY. AMBROS:** Thank you, Your Honor. Good morning to everyone. I have
40 already presented this yesterday during the Committee
41 Meeting on Trading Operation and Regulations, so I'll be
42 presenting it again for the information of the Honorable Chair.
43
44 So as of April 30, the status of buying on the local trading is at
45 100%. So, all issued licenses on buying stations are fully
46 operational for the three tobacco types to include Virginia
47 tobacco, Burley, and Native. So as of April 30, based on our
48 purchase commitment received from the tobacco buyers,
49 purchase commitment is a volume that will be committed to be
50 bought by the trading centers.
51
52 So out of the 40.209 million kilograms volume, we are already
53 at 27.49% level with the Native type tobacco having the highest
54 percentage share of 35.69%. Burley has 12.27% and Virginia is
55 at 27.86%. As you can see, the average price for all the
56 tobacco types is Php126.32 with the Batek type having the
57 highest buying price of Php320.77. Cigar filler has the lowest

1 buying price as of April 30. So, comparing our performance for
2 this year compared to last year, the volume of acceptance
3 doubled as of the same period of last year.
4

5 Last year we have accepted 5.2 million kilograms as of April,
6 but this year we have already accepted 11 million kilograms.
7 And this doesn't include the report from the ULPI which
8 requested for the suspension of the submission of the reports
9 because they are on the process of transition from manual
10 reporting to digital reporting. And of course, the value of the
11 acceptance has also doubled by 215.75% with the double
12 201.90% increase of the volume.
13

14 **USEC. SAVELLANO:** So, will there be significant change in volume in time?
15

16 **ATTY. AMBROS:** Not necessarily, Your Honor. But based on our record of
17 acceptances, mas madami yung nagbebenta ngayon na mas
18 maaga unlike last season. This is for 2024, Your Honor.
19

20 **USEC. SAVELLANO:** That's the crop year 2023 and 2024?
21

22 **ATTY. AMBROS:** Yes, sir. Comparing the last two crop years.
23

24 Based on our purchase commitment, mas mababa po yung
25 purchase commitment for 2024, by almost 2 million kilograms.
26 Purchase commitment, is the guaranteed volume of tobacco to
27 be traded or to be bought by the tobacco buying stations from
28 the farmers.
29

30 **USEC. SAVELLANO:** Mas mababa ngayon?
31

32 **ATTY. AMBROS:** Yes, sir. Nang 2 million as compared to last year.
33

34 Our production of tobacco, Your Honor, is market-driven quality
35 tobacco production.
36

37 **USEC. SAVELLANO:** Okay, market-driven. But we've been here for so long. So,
38 we're talking about quality. So, I assume that we're improving.
39

40 **ATTY. AMBROS:** Quality-wise, Your Honor, we are improving.
41

42 **USEC. SAVELLANO:** But the volume is decreasing. Improving, but the production is
43 decreasing.
44

45 **ATTY. AMBROS:** Well probably, the reason why production also decreases is
46 because the consumption of cigarettes also decreases. When
47 the excise tax on tobacco increased, dun na po nagsimula
48 yung reduction ng production. And naagawan pa ng illicit
49 trade, mas lalo pang bumaba, Your Honor.
50

51 **USEC. SAVELLANO:** Our goal now is to expand. Pero you're saying now, na
52 bumababa naman yung consumption. How will you reconcile
53 this, papaano tayo mag-expand kung bumababa yung demand,
54 bumababa ang consumption?
55

56 **ATTY. AMBROS:** Actually, Your Honor, we are speaking of legitimate
57 consumption because for the past years, there is 4.2%

1 decrease of the smoking population. Based on the records of
2 GATS, that is the Global Adult Tobacco Survey, 4.2% na yung
3 bumaba ng smokers in terms of population. But the legitimate
4 production of cigarettes decreased by 18%.
5
6 Your Honor, yung around 24% na dapat, supposed to be,
7 continuously nag-produce legitimately. And the question is,
8 saan po binibili ng existing smoker's pa rin yung 14% na
9 nawala? My presumption is that it was compensated by the
10 influx of illicit tobaccos. Doon na rin ako.
11
12 **DAOP CASELA:** Mister Chair, may I? Vape has taken, or eaten up a portion of
13 our market.
14
15 **USEC. SAVELLANO:** Vape, yan ba yung sa bagong planta ng Philip Morris?
16
17 **ATTY. AMBROS:** It's not a vape, Your Honor. It's non-smoking, it's a snus.
18
19 **USEC. SAVELLANO:** Tobacco product pa rin yan. Doon na rin ginagamit yung
20 produce natin di ba?
21
22 **ATTY. AMBROS:** Hindi pa sir, wala pa silang binabanggit na they will be buying
23 additional tobacco from local producers.
24
25 Kasi snus is a very special kind of tobacco product. And yung
26 source niyan, Your Honor, originally is from European
27 countries. So, I'm not really sure if the opening of the new plant
28 in the Philippines would entail additional production from local.
29
30 **USEC. SAVELLANO:** Baka pwede yung gadget nilang aromatize kapag tayo nang
31 mag-reproduce?
32
33 **ATTY. AMBROS:** We will do that, Your Honor. Kausapin po namin sila.
34
35 **USEC. SAVELLANO:** Kasi tayo yung regulatory body, di ba? So dapat ito yung
36 pinag-usapan para yung mga specialized tobacco na yan baka
37 pwede tayo mag-reproduce, mag-supply.
38
39 **ATTY. AMBROS:** Yes, Your Honor. That will be our assignment together with the
40 Administrator and the Honorable Deputy Administrator.
41
42 **USEC. SAVELLANO:** Okay. Thank you. Continue.
43
44 **ATTY. AMBROS:** As to average buying price, our prices for 2024 for Virginia
45 increased by Php13.27, for Burley by Php10.08.
46
47 **USEC. SAVELLANO:** So happy mga farmers?
48
49 **ATTY. AMBROS:** Yes, Your Honor.
50
51 **USEC. SAVELLANO:** Yan ang importante.
52
53 **ATTY. AMBROS:** On top of the floor prices, meron pang additional ng mga
54 incentives ang mga tobacco buying firms natin which were
55 given to our tobacco farmers.
56 **USEC. SAVELLANO:** Pwede mo i-report din yan?
57

1 **ATTY. AMBROS:** The incentives, Your Honor?
2
3 **USEC. SAVELLANO:** Yes.
4
5 **ATTY. AMBROS:** We will do that in our next periodic report.
6
7
8 If I may continue, Your Honor. Dito sa Native, bumaba siya ng
9 P49, almost P50. Tinitingnan pa namin, Your Honor, how did
10 this happen? I think the reason why mababa yung buying price
11 for Native because wala pang masyado report from the ULPI.
12 Maybe kapag nag-resume na sila ng submission ng report, that
13 data will also change. In addition, Your Honor, the Native
14 variety, mahaba pa yung trading season nito, so medyo
15 mababa pa yung volume recorded.
16
17 As to comparative volume, value, and average buying price,
18 our average buying price for Virginia is Php94.96. With Abra
19 province having the highest buying price of Php105.06, and the
20 lowest buying price is at Candon, Php88.92.
21 **USEC. SAVELLANO:** Bakit Candon ang may pinakamababa na average buying
22 price?
23
24 **ATTY. AMBROS:** As per yung actual volume accepted and the payment of the
25 purchase price, ito po yung lumalabas. Because nadi-distribute
26 po siguro, as you can see, sila yung pinakamaraming volume
27 ngayon. 3.1 million kilos na po sila. So nadi-distribute na po
28 yung prices based on the classification, grades, tobacco
29 grades.
30
31 **USEC. SAVELLANO:** Itong report ba ninyo ay based on reports submitted by Branch
32 Offices or per Municipality? Baka sa susunod pwede nating
33 gawing per Municipality para mas makita natin.
34
35 **ATTY. AMBROS:** Per Branch Office, Your Honor. This is noted po, we will report
36 it per Municipality next time.
37
38 **DIR. PADAYAO:** Most likely, din Sir, kasi ULPI wala pa dito kaya napakalaki ng
39 difference.
40
41 **DIR. TRONGCO:** Yes. Atsaka Vigan and Candon, magkalapit lang yan. Pero
42 Malaki ang price difference nila.
43
44 **ATTY. AMBROS:** Yes, tama yung sinabi ni Director Luz, that bulk of the
45 production is at Candon which is covered by ULPI. Hindi pa sila
46 nakapagsubmit ng report.
47
48 Next reporting, they promised that within the month of May,
49 makapag-submit na sila ng report.
50
51 **USEC. SAVELLANO:** Ano bang binibili talaga ng ULPI?
52
53 **ATTY. AMBROS:** Lahat, Sir. Lahat nang tobacco types.
54
55 Ang average for the Burley type is Php78.20 with Cagayan
56 branch office having the highest price of Php92.69, Pangasinan

1 having the lowest of Php75.43. Sa volume, 936.6 thousand
2 kilos pa lang wala pang 1 million.
3
4 **USEC. SAVELLANO:** Pero ang 1st district may Burley?
5
6 **ATTY. AMBROS:** Meron, Your Honor.
7
8 **USEC. SAVELLANO:** Walang Vigan?
9
10 **ATTY. AMBROS:** Wala pa siya ngayon, Your Honor. Pero meron silang tanim.
11 Trading season for Burley will end by July 31. So lahat ng ito
12 yung ULPI ng updated report, Sir.
13
14 **DAOP CASELA:** Sila po yung pinakamalaking acceptance. I think it's 85% of the
15 total production, sila po yung bumibili.
16
17 **USEC. SAVELLANO:** So, with this report, may expansion pa tayo for planting?
18
19 **ATTY. AMBROS:** Pwede naman, Your Honor. We can expand as long as there's
20 demand.
21
22 **DAOP CASELA:** Because of the price increase now, there's no need to
23 campaign for more planting because it is inherent sa mga
24 farmers natin na established norm na kung magandang presyo,
25 susunod na taon, magtatanim tiyak yan. And this is particularly
26 not only for tobacco but practically all crops, Sir.
27
28 **USEC. SAVELLANO:** Anyway, they're the ones who benefit from it. Meron ba tayong
29 projection in terms of the volume of production that we can
30 expect for the next five years? Para makita natin ano possible
31 trend.
32
33 **ATTY. AMBROS:** Yes, sir. This is a conservative projection based on the prior
34 year's acceptance. So, our 2023 is 42 million kilos, so we are
35 expecting this year we will be recording a higher 46.5 million
36 kilos, and that is increasing until 2026.
37
38 **USEC. SAVELLANO:** So, 46.5 million kilos by 2024? Additional of 4.5 million kilos.
39
40 **ATTY. AMBROS:** Yes, Your Honor. But this is just an upper confidence
41 projection.
42
43 **USEC. SAVELLANO:** Our problem is not just production, if we're going to produce
44 also quality tobacco, because that's the demand of the market.
45 Right? That's our challenge.
46
47 **DAOP CASELA:** The manager of the Industrial Research Department will report
48 on the chemical qualities or characteristics of our tobacco, sir.
49
50 **USEC. SAVELLANO:** Because if they produce quality tobacco, the sales will be
51 higher than those that are rejected. That should be one of our
52 goals, right? How to improve production and at the same time
53 produce quality tobaccos. Continue.
54
55 **ATTY. AMBROS:** For the Native, the Batek/Morada has the highest average
56 buying price of Php320.77, with Mindanao having the highest
57 buying price of Php331.38. Cagayan, although this is a small

1 quantity of 2,500 kilograms, its average buying price is still at
2 Php112.92. La Union, more or less is at Php233.25.
3

4 For the Native Broadleaf, Isabela is the only one who has a
5 report. The average buying price is Php129.92 per kilogram,
6 and the same with Native Cigar Filler, only Isabela has a report,
7 with average buying price of Php62.51. So, these volumes are
8 small.
9

10 For the Native Traditional, the average buying price is
11 Php80.57. Pangasinan has the lowest at Php39.00. And Abra
12 again, recorded the highest buying price at Php92.19.
13

14 **USEC. SAVELLANO:** Why is that?

15
16 **ATTY. AMBROS:** Your Honor, it's still due to the ULPI. They have yet to submit
17 their periodic report because of the migration of their system.
18

19 **USEC. SAVELLANO:** So, all of this depends on the ULPI?
20

21 **ATTY. AMBROS:** Yes, Your Honor.
22

23 And for the grade distribution, okay, so we have a total of 5.3
24 Million for Virginia type. Ang pinaka-malaking share is 3.1
25 Million and the lowest is Vigan, with less than 1% share. So
26 maganda yung grade distribution natin kasi we have sa
27 Virginia, we have 54.79% high grade, that is from AA to C. And
28 for the medium grade, D and E 29.06. Pero yan, yung
29 sinasabing na palagi, na nawawala yung may mga
30 nawawalang grade dun sa distribution. Especially yung F1 and
31 F2. And for the reject, medyo mataas siya, 18.32%. Supposed
32 to be 10%, hindi dapat tumatas ng 10%. So baka yung F1 and
33 F2 ay napunta sa reject. I don't know the reason really why
34 nawala siya dun sa distribution, pero ang laki dito sa reject.
35 Except for Candon and the other, kasi meron sila. Pero maliit
36 pa rin yung volume, 1.18% and 0.88%. So barely 1% threshold.
37

38 For the Burley, all subtypes, yung D and E naman ang
39 nawawala. But all in all, our produce is still at the 80%
40 threshold. And mababa ang reject sa Burley, with 4.51%. And
41 the highest volume of recorded acceptance is at Pangasinan,
42 with 59%. And the lowest is Cagayan, with less than 1%.
43

44 For the Native, yan, consolidated na ito. We have a very good
45 grade distribution, kasi mataas yung percentage na Native
46 Broadleaf at 44.37%. Yung Batek/Morada is 28.78%. Cigar
47 Filler is less than 1%. Pero yung High Grades Traditional is
48 15.36%. And then the rest, medyo negligible yung mga
49 percentage. And mababa rin yung low grades nila. Low 1 is
50 less than 1% at 0.47%, and yung Low 2 is at 3.16%. The
51 highest production acceptance recorded is at Isabela, with
52 45.28% share, and pinakamababa pa rin sa Pangasinan at
53 0.01%.
54

55 So may mga nawawala pa rin grade distribution dyan, yung M1
56 and M2 sa La Union, and Pangasinan is from High to Low
57 Grade 1 distribution. So nasa Low 2 pa rin sila dun sa 332

1 kilograms na acceptance nila. And for Mindanao, they have
2 25.74% share, with 1.2 million acceptance report as of April 30.
3

4 So ito na yung totality ng ating grade distribution. So, for the
5 high grade, consisting of grades AA to C sa Virginia, and sa
6 Burley is from A to C and for the native, from Batek to Medium
7 1 grade.
8

9 High grade, medyo mataas at siya, 54.79%. Sa Medium grade
10 is 29.06%, and low grade is 6.86%. So all in all, ang reject
11 natin is below the 10% threshold.
12

13 And comparing that to our GCG target for 2024, 83% kasi yung
14 target natin sa GCG. So medyoangat pa tayo ng 0.85%. I
15 hope we will maintain this performance in terms of grade
16 distribution. Medyo malaki yata to yung percentage weight niya
17 sa total natin sa GCG.
18

19 I think that's 6 or 5%. Yes. Medyo mabigat kasi yung yield per
20 hectare, and yield per hectare sa kanyang grade distribution.
21 So that is my last slide for the update of the tobacco section.
22 So, thank you.
23

24 **USEC. SAVELLANO:** Pasok tayo sa target ng GCG. Very good. Right?

25
26 **ATTY. AMBROS:** Yes, sir.

27
28 **DIR. TRONGCO:** Maybe we can, as a program of the NTA, concentrate na lang
29 tayo sa pagtatanim ng Native type. Good quality, high grade
30 kasi mas mataas ang presyo.
31

32 **ATTY. AMBROS:** Yung buyer kasi, Your Honor, ang nag-dedicate kung saan
33 pwedeng magtatanim. Location specific.
34

35 **USEC. SAVELLANO:** Hindi nga, kaya nga NTA tayo, hindi ba pwede?
36

37 **ATTY. AMBROS:** I'm not really sure, your honor.
38

39 **DAOP CASELA:** Before, there was that law, yung Zonification Law, Sir, na it has
40 been practiced that for the Virginia type, it should be for the
41 four provinces only.
42

43 Now, because of market demands, nag-expand po ang
44 pagtatanim ng other types going up to Norte.
45

46 And maybe there is a connection with respect to the proceeds
47 of R.A 7171 for Virginia. and R.A. 8240 for Native or the Batek.
48

49 **USEC. SAVELLANO:** Pero kung saan tinatanim siya?
50

51 **DAOP CASELA:** Can I add, sir? Yung sinasabi kasi sa Zonification Law, yung
52 mga air-cured are only sana planted to the additional or
53 expansion areas.
54

55 **USEC. SAVELLANO:** Okay lang yung. Pero yung ngayon kasi expansion natin, di ba
56 pwedeng yun? Tayo mag-decide kung ano itatanim. Kasi mas
57 mataas ang presyo niya, di ba? We'll talk with all the buyers.

1 Ano yung mga demand? Yun ang dapat gawin natin. Let us
2 continue.
3

4 **ATTY. AMBROS:**

5 Okay sir. So, in addition to my report for today, I would just like
6 to report to you the NTA's activities in combating illicit tobacco
7 trade. So, before we will proceed to the main agenda, i-revisit
8 lang natin yung NTA charter. *So next slide.*

9
10 Of course, we very well know that the NTA was created under
11 E.O. 245. It's a government instrumentality with corporate
12 powers under the Department of Agriculture. We have the
13 general power to administer and regulate the tobacco industry.
14 Our specific powers are to promulgate and enforce rules and
15 regulation pertaining to production in terms of leaf and
16 production of tobacco products.

17
18 So, we also are empowered to formulate standards on tobacco
19 products and illicit tobacco. And together with standardization
20 is the power to classify tobacco and grading, of course, and
21 trading and the trading activities, both on tobacco leaf and
22 tobacco products.

23
24 So as per our specific powers, No. 5, we are only empowered
25 to impose administrative sanctions. In short, wala po tayong
26 police power. Police power entails the power to apprehend,
27 confiscate, and detain yung mga violators.

28
29 So, if we say administrative sanctions, we can only impose as
30 much as imposition of fine, or we may suspend and revoke
31 licenses and permits to buy or trade tobacco and tobacco
32 products.

33
34 So, this is the major activities that are covered under our
35 regulatory jurisdiction. Local leaf trading, cigarette and cigar
36 manufacturing, and, of course, international trading. *Next.*

37
38 Before we will see or look at the situation on the illegal illicit
39 trade, I'd like you to observe the smoking prevalence for 2009,
40 2015, and 2021. This is the result of the global adult tobacco
41 survey for those years.

42
43 So, we just concentrate on the right side, which is the current
44 tobacco smoking, which is the conventional smoking. Dito kasi
45 sa left, kasama yung mga vaping diyan. Between 2009 to
46 2015, nag-reduce ang smokers by 5.5%. And between 2015 to
47 2021, nag-decrease ulit siya ng 4.2%. So bumaba po siya.
48 *Next.*

49
50 Doon naman tayo sa local trading. So, from 2009 to 2015,
51 bumaba din ng 10.38%. And from 2015 to 2021, at nag-reduce
52 pa ulit ng 11.49%. So, what does that mean?

53
54 Ito na po yung result niyan. As per report from the BIR, dati po
55 tayong nagpoproduce ng 115 billion sticks a year. That was
56 2012. Wala kasi tayo yung record ng 2009. But eto na lang
yung nakuha natin ng removals na available record natin. So

1 doon sa 2012 to 2015, nag-decrease siya ng 22.70%. From
2 115 billion, naging 82.8 billion.
3

4 And for 2015 to 2021, nag-decrease uli ng 18.5%. So that's 82
5 to 59.5. Ang nawala po na cigarettes is 23,312,150.00. So
6 ganyan kalaki po nawala.
7

8 That's 28.15%. Pero tignan natin yung reduction ng smokers is
9 4.20% lang. Saan po sinigarilyo nung 24%? Saan po nabili ng
10 mga paninigarilyo yung 24% na nawala? So alam na natin
11 kung saan ang health. And if we will compute yung removals
12 na nawala ng 23 billion, that will translate to 58.2 billion pesos
13 of excise tax lang yan. So tama yung estimate natin na we are
14 losing 60 billion a year on excise tax and other taxes. *Next*
15 *slide.*
16

17 So ito po yung mga top producer worldwide with China as
18 number one.
19

20 Import pala muna. Importation to the Philippines. Yan yung
21 mga top five sources. So, Taiwan, Russia, Indonesia, South
22 Korea, and China. China contributes only 32 million sticks as
23 per official record. Pero if you look at world production, sila po
24 yung pinakamalaki.
25

26 Kahit sum-up mo yung next top four, sila parin yung
27 pinakamalaki. So, notwithstanding yung highest production
28 record nila, sila parin yung pinakamababa sa source of origin
29 ng ating mga imported cigarettes. Pero as we all know, off the
30 record, Chinese brands yung mga that are usually smuggled to
31 the Philippines.
32

33 So dito naman sa Philippines, ito na po yung ating situation for
34 2021. Hindi pa ito updated. So, 13% na nung local tobacco
35 being sold is illicit tobacco. Pinakamalaki dun sa southern part
36 with Zamboanga Sibugay, Misamis Occidental, and Sultan
37 Kudarat with 50.6%, 57.2%, and 35.6% percent. Umabot na po
38 dito yan sa Luzon with Palawan, 24.8%, Bataan 31.6%, Nueva
39 Ecija, Zambales, with 22.2% and 11.5%. So, 2021 record pa
40 lang yan. So wala pa tayo yung 2023 record. Malamang nag-
41 increase na po yung illicit tobacco in terms of percentage.
42

43 And we've heard na yung isang tobacco company, nagsara na
44 yung kanilang branch office sa Mindanao kasi hindi na sila
45 makapag-compete with the proliferation ng illegal tobacco.
46 *Next slide.*
47

48 Okay. Sa Mindanao, ito yung kanilang situation. 6 out of 10
49 cigarettes sold in Mindanao is illicit, illegal. The remaining 4,
50 yun na lang po yung genuine. Why? Because magkano lang
51 yung benta nila? Php35 pesos per pack only. But if that is
52 illegal tobacco, yung legit na tobacco, Php62 pesos pa lang is
53 excise tax na yun. What more yung cost ng kanilang
54 production? So that would translate to a total of Php150 to
55 Php120 pesos per pack. So saan ka pa bibili? Sa Php35 or
56 Php150, if your purpose is only to smoke cigarette.
57

1 So based on the record of the customs, ito po yung mga most
2 smuggled brands sa Mindanao. So, if you notice, wala pong
3 mga brands na locally registered. Why? Because itong mga
4 brands na ito are foreign brands. So yung mga owner ng mga
5 cigarettes na ito would not dare to come here in the Philippines
6 just to fight a case against dun sa mga smugglers. It would
7 entail them a considerable amount para lang ma-prosecute
8 yung mga nag-infringe ng kanilang products. So ganun po
9 yung style ngayon ng mga smugglers. They use foreign brands
10 para wala silang liability.

11
12 And of course, there are other brands such as Bros, Wilson,
13 Nelson, Billionaire, and R&B. Yan, Mindanao palang yan.

14
15 So, despite of the absence of police power for the NTA, hindi
16 naman po tayo nagkukulang against giving awareness against
17 illicit tobacco trade.

18
19 Number one, nagdi-distribute tayo ng mga posters and
20 business cards para maging aware yung public. So, these are
21 the examples ng mga posters. So *next*.

22
23 So ayan po, nilalagay natin yan sa mga public places. Dun sa
24 mga stores. These posters went as far as Maguindanao, when
25 the Administrator and the operations group went there to visit
26 yung tobacco areas, so nagdi-distribute din tayo ng mga
27 posters sa kanila. Okay, *next*.

28
29 Yan po, mga business card natin, instead of nasasayang lang
30 yung likuran ng ating business card, nilalagyan lang natin ang
31 mga don't be complicit, let's fight illicit. And of course, we've
32 been conducting webinars against illegal tobacco trade.

33
34 Yan, nag-invite tayo ng mga speakers, kagaya nila, former
35 Congressman Koko Morales, from the Bureau of Customs, and
36 the Bureau of Internal Revenues.

37
38 So aside from the webinar, we also conducted last year yung
39 International Tobacco Agricultural Summit. So, we've invited a
40 guest speaker, andiyan po si Governor Manotoc, representing
41 the President, and he delivered the message of the President.
42 So nandiyan din si Senator Villar, as the head of the
43 Committee on Agriculture sa Senate of the Philippines.

44
45 And we also participated in multi-sectoral meetings. Of course,
46 the subject is still illicit tobacco. So, we've been to Mindanao
47 last year.

48
49 Kasama naman natin dyan, yung mga high officials of the
50 House of Representatives at saka sa Senate. And yung mga
51 involved sa mga laws regarding trade and illicit activities.

52
53 And the last one was yung ating inter-agency consultative
54 meeting. So kasama si USec DV, of course, with the police
55 officers, mga private sectors, nandyang din sila.

1 So may mga information campaigns din tayo, sa mainstream
2 mass media outfits, such as, free tv channels and radio
3 stations. So yung ating Oras Ni Mannelon Ti Tabako, may mga
4 info materials video actually.
5

6 Ito yung latest. Napanood nyo na, *paki-share mo with sound na*
7 *lang*. Napanood nyo na yung dalawang nauna. Ito yung
8 pinakahuli. So ito, pini-play natin during break time doon sa
9 Oras Ti Mannelon, which is aired through Facebook Live.

10 So ito yung latest na video with our Honorable Administrator
11 speaking for the Tobacco Industry. In summary, si
12 Administrator is asking for support. Ayan, *lakasan mo lang*
13 *volume Jet*.
14

15 This is only one of the video infographics na ginawa natin to
16 give awareness to the public na tayo sa NTA ay may ginagawa
17 rin to curb illicit trade. So yung mga activities natin in the
18 pipeline are still under review by the PRO para doon sa mga
19 infographics din na ilalabas sooner.
20

21 Ito rin nag-participate din tayo sa international conferences,
22 one of which is yung sa WHO Framework Convention on
23 Tobacco Control, which we attended last February. So, one of
24 the topics there is yung illicit trade.
25

26 Okay, for our call for collaboration, the NTA regulatory
27 initiatives in curbing illicit tobacco trade is still at its childhood
28 stage. There is so much more to improve on and a lot more to
29 be done. The NTA needs the support of law enforcement
30 agencies and the private sector. The support of law
31 enforcement agencies will help the NTA improve its current
32 state of regulatory regime for the protection of the Philippine
33 tobacco industry.
34

35 And for our closing statement, the NTA is not alone in this
36 journey of curbing illicit trade, but with the help of those who
37 are mandated to enforce the laws, the NTA can achieve its
38 goals and aspirations in developing its roadmap with a whole-
39 of-government and whole-of-society approach in protecting the
40 legitimate tobacco industry and improving the collection of
41 revenues for the betterment of the whole country.
42

43 So yan lang po for now, and we hope that we can still have
44 much more activities to come. At least maybe not directly
45 apprehending those who are violating the laws, but at least we
46 are just raising awareness among the Filipino citizens. So
47 maraming salamat po, and good afternoon once again.
48

49 **USEC. SAVELLANO:**

50 Ito yung dapat nating mabantayan kasi the government is
51 losing so much money and we needed money to run our
52 government. Siguro dapat ayusin natin ang coordination with
53 other government agencies para coordinated yung efforts to
54 combat illicit tobacco trade. Dapat maging vigilant tayo.
55

56 On their part, the Congress is doing their part to amend our
57 current laws to combat these illegal activities.

1 Maybe, we can now move back to the previous pending motion
2 that was duly seconded. Any other discussions? I hear none,
3 so the motion is **APPROVED**. Next Agenda.
4
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10 **BOARD RESOLUTION NO. 232, S. 2024**
11

12
13 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
14 **GOVERNING BOARD APPROVES THE DESIGNATION OF THE FOLLOWING**
15 **NTA OFFICIALS FROM THE FINANCE DEPARTMENT/BUDGET CASH**
16 **MANAGEMENT DIVISION AS THE AGENCY'S REPRESENTATIVES IN**
17 **SECURING THE AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM**
18 **THE BUREAU OF INTERNAL REVENUE (BIR):**
19

- 20 **A. REYNALDO R. AQUINO OIC/BUDGET OFFICER V**
21
22 **B. MARIVIC G. ESPOLONG BUDGET OFFICER IV**
23
24 **C. MERILENE V. SANSANO BUDGET OFFICER II**
25

26 **UNANIMOUSLY APPROVED...."**
27
28

29 **ATTY. OBUSAN:** Mister Chair, the next agenda, under **Agenda (F)**, the
30 **"Presentation on the comparative Chemical Characteristics**
31 **or Properties of the Types of Tobacco for Calendar Year**
32 **(CY) 2021 to 2023**
33

34 To report on this Agenda, may we recognize, Dir. Luzviminda
35 U. Padayao, Chairperson, Committee on Research and
36 Extension and Mrs. Myrna O. Lozano, Manager, Industrial
37 Research Department.
38

39 **DIR. PADAYAO:** Mister Chair, the next agenda will be regarding the comparative
40 chemical properties of the different types of tobacco for the
41 past two years.
42

43 To discuss this topic comprehensively, may I move for the
44 suspension of the rules to accommodate Mrs. Myrna O.
45 Lozano.
46

47 **DIR. TRONGCO:** I second the motion.
48

49 **USEC. SAVELLANO:** So, may we now request Mrs. Myrna O. Lozano to deliver the
50 report?
51

52 **MRS. LOZANO:** Good afternoon, everyone. Today, I have the honor to present
53 to you the chemical properties of our Philippine tobacco for the
54 last two years.

1
2
3 In 2021, it was pandemic, our lab was closed, and our work
4 was not regular, and we were not able to validate the method
5 that was used here. So, I will only present it for two years.
6 Actually, the title is the physical and chemical properties.

7
8 Mister Chair, the physical properties will be reported next
9 committee meeting. Thank you.

10
11 First, I will report the percent of nicotine because this is the
12 important chemical composition of our Philippine tobacco.

13
14 From the table, copy of which was provided to everyone, we
15 can see here that the Flue-cured Virginia Tobacco is in the
16 category of Philippine Tobacco for three years. So, the nicotine
17 is only 1.07% on the average. In Ilocos Sur II, it recorded 1.27,
18 the highest by far.

19 **DAOP CASELA:**

20 Excuse me, Madam Myrna, will you kindly explain the
21 importance of nicotine as one of the important chemical
22 components of tobacco?

23 **MRS. LOZANO:**

24 Yes, sir. This is what they are afraid of in tobacco. Once we say
25 tobacco, we always say nicotine because this is the main
26 cause of addiction if we use tobacco as cigarette. But if you
27 can use it moderately, I don't think it's harmful. It's just like a
28 stimulant.

29
30 And then, in tobacco production, this is our target for
31 technology, production technology. That's why we have
32 Neutral, Improved. Neutral tobacco inherits its variety. This is
33 the yield of nicotine for the neutral filler type of Virginia.

34
35 We now go to the Virginia Improved Tobacco. This is what we
36 get. For the last two years, our average is 2.5%. And the
37 highest product that yields 2.8% is the Ilocos Sur I. *Next slide.*

38
39 Next. If we look at it, because the presentation here is the leaf
40 position so that we can understand why this is what's
41 happening or this is the yield of our tobacco. For Virginia-
42 Neutral tobacco, the lower leaf or the lowest leaf are the lugs.
43 This has the highest nicotine content. It can yield 1.29%. And
44 then, as you go up to the plant, its nicotine is already low. Here,
45 it's only 0.73%.

46
47 It's the opposite, if we look at the next table, this is Virginia-
48 Improved flavor. So, we can see that in the improved flavor, as
49 we go up, the leaf has higher nicotine content as compared to
50 the lower leaf. So, we can see here, from the lugs, it's 2.36.
51 The leaf is 2.75. Let's go to...

52 **USEC. SAVELLANO:**

53 Next time, please make an illustration para mas makita namin
54 kung alin ba yung ibaba at itaas na dahon.

55 **DAOP CASELA:**

56 For the information of the others. Now, the direction of our
57 cigarette manufacturers as well as our traders is, they are
advocating for the increased nicotine content.

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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.

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.

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%.

1
2 We remember before, the world really wanted our Isabela
3 Burley. But then, the cigarette manufacturing shifted to tobacco
4 products. And our global buyers want it to be even higher.
5

6 Because Burley tobacco is not only used in cigarettes, it is also
7 used in pipe tobacco.
8

9 So, when we look at the Improved Burley tobacco, it is high.
10 Just like in Virginia, they also top it, they remove the top leaf.
11 So, 4.2% of nicotine is from Ilocos Sur II, that is Candon. And
12 you can see, only 3% is from other provinces.
13

14 Let's go back to the leaf position for the Burley. For the Neutral
15 Burley tobacco, the higher the leaf position, the higher also the
16 nicotine content.

17 **MRS. LOZANO:**

18 For the Native, it has two types.
19

20 Batek is produced in La Union. And then, for Cagayan and
21 Isabela, they call it dark-aged tobacco (DAC) that they classify
22 as cigarette. And when you say Batek, the higher leaves has
23 4.3% content, its nicotine is high, and for the other leaves, it's
24 lower.

25 So, when we plant Native tobacco, we grow it for the purpose
26 to produce Batek and the lower one is the bigger type.
27

28 *Next slide.* This is 2021, the same as 2022, and 2023, the
29 nicotine is high in Batek tobacco.
30

31 *Next slide.* So, this is its chloride content. We analyzed the
32 chloride content of the Native tobacco.
33

34 And in La Union, its chloride content is very high. We saw this.
35 It should not be more than 1%.
36

37 But these Batek types, they are not for cigarette, they are for
38 chewing. So, maybe, if it is high in chloride, they can still chew
39 it. Maybe it will be more delicious if it is high in salt.
40

41 **DIR. TRONGCO:**

42 If it is high in salt, maybe it will taste better.
43

44 **MRS. LOZANO:**

45 Yes, sir. But then, the chloride content of La Union is really
46 high.
47

48 For our experimental stations, we analyzed in the protocol that
49 nicotine is high in chloride. So, maybe, we will remind La Union
50 that this is the chloride content of their produce. They should
51 not do this.
52

53 Because this is the only advantage. Nicotine is high, although it
54 is not high in chloride. Chloride content is very important as a
55 chemical composition or component of illegal tobacco,
56 especially for Virginia. If the chloride content is high, and it is
salty, then we should not do this.

1 One important quality of a good cigarette is it has good burning
2 quality. Salty tobacco does not burn easily. So, the chloride
3 content of Virginia tobacco That is the requisite. This is the last
4 overall assessment. *Next slide.*
5
6 This is our measurement.
7
8 Our Virginia neutral product is 1% nicotine. Our Virginia
9 improved flavor is 2.5%.
10
11 For Burley neutral, this is 3% and 3.4% for Burley improved.
12 The difference is small. That is why when it comes to prices of
13 neutral Burley, we say that the price of Burley improved is
14 higher than neutral.
15
16 And then for Native, Batek has high nicotine of 3.4% and for
17 the cigar filler, 2.3%. That would be all for my report.
18
19 **DAOP CASELA:** Thank you very much, Madam Myrna. Just to recap, in the
20 chemical composition of tobacco, there are three components
21 that we look at. That is nicotine, sugar, and chloride. Now,
22 depending on how you use it, that is where you need to know
23 the level of nicotine and also of chloride. Thank you.
24
25 **USEC. SAVELLANO:** Based on the assessment of comparison of 2021-2022 and
26 2022-2023 data, is it the same or is it increasing or
27 decreasing?
28
29 **MRS. LOZANO:** Sir, in the data that I presented for the last two years, there is
30 no change in our data. That means the technology we used is
31 the same. The variety is also for the neutral flavor, this is the
32 nicotine content. It's 1% below. It is a characteristic of our
33 Philippine tobacco.
34
35 **USEC. SAVELLANO:** On the business side of it, is the Philippine tobacco in terms of
36 physical characteristics and chemical content comply with the
37 international market requirements?
38
39 **MRS. LOZANO:** Yes, Sir. Because our improved flavor is comparable to our
40 imported tobacco. And I know they love our tobacco, especially
41 Isabela Burley.
42
43 **USEC. SAVELLANO:** How do you get the nicotine from the leaves?
44
45 **MRS. LOZANO:** Using extraction method, Sir.
46
47 **USEC. SAVELLANO:** Yung vape ba ay may nicotine content?
48
49 **MRS. LOZANO:** Yes, Sir.
50
51 **USEC. SAVELLANO:** Siguro, it's one aspect na pwede natin explore, nicotine
52 extraction tapos tayo na ang mag-supply ng nicotine sa mga
53 vape manufacturers.
54
55 **MRS. LOZANO:** Yes, Sir.
56

- 1 **USEC. SAVELLANO:** I suggest you make a project and budget proposal regarding
2 this then present it before the board. Kasi meron naman tayong
3 available raw materials, bakit hindi natin explore itong direction
4 na ito.
5
6 **MRS. LOZANO:** Ok po Sir.
7
8 **USEC. SAVELLANO:** Regarding this agenda, what is the pleasure of the body?
9
10 **DIR. PADAYAO:** Honorable Chair, I respectfully move that the NTA Governing
11 Board adopts the data as presented on the Comparative
12 Chemical Characteristics or Properties of the Types of Tobacco
13 for Calendar Year (CY) 2021 to 2023 as basis for the next
14 tobacco season and for consideration in making a project
15 proposal for possible production of nicotine thru extraction
16 method.
17
18 **DIR. GUZMAN:** I second the motion.
19
20 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
21 hear none. Then the motion is APPROVED. Next agenda.
22
23

BOARD RESOLUTION NO. 233, S. 2024

24
25
26 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
27 GOVERNING BOARD ADOPTS THE DATA AS PRESENTED ON THE
28 COMPARATIVE CHEMICAL CHARACTERISTICS OR PROPERTIES OF THE
29 TYPES OF TOBACCO FOR CALENDAR YEAR (CY) 2021 TO 2023 AS BASIS
30 FOR THE NEXT TOBACCO SEASON AND FOR CONSIDERATION IN MAKING
31 A PROJECT PROPOSAL FOR POSSIBLE PRODUCTION OF NICOTINE THRU
32 EXTRACTION METHOD.***

33
34 ***UNANIMOUSLY APPROVED...."***

- 35
36
37 **ATTY. OBUSAN:** Mister Chair, the next agenda, under Agenda (G), the
38 "Presentation on the Comparative Analysis of the Tobacco
39 Production Data per Tobacco-growing province for the
40 preceding four years (CY 2019-2020 to CY 2022-2023)."
41
42 To report on this Agenda, may we recognize, Ms. Evangeline
43 C. Cabigan, OIC, Farm Technology Services Department.
44
45 **MS. CABIGAN:** Good morning, Mister Chair and sa ating lahat.
46
47 So, let's start with Virginia Neutral Flavor.
48
49 We can see here that we physically get all the tobacco-growing
50 provinces here in Region I, except Pangasinan. And the total
51 area planted ranges from 3,926.26 hectares in 2023 to
52 4,523.92 hectares in 2020. So, we can see here the total area
53 planted in Virginia is lower than last year.
54
55 But if we look at the number of farmers, it is not lower. In fact,
56 last year, has the highest number of farmers. It shows that
57 each farmer planted less area, planted tobacco compared to

1 previous years. And so, Virginia has the largest area, more
2 than half of the total areas planted this year.
3

4 So, we know what the volume of production is. The highest
5 volume was attained in 2021 with more than 14 million
6 kilograms compared to the other years from 5 million to 6
7 million kilograms of production.
8

9 Kita natin sa 2021 na yung highest volume of production was
10 more than 9 million. So, the overall average yield for the last 4
11 years is 1.693 tons per hectare. I tried to look at the after-
12 operations report and I saw that in 2021, Candon did not have
13 farmers under TCGS.
14

15 So, yung total production of 9 million plus was produced by
16 non-TCGS farmers. And in the same year, yung mga TCGS
17 farmers, they had low-yield according to them, relatively low
18 yield is due to freak rain during that time. So, going again to the
19 volume of production, nakita rin natin sa 2023, mababa yung
20 average yield sa Vigan. So, compared to the others, all of them
21 were more than 1 ton. Sa Vigan is less than 1 ton. So, I looked
22 again at the after-operations report and I saw that for Vigan,
23 most of the farmers are non-TCGS.
24

25 So, kapag inilagay po sa graph yung percentage ng TCGS
26 farmers na nasa report natin, their average yield actually was
27 2.1 ton per hectare. So, with the inclusion of non-TCGS
28 farmers, we see na bumababa talaga yung average yield.
29

30 So, this is a graphical presentation para makita natin yung
31 values. So, kita natin dito na in all the provinces, talagang
32 bumababa yung area and number of farmers. It is fluctuating in
33 some areas.
34

35 Particularly po, dito kita natin sa Candon, bumababa po talaga
36 yung area planted. Sa production, nakita natin na highest
37 production ng Candon, and its average yield is 2.1 ton per
38 hectare.
39

40 It is surprising that in 2021, yung production ng Candon also
41 led to higher average yield per hectare compared to the others.
42 Whereas, retail as I have said is lower and this is actually all
43 non-TCGS farmers.
44

45 So, let's go to Virginia Improved Flavor.
46

47 Again, we find the tobacco growing provinces in Region I are
48 planting this except in Pangasinan. And the total area planted
49 last year was 6,084.29 with 7,954 farmers. So again, bumaba
50 naman po siya from previous years.
51

52 Comparing to the previous years, the highest was in 2022 in
53 terms of area planted and also, the number of farmers
54 participating. So, Candon has the biggest area planted to
55 Virginia Improved Flavor, more than half of the total area
56 planted.
57

1 And for the production, for 2020 to 2022, they were producing
2 14.4 million kilograms. Bumaba ito in 2023, to 10.9 million
3 kilograms. So, this resulted in the lowest average yield in 4
4 years.
5

6 So, looking at the average yield for the last 4 years, we
7 compared that in the report that TCGS only, the average yield
8 would be 2.2 tons per hectare. So, if we put in non-TCGS, it's
9 1.9, less than 2 tons. So, in both cases, the average target was
10 2.5 tons per hectare.
11

12 So, these are the reported issues for the following years.
13 Mostly, untimely heavy rains, and the pest outbreaks caused
14 by TMV, CMV, bacterial wilt, black shank, and fusarium wilt.
15

16 So, this is the graphical presentation.
17

18 Still, we can see the number of farmers participating is
19 decreasing, and this is particularly noticeable in La Union.
20 While in Candon, for example, the area is increasing. In La
21 Union, it's consistently decreasing throughout in those 4 years.
22 So, in the production, Candon produces more for Virginia
23 Improved Flavor. And then, for them, the highest average yield
24 is close to 2.5 compared to all other areas ending around 2
25 tons only.
26

27 Going back to Virginia Sun Cured, the area planted is small.
28 Last year, it was 137.95 hectares and in 2022, it was 159.06
29 hectares. But the number of farmers participating is increasing.
30

31 And in La Union, the production, as we can see here that it's
32 increasing. It increased a lot last year compared to the previous
33 years. Although, the area is not that far. So, this could mean
34 that their agricultural management is improving because it
35 became more than 2 tons per hectare last year.
36

37 Now, the neutral flavor, Burley, it's La Union and Pangasinan
38 that are planting this for the past 4 years. Isabela planted this in
39 2021 and 2022, but not last year. And Ilocos Norte also planted
40 last year. So, the number of farmers in all years is more than
41 1,000. And the area planted is more than 600 hectares, and
42 703 hectares in 2021.
43

44 *(While discussing the data on Burley, there was a temporary brownout, and when*
45 *electricity resumed, there was a technical problem that prevented Ms. Cabigan from re-*
46 *joining the meeting. Honorable Undersecretary DV Savellano directed her to clearly*
47 *incorporate data about TCGS and non-TCGS farmers into her report and make the proper*
48 *distinction. Also, a copy of Ms. Cabigan's report was submitted to USEC DV.)*
49

50 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the
51 next board meeting tentatively, it is calendared on May 28,
52 2024 at 9:00 AM, Tuesday. The Joint Board Committee Meeting
53 will be scheduled a day earlier.
54

55 **USEC. SAVELLANO:** Let's do it May 28 at 10:00 AM.
56

57 **USEC. SAVELLANO:** Next item.

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ATTY. OBUSAN: Next item, Mr. Chair, is adjournment.

USEC SAVELLANO: There's a motion?

DIR. PADAYAO: Mister Chair. I move for the adjournment of the meeting.

DIR. SERNA: I second the motion.

USEC SAVELLANO: Seconded. The session is adjourned. Thank you.

SO, ORDERED.

ATTY. OBUSAN: That concludes our 174th Regular Meeting of the NTA Governing Board. To all the online participants, thank you for your attendance and participation. Magandang hapon po sa lahat.

Note: THE MEETING WAS ADJOURNED AT EXACTLY 12:20 PM

PREPARED AND CERTIFIED CORRECT:

ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:

Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official and Alternate Chairman Designate
to the NTA Governing Board

Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector

Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector

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Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION
11th 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



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND TWENTY-NINTH (129TH) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
28 MAY (10:00 AM)**

PRESENT:

- Hon. DEOGRACIAS VICTOR B. SAVELLANO** - **Undersecretary/Department of Agriculture & NTA Oversight Official / Alternate Chairman Designate**
- Adm. BELINDA S. SANCHEZ** - **Vice-Chair of the Board and Administrator & CEO**
- Dir. JESSIE PAT M. SERNA** - **Member, Tobacco Traders/Exporters Sector**
- Dir. DANILO C. TRONGCO** - **Member, Tobacco Farmers Sector**
- Dir. LUZVIMINDA U. PADAYAO** - **Member, Tobacco Farmers Sector**
- Dir. GERRY VIRGILIO V. GUZMAN** - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

- Mr. NESTOR C. CASELA** - **Deputy Administrator for Operations**
- Mr. BENEDICTO M. SAVELLANO** - **Deputy Administrator for Support Services**
- Mr. BENJAMIN V. SARMIENTO** - **Special Assistant to the Administrator/ Executive Assistant IV**
- Atty. JUN FRED V. PARADO** - **Attorney V, Office of the Administrator**
- Atty. GORGONIO G. OBUSAN III** - **Board Secretary V**
- Mrs. MAYLYN FLORES-MIZAL** - **Administrative Assistant III/ Secretary II (JO)**
- Mr. JERICHO V. BALMACEDA** - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

- Dir. RAY A. ELAYDO** - **Member, Tobacco Manufacturing Sector**
- Department and Branch Managers / OICs** - **NTA Central Office and Branch Offices**

1 **MINUTES OF THE MEETING**

2
3
4 **ATTY. OBUSAN:** Good morning, everyone. For the 129th Special Meeting of the
5 NTA Governing Board, held today May 28, 2024 (Tuesday),
6 10:00 AM at NTA Board Room, 11th Floor Upper Class Tower,
7 Quezon Ave., Quezon City. Please welcome the Honorable
8 Undersecretary of the Department of Agriculture & NTA
9 Oversight Official/Alternate Chairman-Designate Deogracias
10 Victor "DV" B. Savellano. May we request you Sir to call to
11 order the meeting.
12

13 **I. CALL TO ORDER**

14
15 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
16 *meeting to order at 10:00 AM.*
17

18 **USEC. SAVELLANO:** The 129th Special Meeting of the NTA Governing Board is
19 called to order. Mister Secretary? Who's going to lead the
20 opening prayer?
21

22 **II. OPENING PRAYER**

23
24 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*
25

26 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
27 quorum?
28

29 **ATTY. OBUSAN:** Thank you, Mister Chair.
30

31 For the 129th Special Meeting of the NTA Governing Board, we
32 have of course, the Presiding Officer, Honorable
33 Undersecretary of the Department of Agriculture & NTA
34 Oversight Official / Alternate Chairman-Designate, Deogracias
35 Victor "DV" B. Savellano. *Good morning, Sir.*
36

37 We also have the Vice-Chairman and Administrator & CEO, the
38 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*
39

40 We also have the members of the NTA Governing Board, Hon.
41 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
42 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
43 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
44 Trongco, representing the Tobacco Farmers Sector; Hon. Dir.
45 Luzviminda U. Padayao, representing the Tobacco Farmers
46 Sector; and Hon. Dir. Ray A. Elaydo, representing the Tobacco
47 Manufacturing Sector who will be joining us online via the
48 virtual platform. He sends his apology for not being able to
49 attend personally today's Board Meeting as he is in the United
50 States to attend an equally important speaking engagement;
51 *Good morning, Directors.*
52

53 Also present here at the NTA Boardroom are:
54

55 Mr. Nestor C. Casela, Deputy Administrator for Operations,
56 *Good morning, Sir DAOP.*
57

1 Mr. Benedicto M. Savellano, Deputy Administrator for Support
2 Services, *Good morning, Sir DASS.*

3
4 Mr. Benjamin V. Sarmiento, Special Assistant to the
5 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*

6
7 Atty. Jun Fred V. Parado, Attorney V, Office of the
8 Administrator. *Good morning, Atty. JV.*

9
10 Likewise, present in the virtual platform are the respective
11 Department and Branch Managers, and OICs. *Good morning,*
12 *everyone.*

13
14 As such, Mister Chair, we have a Quorum.

15
16 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
17 Confirmation, Adoption, and Consideration in our Agenda.

18
19 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 129th Special
20 Meeting of the NTA Governing Board.

21
22 We have Agenda (A), the request for "Approval of the
23 **Agenda of the 129th Special Meeting of the NTA Governing**
24 **Board, held today, May 28, 2024, at 10:00 AM, at the NTA**
25 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
26 **Avenue, Quezon City.**

27
28 **USEC. SAVELLANO:** What's the pleasure of the body?

29
30 **DIR. PADAYAO:** Honorable Chair, I respectfully move for the approval of the
31 agenda of the 129th Special Meeting of the NTA Governing
32 Board, held today, May 28, 2024, at this time, at the NTA
33 Boardroom, 11th Floor, Upper-Class Tower, Quezon Avenue,
34 Quezon City.

35
36 **DIR. TRONGCO:** I second the motion.

37
38 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
39 hear none. Then the motion is APPROVED. Can we go to the
40 next item?
41

42 **BOARD RESOLUTION NO. 234 S. 2024**

43
44 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
45 **GOVERNING BOARD APPROVES THE AGENDA OF THE 129TH SPECIAL**
46 **MEETING OF THE NTA GOVERNING BOARD, HELD ON 28 MAY 2024, AT**
47 **10:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,**
48 **QUEZON AVE., QUEZON CITY.**

49
50 **UNANIMOUSLY APPROVED...."**

51
52 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
53 **Minutes of the 174th Regular Meeting of the NTA Governing**
54 **Board, held last May 14, 2024, at 10:00 AM, at the NTA**

1 Boardroom, 11th Floor, Upper-Class Tower, Quezon
2 Avenue, Quezon City.

3
4 **USEC. SAVELLANO:** What's the pleasure of the body? Director Trongco?

5
6 **DIR. TRONGCO:** Mr. Chair, I respectfully move for the Approval of the Minutes of
7 the 174th Regular Meeting of the NTA Governing Board, held
8 on May 14, 2024, at 10:00 AM, at the NTA Boardroom, 11th
9 Floor, Upper-Class Tower, Quezon Avenue, Quezon City,
10 subject to submission of amendments, if any, within five (5)
11 days from today.

12
13 **DIR. SERNA:** I second the motion.

14
15 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
16 hear none. Then the motion is **APPROVED**. Can we now go to
17 the next item?
18

19 **BOARD RESOLUTION NO. 235, S. 2024**

20
21 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
22 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 174th REGULAR***
23 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 14 MAY 2024, AT***
24 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,***
25 ***QUEZON AVE., QUEZON CITY.***

26
27 ***UNANIMOUSLY APPROVED...."***

28
29 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, request for
30 **"Confirmation of the National Winners of the Tobacco**
31 **Growers of the Year (TGY) FOR CY 2022-2023".**

32
33 To report on the summary of this agenda, may we recognize
34 Honorable Director Luzviminda U. Padayao, Chairperson,
35 Committee on Research and Extension. Ma'am.

36
37 **DIR. PADAYAO:** Good morning, Mister Chair and to everyone present here
38 today, this is the Summary Report of Discussion and
39 Recommendations for this Agenda.

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53
- The Resource Persons, Mr. Nestor C. Casela, Deputy Administrator for Operations presented the agenda.
 - According to him, after due deliberation and evaluation of the recommendation of the National Technical Committee, the following National Winners with their respective Assisting Extension Workers for the Tobacco Grower of the Year CY 2022-2023, pursuant to the National Advisory Committee (NAC) Resolution No. 001-2024 dated May 22, 2024, is hereby submitted to the NTA Governing Board for its approval or confirmation:

TOBACCO TYPE/SUB-TYPE	BRANCH OFFICE	TOBACCO FARMER WINNERS	POINT SCORE	ASSISTING EXTENSION WORKER
VIRGINIA NEUTRAL FLAVOR	LA UNION	LEONILA D. CABANBAN	92.65%	ALDOUSE RAMIL C. UBUNGEN
VIRGINIA IMPROVED FLAVOR	VIGAN	LEONILA G. RIAMBON	92.04%	IAN MICHAEL C. VENTURA
BURLEY NEUTRAL FLAVOR	PANGASINAN	ROLLY M. GULLA	87.17%	EDNA C. PERLAOAN
BURLEY IMPROVED FLAVOR	CAGAYAN	FELIX O. SALAZAR	89.83%	HAROLD Z. QUILANG
NATIVE CIGAR FILLER	CAGAYAN	ARCHIE B. VERSOLA	93.67%	ORLANDO B. ARUGAY
NATIVE BATEK CHEWING	LA UNION	JOSE H. CORPUZ	85.11%	LENI M. ARCIAGA

- The Total Point Score is based on the Yield/Hectare, Grade Index Percentage, Cost of Production/Hectare, Crop Value/Hectare and the Net Income/Hectare.
- Yours truly reiterated that strict validation of data submitted by the Extension Worker must be enforced in the succeeding years of implementation to ensure that deserving winners will be recognized; DAOP Casela on his part assured the Board that this will be complied and implemented strictly and accordingly.
- Pursuant to the approved proposal for the TGY Awards, the Tobacco Farmer National Winners shall each receive a Cash Prize of Php 50,000.00 and a Plaque of Commendation, while the Assisting Extension Workers shall each received a Cash Prize of Php 15,000.00 and a Plaque of Commendation, the same to be conferred in a fitting ceremony during the 37th NTA Founding Anniversary Celebration to be held on July 24, 2024.
- A corresponding budget was allotted for the program as certified by the Finance Department.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. TRONGCO:

I second the motion.

USEC. SAVELLANO:

There's a motion. Seconded. I have some questions.

These six winners, are they registered tobacco farmers? Do we not have something for the provinces, LGUs, barangays? I think they're the ones who really support our farmers, aside from the NTA of course. So, it's just a suggestion.

1 **DAOP CASELA:** Yes, we will discuss your suggestion, Sir. This would further
2 motivate our farmers to plant more and to achieve our goal of
3 increasing yield and improving quality.
4
5 If we're going to provide some recognition and prizes for
6 deserving LGUs, there will be several variables on this
7 because it depends, again, on the area being planted for its
8 respective municipality. But I think that's a good motivation for
9 them. Just recognizing, let's say, for the most municipality to
10 produce the best quality, yield quality, by province, Sir.
11
12 We'll try to come up with a proposal with respect to that and the
13 corresponding parameters.
14
15 **USEC. SAVELLANO:** Being recognized as number one in the production or quality is
16 big deal for the LGUs, somewhat bragging rights for them.
17
18 So just formulate. It's better if it's at the barangay level, then
19 municipal level, then lastly, at provincial level.
20
21 **DAOP CASELA:** Aside from the recognition of the tobacco growing contest
22 winners being implemented by NTA, we are contemplating of
23 having the same for the private sectors in terms of the provision
24 of incentive to the farmers under the tobacco contact growing
25 system program that we have.
26
27 Because just to be consistent with our direction, I think the
28 private sector can willingly join us in terms of the provision of
29 incentives. But there's two or three variables. That is the
30 compliance with the level of production, that's the production
31 quota, and the quality. Of course, if we can also include the
32 parameter on the responsibility to pay obligations.
33
34 **USEC. SAVELLANO:** So anyway, who's going to lead the creation of the committee
35 and the formulation of the criteria, to be reported next Board
36 meeting?
37
38 **DAOP CASELA:** I volunteer myself, Sir. We may not be able to give cash prizes
39 to the LGU winners for this year as there is no budget allotted
40 for such, maybe only a small token of recognition will do.
41
42 **USEC. SAVELLANO:** Okay. So, are you amenable that we will designate the
43 Honorable Deputy Administrator for Operations? Then he's
44 going to present that in our next meeting.
45
46 **DIR. PADAYAO:** Yes, Sir.
47
48 **USEC. SAVELLANO:** When is the awarding?
49
50 **DIR. SERNA:** July 24 Sir, it will coincide with the celebration of the NTA
51 anniversary. Sir DAOP, are we going to utilize the acceptance
52 for this year's trading operations?
53
54 **DAOP CASELA:** If we're going to include this year's yield level, maybe our data
55 collection will not be completed by that time. Sir, we have this
56 data for 2022-2023, that of the previous year, that's our basis.
57

1 DIR. SERNA: Okay.
2
3 DAOP CASELA: These are our parameters, yield, grade index, cost of
4 production, net income.
5
6 USEC. SAVELLANO: Okay. How about the ones in the south? Can we include them?
7
8 DAOP CASELA: Sir, for this year, not yet. In the south, their data is not yet
9 established, and still for validation. Maybe for the next year's
10 contest, we'll include them.
11
12 USEC. SAVELLANO: Alright. Any other discussions?
13
14 DAOP CASELA: Yes, sir. May I include, sir, that this is a national contest. Before
15 we have this national contest, we have the provincial level first.
16
17 And after three years, we collect these provincial winners, and
18 then we have this national level. So maybe in the south, sir,
19 we'll establish a provincial winner if their level of production is
20 qualified. What I mean to say is that for this crop year, we can
21 include already as their first year.
22
23 USEC. SAVELLANO: Okay. Any more discussion on the matter? So, since there's a
24 pending motion, there's no objection, then the motion is
25 APPROVED. Can we go to the next one?
26
27

BOARD RESOLUTION NO. 236 S. 2024

28
29
30 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
31 ***GOVERNING BOARD APPROVES THE CONFIRMATION OF THE NATIONAL***
32 ***WINNERS OF THE TOBACCO GROWERS OF THE YEAR (TGY) FOR CY 2022-***
33 ***2023.***

34
35 ***RESOLVED FURTHER THAT THE GOVERNING BOARD APPROVES THE***
36 ***DELEGATION OF MR. NESTOR C. CASELA, DEPUTY ADMINISTRATOR FOR***
37 ***OPERATIONS, TO CONDUCT FURTHER STUDY AND RECOMMENDATIONS***
38 ***ON THE POSSIBILITY OF RECOGNIZING AND AWARDING ALSO THE BEST***
39 ***TOBACCO GROWING LGUs.***

40
41 ***UNANIMOUSLY APPROVED...."***
42
43

44 **ATTY. OBUSAN:** Next Agenda, Mr. Chair, under **Agenda (D)**, "**Presentation on**
45 **the Physical Quality Indices of the Types/Sub-Types of**
46 **Tobacco for Crop Year 2021 to 2023**".

47
48 To report on the summary of this Agenda, may we recognize
49 Honorable Director Luzviminda U. Padayao, Chairperson,
50 Committee on Research and Extension. Ma'am.
51

52 **DIR. PADAYAO:** Good morning, Sir. As promised last time, I will present the
53 physical indices of the Philippine-grown tobacco. Actually, the

1 sources of these tobacco being characterized are the trading
2 centers in the different locations.

3 For crop year 2021-2022, we have three categories under the
4 Virginia Tobacco. We have the Virginia Neutral flavor, the
5 Virginia Improved flavor, and the average of the Virginia
6 Neutral and the Virginia Improved flavor, and vis-a-vis the data
7 of the acceptances from the Regulations Department. And for
8 this year, it is seemingly abnormal, sir, because of the
9 occurrence of freak rain.

10
11 So, as they gathered samples, the IRD did not included the
12 ones affected by freak rains. We can see there that there's a
13 discrepancy in the percentages of Grade Distribution. We can
14 see in here that the IRD got higher grades compared to that of
15 the acceptances of the RD.

16
17 Because we all know that the samples, they gathered was only
18 minimal. Whereas in here, the Regulations Department speaks
19 of the totality of the tobacco production. So, under the Virginia
20 Neutral flavor, the high grades are lower and the medium
21 grades are higher than the NTA target yield. The low grades
22 are a bit lower, at 7%.

23
24 Whereas in the Virginia Improved flavor, the high grades are
25 higher, from 59% that of the Virginia Neutral flavor, it went up
26 to 68%. So, we can see that the gap of the percentages of
27 grade distribution is not that far. But, if you have to see the
28 NTA target yield, there's still a slight difference.

29
30 For crop year 2022-2023, it somewhat became normal here.
31 Because from the data gathered, the result as to the fiscal
32 comparison, the tobacco accepted by the regulations
33 department is lower. This is true especially in the high grades
34 of Virginia Improved flavor and the average of the Virginia
35 Neutral flavor and the Virginia Improved flavor.

36
37 As to the medium grade, here, because the high grades are
38 higher, the medium grades of the Virginia Improved flavor are
39 lower. And also, in the low grades, the Improved flavor is lower
40 compared to the average of the two as a result of the high low
41 grades of the Virginia Neutral flavor. To compare the two years,
42 the high grades of the tobacco under these categories are
43 higher.

44
45 For the Burley tobacco, we can see in the data that the result of
46 characterization is higher. The Burley Neutral flavor and
47 Improved flavor are all in the line of 80s, 81% and 84%,
48 obtaining a high average of 83%. So, we surpassed the NTA
49 target of 70%. For the medium grade, a little bit lower than the
50 NTA target because our high grades are higher. And the good
51 result is that our low grades are relatively lower than the NTA
52 target yield percentage. It ranged from 0 to 8%.

53
54 For crop year 2022-2023, the same trend does not follow. This
55 is what they say in the research that the trend is not consistent.
56 But there are underlying factors that brought the results here.
57 However, the NTA target yield was still attained.

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As to the agronomic characteristics, in terms of leaf length and leaf width, we can see here that it passed the required length and width of the tobacco leaves. We can see the difference between the Virginia Neutral flavor and that of the Improved flavor.

In terms of length, as a result of topping, the leaf length is similar. If we compare it to the neutral flavor, as the leaf goes higher, the leaf length is shorter. The same trend was observed in the Burley Neutral.

It is similar to crop year 2021-2022. The leaf length is similar to that of the Improved flavor. Also here, there is a trend to go higher. The leaf goes down as it goes higher. This is really expected with the Burley Neutral flavor tobacco. This is the result of the physical characterization of the Philippine tobacco growth.

In our discussion, we suggested that the collection of samples from the thesis should be reviewed and improved, such that it will approximate with the result from the regulation step-by-step.

I move for the consideration of this comparison of the Physical Indices of the Philippine grown tobacco.

DIR. TRONGCO:

I second the motion.

USEC. SAVELLANO:

The question is, how about in other countries? Is the performance the same?

DIR. PADAYAO:

As what Ma'am Myrna of IRD said before, what she mentioned then are the chemical characteristics, which includes nicotine, reducing sugar among others, are somewhat comparable to imported tobaccos.

USEC. SAVELLANO:

But in terms of length and width? That is what I asked earlier, is it directly proportional? Compared with other countries, are we good?

DIR. PADAYAO:

Yes, Sir. From all the pictures shown, our Philippine tobacco can now approximate all these physical characteristics of tobacco compared to other production from abroad. Now in terms of the quality indices, as far as Philippine tobacco is concerned, taking all things normal in the commodity flow, specifically on the production process, there is no significant difference with other countries.

DAOP CASELA:

Yes Sir, that's why, taking cognizance of the production of Improved flavors, about 20 years ago, I would say, that was the time of Fortune Tobacco who introduced the production of top tobacco for the production of Improved flavor. Top tobacco would mean the removal of the top portion of the tobacco. And the intention of this is to increase the nicotine content, because the nicotine content provides the aroma in the manufacture of cigarette. According to Madam Myrna, the level of nicotine

1 content of Philippine tobacco is comparable to that of the
2 imported tobacco.

3
4 **USEC. SAVELLANO:**

I'm asking this because our local production is declining, and
5 our importation is getting bigger. So, it's our quality, but you
6 said it's comparable with them. So how are we going to solve
7 the gap? Those are the challenges for us.

8
9 **DAOP CASELA:**

Yes Sir. And that particular issue, is often mentioned by the
10 private sector, especially the cigarette manufacturers. They
11 claimed that when they import tobacco, it's cheaper than that of
12 the Philippine tobacco. Which I totally disagree.

13
14 **USEC. SAVELLANO:**

I don't think so. In our next meeting, can you submit to the
15 Board all the documents, regarding the importation and our
16 local production? So, we can see all of it, because we are a
17 regulatory agency.

18
19 And we want to create jobs, we want to give additional income
20 to our farmers. So, I think in our next meeting, we should put
21 that in the agenda, that we should meet and discuss those
22 matters. Because I didn't see the point of, why is the
23 importation increasing and we are declining? But you
24 mentioned that the quality is the same.

25
26 And in terms of, do we have a monitoring of prices, world prices
27 of tobacco?

28
29 **DAOP CASELA:**

I think the Regulations Department have the data, Sir.

30
31 **USEC SAVELLANO:**

Yeah, can they also give us the data the past five-year period?
32 What's the status of that? We are trying our best to improve the
33 quality and we are at par with other countries. Now we are
34 declining, the production is declining.

35
36 And in terms of support, we have the LGU supporting all the
37 farmers. They are giving everything. And mind you, in other
38 countries, they don't do that.

39
40 If we can produce the amount and quality of the tobacco that
41 they need, why are we going to give them a permit to import?
42 We are just fooling around. In our next meeting, we should
43 discuss that.

44
45 Because we are investing so much in research to improve our
46 quality. And you said we are at par with other countries. But
47 this is what is happening. So, we have to resolve that. That's
48 my take. I think the current price is also good and the farmers
49 are agreeing. And supposedly, it's getting better also. So, I
50 think we should be increasing.

51
52 Because I think our goal is to increase production. And that's
53 one way of improving. In terms of improving the industry,
54 specifically, our services to the farmers. So, we know where to
55 focus our direction.

56
57 Any other discussions?

1
2 **DIR. PADAYAO:** Sir, we suggested earlier that we correlate the physical and
3 chemical characterization of the Philippine grown tobacco.
4 Because the same leaves evaluated for these physical indices,
5 are the same leaves that were also evaluated for the chemical
6 characteristics. Ma'am Myrna will help to correlate this to the
7 presented data last time.
8
9 She will correlate the chemical and the physical attributes. If
10 the quality is higher, the nicotine is higher, and the sugar is
11 higher. She will do the analysis. Or coming up with the
12 hypothesis that if the quality is high, correspondingly, the
13 chemical composition, the chemical content of the tobacco will
14 be high also.
15
16 **USEC. SAVELLANO:** If the quality is high, the nicotine content is also high? And
17 that's our objective. We want also to explore the extract of the
18 nicotine. So, in our next meeting, can you ask them also to
19 report?
20
21 **DAOP CASELA:** Yes, Sir.
22
23 **USEC. SAVELLANO:** I think we need to upgrade our equipment in the research. We
24 can ask for funding to upgrade. Because we want to be at par
25 with other countries for producing tobacco, and at the same
26 time, in the extraction of the nicotine.
27
28 Maybe we have a market. Who will study about the marketing
29 of nicotine, just in case?
30
31 **DAOP CASELA:** Ironically, Sir, the quality assurance that we have, has been
32 stagnant and unused for three years already. Because of the
33 pandemic, and because of the construction of the building. But
34 there is a very, very positive prospect on that.
35
36 It's about the offer of DTI, that they will be using our smoke
37 machine in the determination of the vape composition?
38 Because DTI is now responsible on the regulatory aspect of
39 this vape and they're not in a position yet to do that.
40
41 Last week, the Director and their colleagues came here. They
42 looked at our facilities.
43
44 **USEC. SAVELLANO:** So, they want to help us?
45
46 **DAOP CASELA:** Sir, they said, they want us to help them.
47
48 **USEC. SAVELLANO:** That's what I mean. You know, we're just talking about those
49 things. And the supports, they will come here to our facilities,
50 that I could organize for them.
51
52 It's like another agency, they're asking us to do their job.
53 Because they're not equipped with their own. They want to
54 regulate, right? But they don't have the capacity.
55
56 It's the same thing with other agencies. They're just appointed
57 as regulatory body. But they don't have the capacity.

1
2 Parehas din yan sa FDA. It's the same thing. They want a lot,
3 but they cannot do it. That's why I told the DA, give it to the
4 FDA. Bahala sila doon.
5

6 Those are the things that we have to be wary. We have to be
7 aware of that. Because later on, they'll just give us the leg
8 work, and then they'll be the ones accepting the regulatory
9 fees.
10

11 It's unfair. Anyway, the DTI have to present to us their proposal
12 or the terms of the MOA or MOU that they are proposing so the
13 board can determine if it's okay.
14

15 It's the same with the FDA. They're having all the required
16 examinations outside. What do you call it? They have third
17 parties.
18

19 Then, you should arrange it first. I don't know where this is
20 going. But anyway, these are the things that we have to
21 consider.
22

23 And in the next meeting with the DTI, you tell them to present
24 their report.
25

26 Are you finished with your report Hon. Padayao?
27

28 **DIR. PADAYAO:** Yes, Sir.
29

30 **USEC. SAVELLANO:** So, there's a motion. Anybody seconding?
31

32 **DIR. TRONGCO:** I second the motion.
33

34 **USEC. SAVELLANO:** Any further discussion? I hear none, then the motion is
35 APPROVED. Next.
36
37

38 **BOARD RESOLUTION NO. 237, S. 2024**

39
40 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
41 ***GOVERNING BOARD ADOPTS THE DATA AS PRESENTED ON THE***
42 ***PHYSICAL QUALITY INDICES OF THE TYPES/SUB-TYPES OF TOBACCO FOR***
43 ***CY 2021 TO 2023.***
44

45 ***RESOLVED FURTHER THAT THE GOVERNING BOARD FURTHER***
46 ***INSTRUCTED THE INDUSTRIAL RESEARCH DEPARTMENT TO CORRELATE***
47 ***IT TO THE DATA ON THE COMPARATIVE CHEMICAL CHARACTERISTICS OR***
48 ***PROPERTIES OF THE TYPES OF TOBACCO FOR THE SAME CALENDAR***
49 ***YEARS AS PRESENTED IN THE PREVIOUS BOARD MEETING.***
50

51 ***UNANIMOUSLY APPROVED...."***
52

53 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the
54 next board meeting tentatively, it is calendared on June 11,
55 2024 at 10:00 AM, Tuesday.
56

1 **USEC. SAVELLANO:** Just coordinate with Ms. Mavic, on what time I am available on
2 June 11, hindi ko sigurado kung morning or afternoon tayo.
3
4 **ATTY. OBUSAN:** This is noted, Mister Chair.
5
6 **USEC. SAVELLANO:** Tomorrow, there will be a hearing in Congress regarding illicit
7 trade including that of tobacco. Did you receive the notice?
8 Who will attend? I will not be able to attend, so let us make the
9 briefing now, so that we will have a united stand.
10
11 **DAOP CASELA:** Sir, Atty. Rohbert A. Ambros will be the one to attend, as
12 delegated by the Administrator, Ma'am Bel.
13
14 **USEC. SAVELLANO:** Since we have here the Attorney, Bob. Tomorrow, there will be
15 a TWG meeting at the House of Representatives.
16
17 So please brief the Board regarding that TWG meeting and
18 also regarding the pending House Bill No. 10329.
19
20 **ATTY. AMBROS:** Good morning, Your Honors, the Administrator already
21 assigned me to attend the initial meeting last May 22, before
22 the committee on this recent House Bill. We already filed our
23 comment to the proposed bill.
24
25 **USEC. SAVELLANO:** What is that bill?
26
27 **ATTY. AMBROS:** It's about illicit tobacco trade and providing penalties to it.
28 Actually, Your Honor, this was an attempt to file a new House
29 Bill because I think the Lower House was not sure if the Anti-
30 Smuggling Act will be approved by the Senate. Because
31 according to them, there were conflicting positions with respect
32 to the declaration how a commodity, agricultural commodity,
33 can be declared as part of smuggling activities.
34
35 So, since it has been pending with the Senate of the
36 Philippines, I think the House of Representatives was in a hurry
37 to adopt this pending bill as a substitute bill for the bill which is
38 being held in abeyance with the Senate, Your Honor. There
39 was an information that it was already settled before the
40 bicameral but there's no development yet. So that's the reason
41 why Congressman Salcedo is sponsoring this substitute bill. I
42 think he's in a hurry to have this bill approved because it's
43 already his last term. His term will end by June 30.
44
45 **USEC. SAVELLANO:** What are the salient points of this bill?
46
47 **ATTY. AMBROS:** The same thing with the Anti-Agricultural Smuggling Bill, Your
48 Honor. But this time it will involve heated tobacco products and
49 vape products including machineries and all materials used in
50 the manufacture of tobacco products. And it's a good
51 opportunity for us, Your Honor, because the draft of the bill
52 involves the NTA as part of the Interagency Council to enforce
53 the provisions of the bill.
54
55 **USEC. SAVELLANO:** The IAC? What interagency or task force?
56

1 **ATTY. AMBROS:** The Department of Agriculture has no representative for the
2 because this bill, Your Honor, does not involve agricultural
3 products. It's more on the product itself.
4

5 **USEC. SAVELLANO:** Tomorrow, I have the invitation for the TWG meeting.
6

7 **ATTY. AMBROS:** That's the one, Your Honor, I requested for it and I advised
8 them that you are the one sitting as the Alternate Chairman of
9 the Governing Board.
10
11 Your Honor, just an additional information. The Department of
12 Agriculture was also invited for tomorrow's technical working
13 group meeting. It's with the office of Atty. Guevara.
14

15 **USEC. SAVELLANO:** But tomorrow, I cannot attend. I will also ask my staff to
16 designate you to represent D.A. It was Atty. Guevara who
17 passed the invitation to us. Since I cannot attend tomorrow,
18 you are also my representative.
19
20 We have to discuss now what is our NTA's stand.
21

22 **ATTY. AMBROS:** Yes, the initial position paper that we filed last week, we also
23 provided the proponents. I think they are also making their own
24 comment to consolidate all the comments from the different
25 agencies involved.
26

27 **USEC. SAVELLANO:** What are the penalties?
28

29 **ATTY. AMBROS:** Yes, sir. It's not like the Anti-Smuggling Bill. This bill penalizes
30 those found guilty for at the most, up to 40 years. There are
31 also penalties for other group of brokers particularly for those
32 who are in the government service.
33

34 **USEC. SAVELLANO:** How about the enforcement?
35

36 **ATTY. AMBROS:** Enforcement will be by the BIR and the BOC.
37

38 **USEC. SAVELLANO:** Why is NTA not included?
39

40 **ATTY. AMBROS:** We are only included as part of the council.
41

42 **USEC. SAVELLANO:** Can we be part of the enforcement?
43

44 **ATTY. AMBROS:** Yes, sir. That was part of our position.
45

46 **USEC. SAVELLANO:** So that is the only thing you will reiterate, the enforcement of
47 NTA? Because that is what we always lacked.
48

49 **ATTY. AMBROS:** Yes, sir. Of course, we have already stated in our position
50 paper that we are already regulating these commodities. The
51 materials, the cigarette manufacturing equipment. All importers
52 of this kind are securing commodity clearance from the NTA.
53

54 **USEC. SAVELLANO:** Any suggestions? Any recommendations?
55

1 **DAOP CASELA:** Yes, sir. If NTA will be included as a member of the agency,
2 would that mean that NTA will now be fully equipped with its
3 power, including police power?
4

5 **ATTY. AMBROS:** If we are included in the council, then we will be part of the
6 enforcement group as a delegated status. Yes, sir.
7

8 **USEC. SAVELLANO:** One more. Can NTA render destruction of this illicit tobacco?
9 **ATTY. AMBROS:** Yes, sir. But most of the time, they just inform us.
10

11 **USEC. SAVELLANO:** But since we are the regulatory body, we will also do the
12 destruction. Most other agencies are already involved in this.
13 So, if we have our own rendering plant, we can also do the
14 destruction.
15

16 We would want to be involved in the apprehensions, search
17 and seizure, and also the destruction, to avoid recycling.
18

19 We will buy rendering plant for NTA. It's just cheap. Tell them
20 we allocated funds for the destruction rendering plant.
21

22 D.A. have rendering plants for agricultural products including
23 seized illegal meats.
24

25 **ATTY. AMBROS:** I'm not really sure, Your Honor, if the rendering plant can be
26 used for both for agricultural and tobacco products.
27

28 **USEC. SAVELLANO:** Tell them we will provide. I can't see in the draft bill if there is
29 an appropriation for the implementation of this act. That's your
30 only question. It will be useless if there's none.
31

32 **ATTY. AMBROS:** Thank you, sir. I will ask them tomorrow.
33

34 **USEC. SAVELLANO:** Thank you, Attorney Bob. Any other matters?
35

36 **ATTY. OBUSAN:** None, Sir. Next item, is adjournment.
37

38 **USEC SAVELLANO:** There's a motion?
39

40 **DIR. GUZMAN:** Mister Chair. I move for the adjournment of the meeting.
41

42 **DIR. SERNA:** I second the motion.
43

44 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
45

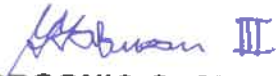
46 SO, ORDERED.
47

48 **ATTY. OBUSAN:** That concludes our 129th Special Meeting of the NTA
49 Governing Board. To all the online participants, thank you for
50 your attendance and participation. Magandang umaga po sa
51 lahat.
52


54 Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:35 AM
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board


ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY FOURTH (175th) REGULAR BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
11 JUNE 2024 (10:00 AM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO

Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. DANILO C. TRONGCO - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
Mr. NESTOR C. CASELA - Deputy Administrator for Operations
**Mr. BENJAMIN V. SARMIENTO - Special Assistant to the Administrator/
Executive Assistant IV**
Atty. JUN FRED V. PARADO - Attorney V, Office of the Administrator
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

1
2
3
4
5 **ATTY. OBUSAN:**

6 Good morning, everyone. For the 175th Regular Meeting of the
7 NTA Governing Board, held today June 11, 2024 (Tuesday),
8 10:00 AM at NTA Board Room, 11th Floor Upper Class Tower,
9 Quezon Ave., Quezon City. Please welcome the Honorable
10 Undersecretary of the Department of Agriculture & NTA
11 Oversight Official/Alternate Chairman-Designate Deogracias
12 Victor "DV" B. Savellano. May we request you Sir to call to
13 order the meeting.

14 **I. CALL TO ORDER**

15
16 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
17 *meeting to order at 10:15 AM.*
18

19 **USEC SAVELLANO:** The 175th Regular Meeting of the NTA Governing Board is
20 called to order. Mister Secretary? Who's going to lead the
21 opening prayer?
22

23 **II. OPENING PRAYER**

24
25 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*
26

27 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
28 quorum?
29

30 **ATTY. OBUSAN:** Thank you, Mister Chair.
31

32 For the 175th Regular Meeting of the NTA Governing Board, we
33 have of course, the Presiding Officer, Honorable
34 Undersecretary of the Department of Agriculture & NTA
35 Oversight Official / Alternate Chairman-Designate, Deogracias
36 Victor "DV" B. Savellano. *Good morning, Sir.*
37

38 We also have the Vice-Chairman and Administrator & CEO, the
39 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*
40

41 We also have the members of the NTA Governing Board, Hon.
42 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
43 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
44 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
45 Trongco, representing the Tobacco Farmers Sector; and Hon.
46 Dir. Luzviminda U. Padayao, representing the Tobacco
47 Farmers Sector; and Hon. Dir. Ray A. Elaydo, representing the
48 Tobacco Manufacturing Sector; *Good morning, Directors.*
49

50 Also present here at the NTA Boardroom are:
51

52 Mr. Benedicto M. Savellano, Deputy Administrator for Support
53 Services, *Good morning, Sir DASS.*
54

55 Mr. Nestor C. Casela, Deputy Administrator for Operations,
56 *Good morning, Sir DAOP.*

1 Mr. Benjamin V. Sarmiento, Special Assistant to the
2 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*

3
4 Atty. Jun Fred V. Parado, Attorney V, Office of the
5 Administrator, *Good morning, Atty. JV.*

6
7 Likewise, present in the virtual platform are the respective
8 Department and Branch Managers, and OICs. *Good morning,*
9 *everyone.*

10
11 As such, Mister Chair, we have a Quorum.

12
13 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
14 Confirmation, Adoption, and Consideration in our Agenda.

15
16 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 175th Regular
17 Meeting of the NTA Governing Board.

18
19 We have Agenda (A), the request for "Approval of the
20 **Agenda of the 175th Regular Meeting of the NTA Governing**
21 **Board, held today, June 11, 2024, at 10:00 AM, at the NTA**
22 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
23 **Avenue, Quezon City."**

24
25 **USEC. SAVELLANO:** What's the pleasure of the body?

26
27 **DIR. TRONGCO:** Mister Chair, I respectfully move for the approval of the agenda
28 of the 175th Regular Meeting of the NTA Governing Board, held
29 today, June 11, 2024, at this time, at the NTA Boardroom, 11th
30 Floor, Upper-Class Tower, Quezon Avenue, Quezon City.

31
32 **DIR. PADAYAO:** I second the motion.

33
34 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
35 hear none. Then the motion is **APPROVED**. Can we go to the
36 next item?
37

38 **BOARD RESOLUTION NO. 238 S. 2024**

39
40 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
41 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 175th REGULAR***
42 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 11 JUNE 2024, AT***
43 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
44 ***QUEZON AVE., QUEZON CITY.***

45
46 ***UNANIMOUSLY APPROVED...."***

47
48 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
49 **Minutes of the 129th Special Meeting of the NTA Governing**
50 **Board, held last 28 May 2024, at 10:00 AM, at the NTA**
51 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
52 **Avenue, Quezon City."**

53
54 **USEC. SAVELLANO:** What's the pleasure of the body? Director Padayao, please?
55

1 **DIR. PADAYAO:** Mr. Chair, I respectfully move for the Approval of the minutes of
2 the 129th Special Meeting of the NTA Governing Board, held on
3 28 May 2024, at 10:00 AM, at the NTA Boardroom, 11th Floor,
4 Upper-Class Tower, Quezon Avenue, Quezon City, subject to
5 submission of amendments, if any, within five (5) days from
6 today.

7
8 **DIR. SERNA:** I second the motion.

9
10 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
11 hear none. Then the motion is **APPROVED**. Can we now go to
12 the next item?
13

14 **BOARD RESOLUTION NO. 239, S. 2024**

15
16 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
17 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 129TH SPECIAL***
18 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 28 MAY 2024, AT***
19 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,***
20 ***QUEZON AVE., QUEZON CITY.***

21
22 ***UNANIMOUSLY APPROVED...."***

23
24 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, request for "Issuance
25 of a Board Resolution ordering the permanent closure of
26 the NTA Kadiwa ni Ani at Kita and designating Engr.
27 Noralyn I. Idica to coordinate and inform:
28

- 29
- 30 1. Entities which this project has been in collaboration
31 with (such as TESDA).
 - 32 2. Entities necessary to facilitate its permanent closure
33 (such as but not limited to DENR, FDA, BIR, NMIS,
etc.)."

34 To report on the summary of this agenda, may we recognize
35 Honorable Director Gerry Virgilio V. Guzman, Chairperson,
36 Committee on Legal Matters and Properties. Sir.
37

38 **DIR. GUZMAN:** Good morning, everyone. Here is the Summary Report of
39 Discussion with regard to this agenda, Honorable Chair.
40

- 41 • The Resource Person, Engr. Noralyn I. Idica, Acting Project
42 Officer of NTA Kadiwa ni Ani at Kita presented the agenda;
43
- 44 • On May 20, 2024, Mr. Larry F. Dizon Sr., TESDA Provincial
45 Director, wrote a letter to Engr. Idica inquiring if the NTA-
46 Agripinoy Training School can implement scholarship programs
47 again and if not, recommending the closure of the program
48 (Swine NC II Program) voluntarily;
49
- 50 • Prior to this, in a letter dated May 11, 2023, NTA Administrator
51 and CEO Belinda S. Sanchez informed TESDA Regional
52 Director Joel M. Pilotin that the business permit for the NTA-
53 Agripinoy Training School is not yet approved and released by

1 the LGU-Narvacan. Also, the renewal of the NMIS accreditation
2 is pending because the facility is still for rehabilitation.
3

- 4
- 5 • The condition of the facility was further aggravated by the
6 devastation brought about by Typhoon Egay in July 2023. It
7 caused structural damages and disconnection of the power
8 supply in the production area where the practicum in Hog
9 Slaughtering is conducted.
 - 10 • To date, NTA Kadiwa ni Ani at Kita has not resumed operation
11 and for reasons stated, is not capable of continuing its
12 operation and in the process, also the scholarship program.
 - 13 • As part of the requirement in closing the Slaughtering
14 Operation (Swine) NC II program, TESDA requires submission
15 of the following documents:

16 Letter of Closure/Board Resolution stating the reason/s why the
17 program will cease its operation; and

18 Surrender of the Original CTPR (Certificate of TVET Program
19 Registration);

20 Hence, the request for the Board Resolution.

- 21
- 22 • This subject matter having been thoroughly discussed during
23 the Committee Meeting, and with a Motion to Approve, which
24 was duly seconded. I respectfully move for the approval of the
25 agenda.
 - 26 • Thank you very much!

27
28
29
30
31
32
33 **DIR. ELAYDO:**

I second the motion.

34
35 **USEC. SAVELLANO:**

There's a motion. Seconded. Any discussion, or objection? I
hear none. I have some questions.

36
37
38 Can we explore also the idea of talking with the Ilocos Sur
39 Polytechnic State College (ISPSC)? Right now, there's a big
40 demand of butchers, abroad. Let's ask them if they can include
41 this in their curriculum.

42
43 Maybe it's a good idea to tie up with the ISPSC. Then with
44 TESDA also, we are friends with those who can provide
45 trainings especially Sec. Mangudadatu of TESDA whom is with
46 me in Congress.

47
48 Because it's a waste if we close it right now and there are no
49 takers. Can we also come up with strict estimates? How much
50 do we need for the rehabilitation?

51
52 **DASS SAVELLANO:**

With the permission of the Governing Board, currently, there's
a directive for us to conduct appraisal of the property and part
of that is to assess also the mechanical equipments and the
building for the possibility of selling it, or leasing out. The facility
hasn't been used for a long time.

1 **USEC. SAVELLANO:** It was also mentioned in the report the pending renewal of
2 accreditation with the NMIS. We can ask them to evaluate the
3 place and at the same time its rehabilitation, because they're
4 experts in slaughterhouses.
5
6 Maybe we can we create a committee for that and explore the
7 possibility of converting it to a training facility? If Attorney and
8 Dir. Guzman is amenable to it?
9

10 **DIR. GUZMAN:** Yes, sir. In fact, I am willing to head the committee that will be
11 formed for the said purpose.
12

13 **USEC. SAVELLANO:** What's the pleasure of the Body? Because right now, they want
14 to revive Kadiwa. If we are going to close it, then we will be
15 contradicting the pronouncement of the administration and
16 consequently, the President.
17

18 **DAOP CASELA:** Sir, with the permission of Madam Administrator, there is a
19 committee already in place here, that is the Project Review and
20 Evaluation Committee, which will take care of all these
21 proposals.
22

23 **USEC. SAVELLANO:** Okay. Is Director Guzman a member of that?
24

25 **DAOP CASELA:** No, members are from the Management side only.
26

27 **USEC. SAVELLANO:** Can you include him?
28

29 **DAOP CASELA:** Yes, Sir, definitely. Respectfully admitted and accepted.
30

31 **USEC. SAVELLANO:** Okay, can we have a timeline for that?
32

33 **DAOP CASELA:** We can submit or make the presentation of the proposal after
34 the next committee meeting. So that will be probably last week
35 of this month or first week of July.
36

37 **USEC. SAVELLANO:** Okay, so the motion is pending for now.
38

39 **DAOP CASELA:** For the information of the Honorable Chair, there is imminent
40 danger of erosion on the abovementioned property, and it was
41 presented yesterday, that if we'll not repair the existing
42 condition of the fencing, there will be further erosion.
43

44 **USEC. SAVELLANO:** How much is the budget for this?
45

46 **DAOP CASELA:** Three million pesos, Sir. That is to secure only the property,
47 Your Honor, because the fence on the side where the creek is
48 located is already eroded and may cause damages to adjoining
49 properties if not attended to. Funds is already available for this
50 project.
51

52 **USEC. SAVELLANO:** Okay, so in our next meeting, you'll be presenting the
53 proposal?
54

55 **DAOP CASELA:** Yes, sir.
56

1 **USEC. SAVELLANO:** Okay. Try coordinating with ISPSC, TESDA, Agricultural
2 Training Institute (ATI), Agribusiness and Marketing Assistance
3 (AMAS) of the Dept. of Agriculture for this endeavor.
4

5 **DAOP CASELA:** We'll try to coordinating with these offices that you have
6 mentioned, Sir.
7

8 **USEC. SAVELLANO:** Okay. Any more discussion on the matter? Since there's none,
9 can we now go to the next item?
10

11 **ATTY. OBUSAN:** Moving on Mr. Chair, we have under **Agenda (D)**, request by
12 the Finance Department for the **"Approval and Issuance of a**
13 **corresponding Board Resolution and accompanying**
14 **Secretary Certificate if needed to, on the following matters**
15 **as enumerated."**
16
17 To report on the summary of this agenda, may we recognize
18 Honorable Director Ray A. Elaydo, Chairperson, Committee on
19 Board Audit and Finance. Sir.
20

21 **DIR. ELAYDO:** Good morning, Mister Chair and to everyone. The Resource
22 Person, Mr. Reynaldo R. Aquino, OIC, Finance Department,
23 presented the agenda.
24

25 **1. Approval of the request of the management to**
26 **Implement the avallment of the LBP We Access banking**
27 **facility for the electronic remittances of GSIS and Pag-**
28 **lbig contributions and to authorize the following**
29 **personnel from the finance department for this**
30 **purpose:**
31
32 1.1 MS. MILAGROS C. TIU – CHIEF ACCOUNTANT
33 1.2 MS. RUSSEL R. RUTAB – FINANCIAL ANALYST III
34 1.3 MS. MARJORIE ANN P. TABIJE – CASHIER II
35

36 This request is necessary to comply with GSIS
37 Memorandum Circular No. 055 Series of 2024 on Utilization
38 of Electronic Collection for Agency Remittances, which will
39 be effected starting October 1, 2024.
40

41 **2. Grant of general authority to the administrator and chief**
42 **executive officer of the national tobacco administration**
43 **to perform general administration and/or routine**
44 **functions such as but not limited to the following:**
45
46 2.1 Sign agency report to other government agencies;
47 2.2 Sign verification and/or certification of non-forum
48 shopping in all cases wherein the nta is litigant;
49 2.3 Sign demand letters;
50 2.4 Sign application forms for all types of public utilities
51 (water, electric, telephone, etc.)
52 2.5 Such other analogous cases; and
53 2.6 That the administrator and chief executive officer be
54 permitted to delegate the aforesaid general
55 administration and/or routine functions to any
56 responsible nta senior officials thru a special power

of attorney without need of further approval by the board;

This request is for updating purposes only as the same document on file was still executed by the former Administrator and CEO, Robert Victor G. Seares Jr on July 23, 2020.

3. **Making it a policy of the agency that 70% and 30% of the agency's actual expenses be allocated for operations and administrative expenses, respectively.**

This request is to be used in the filing of the Income Tax Return in compliance with COA AOM No. 2020-08 (2019) dated July 14, 2020.

4. **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 request is in relation to the GCG approval of the proposed Compensation and Position Classification System (CPCS) Salary Step Adjustment.

- These subject matters have been thoroughly discussed during the Committee Meeting.
- Considering that the request came from a single Department and to expedite matters, I moved for the approval of an Omnibus Motion approving the issuance of respective Board Resolutions as requested on the abovementioned matters.
- Thank you very much!

DIR. PADAYAO:

I second the motion.

USEC. SAVELLANO:

There's a motion. Seconded. Any discussion, or objection? I hear none. Then the motion is **APPROVED**. Can we now go to the next item?

BOARD RESOLUTION NO. 240, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE REQUEST OF 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 FOR THIS PURPOSE:

- 1. MS. MILAGROS C. TIU – CHIEF ACCOUNTANT**
- 2. MS. RUSSEL R. RUTAB – FINANCIAL ANALYST III**
- 3. MS. MARJORIE ANN P. TABIJE – CASHIER II**

UNANIMOUSLY APPROVED...."

1
2
3
4 **BOARD RESOLUTION NO. 241, S. 2024**

5
6 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
7 **GOVERNING BOARD HEREBY GRANTS GENERAL AUTHORITY FOR THE**
8 **ADMINISTRATOR/CHIEF EXECUTIVE OFFICER OF THE NATIONAL TOBACCO**
9 **ADMINISTRATION TO PERFORM GENERAL ADMINISTRATION AND/OR**
10 **ROUTINE FUNCTIONS, SUCH AS BUT NOT LIMITED TO THE FOLLOWING:**

- 11
12 **A. Sign agency report to other government agencies;**
13
14 **B. Sign Verification and/or Certification of Non-Forum Shopping in all**
15 **cases wherein the NTA is litigant;**
16
17 **C. Sign Demand Letters;**
18
19 **D. Sign application forms for all types of public utilities (water,**
20 **electric, telephone, etc.);**
21
22 **E. Such other analogous cases;**
23

24 **RESOLVED FURTHER THAT THE ADMINISTRATOR/CHIEF EXECUTIVE**
25 **OFFICER IS HEREBY PERMITTED TO DELEGATE THE AFORESAID GENERAL**
26 **ADMINISTRATION AND/OR ROUTINE FUNCTIONS TO ANY RESPONSIBLE**
27 **NTA SENIOR OFFICIALS THRU A SPECIAL POWER OF ATTORNEY WITHOUT**
28 **NEED OF FURTHER APPROVAL BY THE BOARD.**

29
30 **UNANIMOUSLY APPROVED...."**
31
32

33 **BOARD RESOLUTION NO. 242, S. 2024**

34
35 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
36 **GOVERNING BOARD ADOPTS THE POLICY OF THE AGENCY THAT 70%**
37 **AND 30% OF THE AGENCY'S ACTUAL EXPENSES BE ALLOCATED FOR**
38 **OPERATIONS AND ADMINISTRATIVE EXPENSES, RESPECTIVELY, TO**
39 **BE USED IN THE FILING OF INCOME TAX RETURN IN COMPLIANCE**
40 **WITH COA AOM NO. 2020-08 (2019), DATED JULY 14, 2020.**

41
42 **UNANIMOUSLY APPROVED...."**
43
44
45

46 **BOARD RESOLUTION NO. 243, S. 2024**

47
48 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
49 **GOVERNING BOARD APPROVES THE RELEASE OF SALARY**
50 **DIFFERENTIAL BROUGHT ABOUT BY THE GCG APPROVAL OF CPCS**
51 **SALARY STEP ADJUSTMENT IN THE AMOUNT OF PHP 13,644,893.80**
52 **(TENTATIVE COMPUTATION).**

1
2 **UNANIMOUSLY APPROVED...."**
3

4 **ATTY. OBUSAN:** Next Agenda, Mister Chair, under Agenda (E), "**Presentation**
5 **on the Comparative Data on the Exportation of**
6 **Unmanufactured and Manufactured Tobacco for Years**
7 **2021-2023"**
8

9 To report on the summary of this Agenda, may we recognize
10 Atty. Rohbert Ambros, Manager, Regulations Department.
11

12 **DIR. SERNA:** Honorable Chair, I move for the Suspension of Rules to
13 accommodate the presentation of Atty. Ambros.
14

15 **DIR. GUZMAN:** I second the motion.
16

17 **USEC. SAVELLANO:** Rules is suspended, go ahead with your report Atty. Ambros.
18

19 **ATTY. AMBROS:** Thank you, Mister Chair. Good morning, everyone.
20

21 For today, I will be presenting to you the comparative data on
22 the export and import of manufactured and unmanufactured
23 tobacco for the Years 2021, 2022, and 2023. And I also
24 included the 2024 projections.
25

26 This is the data of the unmanufactured tobacco export. So, for
27 2021, our total exportation of tobacco leaves and other
28 unmanufactured tobacco 24.6 million kilograms, then it went
29 down a bit in 2022 to 23 million kilograms. Finally, last year, it
30 went down to 20.7 million kilograms in 2023. As you can see,
31 the export volume is decreasing.
32

33 **USEC. SAVELLANO:** What's the reason?
34

35 **ATTY. AMBROS:** Number one Sir, our local production really decreased for the
36 past three years also.
37

38 **USEC. SAVELLANO:** What's the reason?
39

40 **ATTY. AMBROS:** That is the volume of purchase commitment from the tobacco
41 buyers. So, they limited the volume that they contracted with
42 their farmers. I think it's really with the demand on the
43 production of tobacco products. Because globally, tobacco
44 demand is really on the decreasing trend. We are decreasing
45 export.
46

47 **USEC. SAVELLANO:** And we are increasing import?
48

49 **ATTY. AMBROS:** It's not the same, Sir. Importation is also going down. So, for
50 the unmanufactured tobacco importation, from 56 million
51 kilograms in 2021, it shoots up to 61.9 million kilograms in
52 2022, and finally, it went down again to 50.8 million kilograms
53 last year.
54

55 For our 2024 projection on import...
56

57 **USEC. SAVELLANO:** Is this the global trend?

1
2 **ATTY. AMBROS:** No, sir. This data was extracted from our issuance of import
3 commodity clearance.
4
5 **USEC. SAVELLANO:** So, we have not studied the trend in the global market?
6 **ATTY. AMBROS:** It's only in the Philippine market.
7
8 **USEC. SAVELLANO:** Can you also make a study on that? So that we can compare it
9 also. Why are we decreasing in terms of exportation? When in
10 fact, other countries are increasing. So, if we are decreasing,
11 maybe there are factors. Why are they not ordering from us?
12
13 **ATTY. AMBROS:** Sir, we will work on that with our Deputy Administrator for
14 Operations. Maybe our trend in the Philippines is the same with
15 the other countries. We will validate the data. Maybe it's
16 because of the serious anti-smoking campaign worldwide.
17
18 So, for 2024, Sir, our unmanufactured import, if the condition
19 will be maintained, we will decrease by around 400,000
20 kilograms. But in the worst scenario, we will increase our
21 importation by about 10 million kilograms due to the continuing
22 reduction of local produced tobacco. But if our local production
23 is favorable, the lower confidence figure would mean that we
24 will be decreasing import by also around 10 million. So that's
25 the trend, Sir. If our supply is okay, the importation will also be
26 low.
27
28 **USEC. SAVELLANO:** What's the ratio now? How much are we importing?
29
30 **ATTY. AMBROS:** Around 60-40, Sir.
31
32 **USEC. SAVELLANO:** 60-40? Did you talk with the manufacturers? What are the
33 things that we are lacking?
34
35 **ATTY. AMBROS:** Actually, Sir, the discussions that we had with the tobacco
36 manufacturers would only concentrate on our encouragement
37 for them to buy local tobacco, to buy more volume of locally
38 produced tobacco. But we cannot really dictate on them on the
39 volume of their importation because we are covered by the
40 WTO, and that we cannot limit their importation. Another
41 reason of course, is the quality of the local tobacco produce.
42
43 **USEC. SAVELLANO:** Can we talk with them? What are the programs that we can do
44 to improve our quality? Let us increase and improve our local
45 production to lessen importation. Because by having a bigger
46 local production, we will be creating more employment.
47
48 **ATTY. AMBROS:** The usual reason that they tell us, Sir, is that they claimed that
49 the imported tobacco is of higher quality than the local tobacco.
50
51 **USEC. SAVELLANO:** Is there a way to improve the quality, say we invest in research
52 studies to make our local tobacco competitive with other
53 countries?
54
55 **DAOP CASELA:** Permission to speak, Sir?
56
57 **USEC. SAVELLANO:** Yes.

1
2 **DAOP CASELA:** As reported yesterday, as to the chemical composition of local
3 tobacco, mostly we refer it to the nicotine level. Comparatively,
4 nicotine content of Philippine tobacco is comparable to that of
5 other countries, except for the neutral tobacco. In which case,
6 as presented yesterday, it was evident that in highly
7 industrialized countries, the variety that they are planting, they
8 are now using the hybrid seeds of tobacco.
9
10 In which case, that is the limiting factor here in the Philippine
11 setting, that we don't have much funds for the purchase of
12 hybrid seeds. But for this year and for next year, we are
13 embarking on research studies on how to use also hybrid
14 seeds and also with the use of open pollinated varieties, so that
15 we can improve the varieties we are planting, especially those
16 varieties that are resistant to bacterial wilt.
17
18 **USEC. SAVELLANO:** But since we have funding from R.A. 4155, can't we get that?
19
20 **DAOP CASELA:** In our proposal for Tier 2, Sir, there are research proposals in
21 which case, this may cover trying out hybrid seeds. But that's
22 Tier 2. I don't know if we can get that.
23
24 **USEC. SAVELLANO:** But what I'm saying is we have the funds from R.A. 4155.
25 Maybe we can get a small amount from that to invest in this.
26 Because this is an immediate thing. If we can get a small
27 portion of that fund for this project, we may increase and
28 improve the quality.
29
30 How much do we need?
31
32 **DAOP CASELA:** I have to consult the research people. That could be made
33 possible if we're going to reduce some funding for other
34 research projects. Just in case, we're exploring other source of
35 funds.
36
37 **USEC. SAVELLANO:** How much? Paki-tawagan mo na. Then we'll just go back. Can
38 we continue the presentation?
39
40 **ATTY. AMBROS:** Sir, before I continue, another reason why the purchase
41 commitment of local manufacturers is low, is because they do
42 not have the discretion where to buy tobacco. They have their
43 own global marketing group that determines where to buy
44 tobacco for their production. Kumbaga, sir, determined na kung
45 saan sila bibili. Saang country, and for how many volumes.
46 Kasi maybe that's their trade secret na. Hinahalo-halo kasi nila
47 from different countries yung composition ng tobacco.
48
49 **USEC. SAVELLANO:** Pero ano ba yung mga manufacturers natin? Ayaw ba nila
50 dito?
51
52 **ATTY. AMBROS:** Actually, Sir, kung sila siguro ang masusunod, they will buy
53 more tobacco from the local market. Kaya lang, they are not in
54 the position to determine yung purchases nila because that
55 function is dedicated to their marketing group. But under our
56 existing law, sir, assured naman tayo na 15% of their raw
57 materials should be brought from the local market.

1
2 **USEC. SAVELLANO:** So yun lang yun? Kasi kung mas malaki volume ng bibilhin
3 nila, mas malaki din income ng mga farmers.
4
5 **ATTY. AMBROS:** But then again, Sir, kahit makapag-produce tayo ng the same
6 quality as they are importing, hindi rin sila bibili kasi it's not their
7 decision really, merong nag-de-decide na ibang group, their
8 marketing and global supply group.
9
10 **USEC. SAVELLANO:** Pag-aralan natin bakit. Kasi comparable na local tobacco tapos
11 mag-import p din sila? Anong logic? We are under regulation,
12 so we should regulate their importation.
13
14 **ATTY. AMBROS:** Pwede, Sir, kung may batas na nagsasabi na i-limit yung
15 importation, we can do that.
16
17 **USEC. SAVELLANO:** Anyway, we will discuss all of that again. Sige, go ahead.
18
19 **ATTY. AMBROS:** Okay, Sir. This slide would show that the trends for the past 3
20 years are almost the same.
21
22 So yung volume ng Virginia, Burley, saka yung Native tobacco
23 and tobacco export natin is almost on the same percentage.
24 Medyo bumababa lang yung total volume.
25
26 Sa unmanufactured tobacco export projection natin sa 2024, ito
27 yung pinaka-worst na projection namin, Sir. Anywhere from
28 upper confidence to lower confidence talagang bababa for this
29 year. For 2023, we have 20.7 million kilograms, which is lower
30 than the past 2 years, 2021 and 2022. Yung projection natin is
31 bababa siya sa 18.8 million kilograms under normal conditions.
32 Kung mag-improve man siya, a little of 19.2 million kilograms
33 lang. And the worst will be 18.5 million kilograms. So ibig
34 sabihin, kung mataas yung local production natin, mas malaki
35 yung volume na binili ng local manufacturers.
36
37 So that would also be a positive effect of reduction of export.
38 But then again, as to global standing, baka maging net importer
39 na naman tayo.
40
41 For the next slide, these are the top 5 countries of destination
42 for our export.
43
44 So, in the extreme left for 2021, Taiwan has the most volume of
45 tobacco purchase from the Philippines, followed by Dominican
46 Republic, Indonesia, USA, and South Korea. So, all others,
47 marami sila, pero small volume, they comprise 6.4 million
48 kilograms.
49
50 For 2022, nawala si Taiwan. Nag number one naman si USA,
51 Dominican Republic is still there, Indonesia still there, then si
52 Belgium and UAE.
53
54 And for 2023, ayan pa din si Dominican Republic, Belgium, and
55 Indonesia, nandun pa rin.
56
57 **USEC. SAVELLANO:** Nawala si Taiwan?

1
2 **ATTY. AMBROS:** Hindi na siya bumili, Sir. We don't know the reason really.
3 Maybe because kung ano lang production nila, maybe because
4 yun lang din yung kailangan nila.
5
6 **USEC. SAVELLANO:** Sino kausap natin from Taiwan?
7
8 **ATTY. AMBROS:** Wala sir, kasi eto sir, these are only the data gathered from the
9 exportation of our local producers.
10 **USEC SAVELLANO:** Can we set a meeting with Manila Economic and Cultural
11 Office (MECO)? Alamin natin why they stopped buying from us.
12
13 **ATTY. AMBROS:** Pwede, Sir. Hindi naman siya totally nawala sa mga countries
14 of destination. Hindi lang siya pumasok sa top 10, nandun pa
15 rin siya sa others.
16
17 **USEC. SAVELLANO:** But still, we have to address that.
18
19 **ATTY. AMBROS:** Yes sir, we will check on this.
20
21 **USEC. SAVELLANO:** In Taiwan, ano yung ini-import nila? Next time, mas maganda
22 kung naka-specify. Para mapag-aralan natin kung ano klase
23 mga iyan at baka pwede nating i-revive.
24
25 Then sa US naman, ano namn iyung in-import nila sa atin?
26
27 **ATTY. AMBROS:** Yung ini-export natin sa kanila Sir is yung native broad leaf.
28
29 **USEC. SAVELLANO:** Can we set a meeting with Indonesia and the Dominican
30 Republic and Taiwan? Para explore natin different possibilities.
31
32 **ATTY. AMBROS:** Sure. Actually sir, based on yung world market, Indonesia is
33 also one of the largest producer ng tobaccos in Southeast Asia.
34
35 Pero nag-import siya from the Philippines kasi nga, meron
36 siyang particular type ng tobacco, yung Burley na kailangan i-
37 halo sa produkto nila.
38
39 Burley naman sir. Burley. Okay, pwede yun upadamin natin.
40
41 **USEC. SAVELLANO:** Kailangan na mapag-usapan ito kasi marami tayong problema
42 sa atin, dami nating import, yung export naman ay kokonti.
43 Hindi lang sa tabako, pangkalahatan. Masyadong imbalance
44 yung trade natin.
45
46 Magpatulong tayo sa DFA, I'm going to set up a meeting and
47 we'll go from there or we'll invite them for dinner. Diba yung
48 Indonesian pumunta dati dito?
49
50 Yung mga taong nasa international trade natin, or even the
51 Ambassadors, magpatulong tayo, kasi ito pwedeng i-bring out
52 doon sa international relations natin.
53
54 Sa Department of Agriculture, mayroon tayong International
55 Relations. So sila pwede makipag-coordinate kung kailan tayo
56 pwede makipag-usap. Maganda pagusapan yung sa export
57 natin.

1
2 **ATTY. AMBROS:** Pakibalik sa previous slide. Yan yung Native Unmanufactured
3 Tobacco export, from 2021 to 2023 na-maintain niya yung 9.5-
4 10 million kilograms.
5
6 So very static yung demand sa market outside. And actually,
7 the native tobacco has the highest percentage of volume,
8 almost 50% of the total export.
9
10 Ang maganda ang price niya Sir, \$6.2, \$8.25 and \$7.54 per kilo
11 from 2021-2023. Kaya pwede yung isang advantage natin.
12 We're going to explore on that and look for more market.
13
14 **USEC. SAVELLANO:** Meron ba kayong Marketing Division, dapat pag-aralan nila ito.
15
16 **ATTY. AMBROS:** Meron Sir, yung market research namin sa IRD.
17
18 **USEC. SAVELLANO:** Can you ask them also to report next time. Analyze nila itong
19 international market, and every time we have a meeting,
20 they report to us kung ano yung nangyari. Then ano yung
21 pwede natin gawin? They can recommend to the Board para
22 we can adopt yung mga programs naman na pwede to address
23 this problem.
24
25 **DAOP CASELA:** Yes, sir. We'll advise them.
26
27 **USEC. SAVELLANO:** Okay. Thank you. Please continue.
28
29 **ATTY. AMBROS:** Sa unmanufactured tobacco import naman natin, as I've said,
30 2021 nag-56 million kilos tayo, then 2022 nag-increase ng
31 about 6 million kilos, then bumaba ulit sa 50.8 million kilos last
32 2023. As far as I have shown you earlier, parang ganoon din
33 yung trend every year. Yung percentage ng every tobacco
34 type, hindi siya nagbabago, except sa total volume.
35
36 So yung projection natin, yan sinabi ko kanina, normal
37 confidence at 50.4 million kilos, and the lowest confidence
38 would be 40.6 million kilos for this year. Next slide.
39
40 So ito naman yung top five countries of origin where we are
41 getting our imported tobacco.
42
43 Number one is India, China, Brazil, Bangladesh for 2021 and
44 2022, sila yan for Virginia tobacco.
45
46 **USEC. SAVELLANO:** May binibili tayo sa India na Virginia tobacco?
47
48 **ATTY. AMBROS:** Yes sir. Yung mga manufacturers natin.
49
50 **USEC. SAVELLANO:** So, what's the difference between the Indian Virginia and our
51 local Virginia?
52
53 **DAOP CASELA:** The manager of the IRD yesterday, Your Honor, presented that
54 high-yielding yung mga variety from India.
55
56 **USEC. SAVELLANO:** High-yielding? How about the nicotine content?
57

1 **DAOP CASELA:** It was reported yesterday that the higher the nicotine content of
2 the tobacco, the higher is the price.
3

4 **USEC. SAVELLANO:** In comparison with India, okay lang tayo?
5

6 **DAOP CASELA:** Yes sir. With our improved flavor na variety.
7

8 **USEC. SAVELLANO:** Can the Indian companies sell to us yung high-yielding variety?
9

10 **DAOP CASELA:** Pwede rin siguro, Sir.
11

12 **USEC. SAVELLANO:** We have to explore that. Kasi yung high-yielding dito,
13 kailangan din ng mga farmers, diba?
14

15 **DAOP CASELA:** Yes sir.
16

17 **USEC. SAVELLANO:** Pag-aralan ninyo, magkano kailangan para mag-demo tayo?
18

19 **DAOP CASELA:** Yes, Sir. As what the Manager from FTSD mentioned
20 yesterday, there are factors that contribute to the level of
21 production.
22

23 Factors like the climate, the soil quality, farming practices, and
24 the technology employed.
25

26 **USEC. SAVELLANO:** But the thing is we have the same nicotine, almost the same
27 nicotine content.
28

29 But if we can buy yung high-yielding varieties, mas malaki din
30 kikitain ng farmers natin, kaya pag-aralan ninyo ito.
31

32 **DAOP CASELA:** Yeah, that's possible, sir. Kasi if you improve the variety, seed
33 variety, definitely correspondingly there will be an increase on
34 the yield and of course the quality.
35

36 **USEC. SAVELLANO:** So, can we explore on that?
37

38 **DAOP CASELA:** Yes, sir.
39

40 **USEC. SAVELLANO:** Again, what I'm saying is we'll try to get the fund for this from
41 R.A. 4155. We need to invest.
42

43 **DAOP CASELA:** Additional information, Sir, it is ULPI who is importing the high-
44 priced or hybrid seeds. Pero gamit lang nila ito. Because you
45 need at least 35 grams of seeds per hectare. I think we also
46 have to study regarding that matter. This is really, not only on
47 the level of production but also the resistance to pests and
48 diseases.
49

50 **USEC. SAVELLANO:** And if we can have a contract with these Asian companies to
51 buy what we're planting, maganda din. Kasama ito sa
52 assignment ninyo, to talk with the Indian Ambassador, the
53 Indonesian and the Dominican and explore on this.
54

55 **DAOP CASELA:** Similar to contract growing. Pwede po siguro, Sir.
56

1 **USEC. SAVELLANO:** And determine also areas na we can expand. Sino pwede
2 magcoordinate nito? From your office, sino pwede? Kasi ko-
3 coordinate din natin sa International Relations ng D.A. Kasi sila
4 may connections sa lahat ng embassies. We'll just set yung
5 time, and date.
6
7 We need to explore every possible opportunity. Please
8 continue.
9
10 **ATTY. AMBROS:** Next, we'll go next to the manufactured tobacco.
11
12 So, our export has more or less, up and down data because in
13 2021, we exported a total of 36.5 million kilos, and it shoots up
14 to 88.3 million kilos in 2022 and went down again in 2023.
15
16 For our projections for 2024, next slide please.
17
18 Tatlo yung scenarios which are very extreme. So upper
19 confidence magtutuloy yung increase natin sa export by almost
20 35 million kilograms. But the normal projection is almost the
21 same, a slight decrease to 44 million kilograms. But the worst
22 scenario would be, it will reduce to 6.6 million kilograms based
23 on the 3-year data.
24
25 **USEC. SAVELLANO:** Export ng ano?
26
27 **ATTY. AMBROS:** Yan yung cigarettes Sir. Yan yung projection natin for 2024.
28 Limited lang kasi yung ginamit natin na data for projecting yung
29 2024. Tatlong taong lang kasi. But we will try to include the 5 or
30 10-year data baka mag-iba yung projection natin. Pero if the
31 condition will be favorable, mag-increase tayo ng export by 35
32 million kilograms.
33
34 **USEC. SAVELLANO:** Pero yung normal confidence natin, hindi ba natin kaya
35 maintain sa 44 million kilograms? Bakit di natin maaari at
36 magawa?
37
38 **ATTY. AMBROS:** Depende kasi sa demand sa global market sir.
39
40 Mas lalo sir yung trend kasi ngayon na ginagamit globally is
41 yung vape na, yung smokeless. Heated tobacco products,
42 snus, vape products yan na.
43
44 **USEC. SAVELLANO:** Pero yung heated, tobacco pa rin ginagamit, hindi ba?
45
46 **ATTY. AMBROS:** Hindi natin sigurado Sir kung tabako yung ginagamit.
47
48 Iyan yung sa HTPs, tabako pa rin pero imported yung
49 component. Hindi natin alam kung anong laman doon. Kasi
50 imported siya.
51
52 **USEC. SAVELLANO:** In-import natin yung heat sticks na yun. Yung laman nga doon
53 tabako?
54
55 **ATTY. AMBROS:** I am not really sure sa research group sir kung ma-determine
56 nila yun.
57

1 **USEC. SAVELLANO:** Bakit tayo nag-i-import nung laman? Pwede ba yun gawin
2 nalang dito? Hindi yung laman yung heat sticks. Kasi may
3 tabako component yan.
4

5 **ATTY. AMBROS:** I am not really sure kung kayang i-decipher ng IRD.
6

7 **USEC. SAVELLANO:** Kasi another opportunity for our tobacco industry iyan.
8

9 **ATTY. AMBROS:** So, cigarettes lang yung nakita natin dyan. Kasi wala pa tayong
10 ibang products. Wala pa tayong projection for other alternative
11 products such as HTPs and vape products.
12
13 And especially yung vape products hindi na dumadaan sa NTA
14 kasi DTI ang nagre-regulate nito.
15

16 **USEC. SAVELLANO:** Hindi, pero yun nga, nicotine din yun, di ba?
17

18 **ATTY. AMBROS:** Sir, according sa nakausap ko, yung nicotine is parang
19 synthetic sya. Kasi liquid ito. Yung ginagamit sa vaping,
20 hinahaluan nila ng synthetic na nicotine. Hindi ko lang alam
21 kung extract talaga from tobacco.
22

23 **USEC. SAVELLANO:** Can we ask our researchers to do a study on this also? Or in
24 coordination with DOST?
25

26 **DAOP CASELA:** Mayroon tayong ongoing na coordination with the DTI. They
27 are planning to accredit the NTA as to testing the vape
28 products.
29

30 **USEC. SAVELLANO:** Present nyo na lang ito sa Board kapag may MOA n. Please
31 continue.
32

33 **ATTY. AMBROS:** Okay, so next slide. Ito naman yung comparative data natin sa
34 cigarettes and heated tobacco products.
35
36 So, 2021, 4 million kilograms. Ah, cases pala. And then
37 bumaba sya sa 1 million cases in 2022. And nag-shoot up uli
38 sya na 2023, naging 5.3 million cases. So maganda yung
39 export natin for 2023.
40
41 As to other tobacco products, next slide. Ito naman yung sa
42 cigars, snus, chewing, snuff, and pipe tobacco. So, parang sa
43 cigarettes din, 2021 mataas, pero pagdating ng 2022, bumaba.
44 And tumaas muli ng 2023. So, next slide.
45
46 Ito naman sa cutrugs. So, cutrugs are chopped tobacco that is
47 ready for cigarette manufacturing. So, they are considered as
48 manufactured tobacco already because it has already
49 undergone a process. So, maganda yung record ng 2023 as
50 compared sa 2021 and 2022.
51
52 For the import of tobacco, manufactured tobacco. Next slide.
53 Ayan. So, maganda yung trend natin sa importation. Bumaba
54 sya from 10.5 million kilos, naging 9.2 million kilos, and then for
55 2023, naging 4.7 million kilos.
56

1 So, tingnan naman natin yung projection for 2024. Next slide.
2 Sa upper confidence, mag-stagnant sya sa 2.2 million kilos.
3 But if worst scenario would come in, mababawasan tayo at
4 aabot sya sa negative 763,000 kilos. Then lower confidence is
5 negative 3.7 million kilos. Ibig sabihin, wala nang import by that
6 time. Kung maganda yung trend na ganyan. So, negative
7 would mean zero na talaga yan.
8

9 **USEC. SAVELLANO:**

Wala nang import ng cigarettes? Would it mean that would be covered by the illicit trade?

11 **ATTY. AMBROS:**

Ayan din ang tinitingnan namin, Sir. Baka itong reduction na ito is contributory yung illicit trade.

15 So, madami na sya. So, yung import natin. Pero, come to think of it, based doon sa global adult tobacco survey ng mga health groups, 4% lang yung binaba ng smoking population. So, kung 4% lang, dapat 4% lang yung reduction ng consumption.

20 Pero, kung titingnan mo, ang laki. From 9, naging 8, tapos naging 2. So, we are looking at na talagang lalakas ang illicit tobacco, given the fact that for this year again, mag-increase na naman ang excise tax ng another 4-5% per pack.

25 After Php 60, meron na siyang annual increment na 5%. And that's why the health advocates again are planning to propose a new bill to increase the excise tax ng tobacco. Pero, medyo na-divert na yung kanilang attention sa vape naman, kasi vape products, medyo problematic yan kasi hindi pa sila nakakasingil ng corresponding excise tax. Marami pa rin yung smuggled, sir.

33 **USEC. SAVELLANO:**

Even vape, may smuggled?

35 **ATTY. AMBROS:**

Yes, sir. Anything, basta may excise tax, may illicit importation. May I proceed, sir, sa next slide?

38 So, ito naman yung per type ng import natin.

40 So, in terms of cases, in 2021, four million, bumaba ulit sa 2022, and then tumasa ulit ng 5.3 million cases in 2023. And then for other tobacco products, next slide.

44 So, yung trend is pataas din siya. For 2021 and 2022, almost the same yung data natin. Pero pagdating ng 2023, nag-shoot up yung snus tobacco. Isnus tobacco, sir, yan yung mga nilalagay sa gums na naka-pouch lang siya. So, biglang may demand ng 2023.

50 And for the cutrugs, parehas siya ng export natin, tumaas din siya. Pareho mababa ng 2021 and 2022, tumaas ng 2023. Pero mas mataas pa rin yung export natin sa cutrugs. So, net exporter tayo on this aspect.

55 So, that would be my last slide for the comparative study, Sir. And with respect to the instructions that you gave earlier, we will do that in coordination with our Honorable Administrator,

1 the Deputy Administrator for Operations, and the other
2 Departments of the agency.
3

4 **USEC. SAVELLANO:** Any other discussions? I hear none. Can we now go to the next
5 item?
6

7 **ATTY. OBUSAN:** Thank you, Mister Chair. Actually, what Atty. Ambros discussed
8 earlier covers **Agendas (E) and (F)**, so we now move on to
9 **Agenda (G), "Report update on the meeting of the**
10 **Committee on Ways and Means-Technical Working Group**
11 **(CWM-TWG) on the drafting of House Bill No. 10329 (Anti-**
12 **Illicit Tobacco Trade)"**
13

14 To report on the summary of this Agenda, once again, may we
15 recognize Atty. Rohbert Ambros, Manager, Regulations
16 Department.
17

18 **ATTY. AMBROS:** So, I'll be reporting to you the status of the meetings of the
19 CWM-TWG. Next slide. So, the law aims to strengthen tax
20 administration and minimize revenue losses due to illicit trade.
21

22 So, hindi na lang tobacco products ang covered ng proposed
23 bill, but also heated tobacco products, novel tobacco products,
24 and vape products, and idinagdag na yung tobacco
25 manufacturing related items as we proposed during the said
26 committee meeting.
27

28 So, what are these tobacco related items? So, there are
29 several kinds of other related items. There are 9 actually.
30 These are processing machines, equipment, both for
31 cigarettes, cigars, and HTPs and vapor products. This all also
32 includes filters and papers in the manufacture of tobacco. So,
33 flavorings, additives, and other ingredients, packaging and
34 labeling materials, printing machineries. So, covered na rin sya.
35 So, total of 9 items under the other tobacco related items.
36

37 For the information of the Honorable Chair, these other tobacco
38 related materials are being regulated by the NTA right now. So,
39 all importers of these commodities are securing import
40 commodity clearance from the NTA before they are allowed to
41 be released from the Bureau of Customs.
42

43 Under the House Bill, there are 3 classifications of illicit
44 tobacco. These are Number 1, Counterfeit, Number 2,
45 Contraband, and Number 3 is illicit whites.
46

47 So, what are counterfeit illicit tobacco? They are tobaccos
48 which uses marks without the consent of the trademark owner.
49 While the contrabands are legitimate products, but they are
50 diverted from the supply chain to evade the payment of
51 domestic tax.
52

53 As to illicit whites, there are several categories under this
54 classification. Number 1 is those manufactured without being
55 registered with the BIR, they are not in the BIR list of brands.
56

1 Number 2, of course, if the tax, excise tax is not paid, Number
2 3, when their packaging has no graphical warning, Number 4, it
3 does not contain any excise tax stamp. And Number 5, there is
4 no DTI-PS mark or product standard mark from the DTI or the
5 import commodity clearance or ICC sticker.
6
7 **USEC. SAVELLANO:** Those are not included in the BIR list of brands?
8
9 **ATTY. AMBROS:** Yes, sir.
10
11 **USEC. SAVELLANO:** Where is the DTI?
12
13 **ATTY. AMBROS:** The DTI is the PS mark, sir. Philippine Standard Mark.
14
15 **USEC. SAVELLANO:** But the brand is registered in the DTI, right?
16 **ATTY. AMBROS:** Yes, sir.
17
18 **USEC. SAVELLANO:** So, where is it? The list of brands is in the BIR, but the
19 standard, it is in the DTI. The name is in the DTI, right?
20
21 **ATTY. AMBROS:** Actually, in the IPO, Sir, Intellectual Property Office. It is
22 included in the DTI. I did not see it.
23
24 If they are listed already in the BIR, they are also registered in
25 the DTI.
26
27 **USEC. SAVELLANO:** In the registered mark, but if they are not registered. So, where
28 is the classification?
29
30 **ATTY. AMBROS:** I think it is with Number 1, Sir. Before the BIR issued the official
31 list of cigarette brands, they first verified that with the
32 Intellectual Property Office if that brand is registered with that
33 office.
34
35 **USEC. SAVELLANO:** So, why is it not included in the BIR?
36
37 **ATTY. AMBROS:** This is the only one that is included in the Draft House Bill. But
38 if you want, sir, there is another meeting, we can include it. So,
39 may I proceed?
40
41 So, let's go to the salient provisions of our House Bill. So,
42 Number 1 on that list is the Tracking and Tracing System.
43
44 So, under the House Bill, all Tobacco products will now use a
45 unique secure and non-removable markings. Readable by
46 quick response codes or other digital apps. So, these codes
47 will be stored in an electronic database to be maintained by the
48 BIR that can be accessed by the public. So, it will be
49 determined if the Tobacco purchased is illicit or legitimate
50 Tobacco.
51
52 **USEC. SAVELLANO:** What is the tracking system?
53
54 **ATTY. AMBROS:** We will use markings that are readable.
55
56 **USEC. SAVELLANO:** Who will use it? Who will implement it?
57

1 **ATTY. AMBROS:** BIR, Sir. During our meeting, it was mentioned that the BIR
2 would entail around P13 billion for that marking. The BIR will
3 request and the government will provide for the funding under
4 the law.
5
6 Number 2, is the Mandatory Registration of Manufacturing
7 Equipment. So, after an importer takes the equipment from the
8 Bureau of Customs, he will register it in the BIR before he can
9 use it. So, these are the additional requirements for equipment
10 owners. So, for the existing ones, they also have to register
11 that if not yet registered with the BIR.
12
13 Next is the Punishable Acts. So, this is quite a lot. Basically, the
14 illegal activities such as Number 1, no requisite import permits,
15 Number 2, the use of other people's permits, Number 3, the
16 use of fake permits for importing. Number 4, if you are allowing
17 your permit to be used by another person.
18 Number 5, is misclassification, undervaluation or
19 misdeclaration to avoid the payment of appropriate taxes and
20 duties. So, Number 6, is using dummy corporations just to
21 acquire import permits. Number 7, is the owners of ports,
22 facilities including resorts, airports, warehouses if they
23 knowingly allow the use of their facilities, they will be included
24 in the prosecution. Number 8, for the trucking business, if they
25 will transport illicit products in commercial quantities, it would
26 mean knowingly allowing the use thereof.
27
28 **USEC. SAVELLANO:** The owners of the facilities?
29
30 **ATTY. AMBROS:** Yes, sir. It can be a defense if he didn't know. If he just rented
31 his port or something like that. Kasi sir, kung hindi natin
32 ilalagay yung knowingly, baka it would be classified as human
33 rights violation already without the due process. Kasi, you have
34 to prove the guilt of the perpetrator.
35
36 So, dapat alam niya na ginagamit for illegal activity.
37
38 **USEC. SAVELLANO:** Knowingly dapat?
39
40 **ATTY. AMBROS:** Yes, sir. Knowingly would mean with consent.
41
42 So, sa trucking business naman, if you are carrying illicit
43 product in commercial quantity, mga 50 rims, kasama ka rin,
44 that will be considered as a punishable act. Very specific yung
45 commercial quantity, 50 rims. One master case, yan. Yung
46 isang box, 50 rims ang laman noon.
47
48 So, during the technical working group meeting, Sir, pina-
49 identify yung commercial quantity. So, doon sinabi natin na 50
50 rims.
51
52 So, next punishable act, Number 9, using equipment,
53 machinery not registered with the BIR. Number 10, is declaring
54 products for export, pero binebenta pala sa local market to
55 evade taxation.
56

1 **USEC. SAVELLANO:** Yung case ng Mighty Corporation? Transshipment, doon nila
2 ginawa sa Subic, yung papel. Tapos yung product, galing local,
3 galing sa bodega sa Bulacan. Saan ito papasok diyan sa
4 punishable acts?
5

6 **ATTY. AMBROS:** Supposed to be pag-transshipment from one country going to
7 another, dadaan lang dito sa Pilipinas. Hindi ito considered
8 transshipment.
9

10 **USEC. SAVELLANO:** Ang papel nila, transshipment. Kasi product nila yun.
11

12 **ATTY. AMBROS:** Ang transshipment, sir, is foreign brand.
13

14 **USEC. SAVELLANO:** Foreign nga. Pero foreign brand yung ginawa sila, pero galing,
15 ano, galing sa Bulacan. Foreign brand yun, pero parang
16 transshipment. Papel lang ginawa nila sa Subic.
17

18 **ATTY. AMBROS:** Sir, pwede siya sa Number 10. Declaring products for
19 transshipment, when in fact sold in domestic market. Sir, kung
20 transshipment yan, dapat hindi lumabas ng economic zone.
21 Kasi kung nilabas mo ng economic zone, papunta sa local
22 area, import na yun.
23

24 **USEC. SAVELLANO:** Hindi, export nga. Ito, sa Subic ginawa yung papel, yung
25 produkto galing Bulacan, na ilalabas sila sa Sabah.
26

27 **ATTY. AMBROS:** Kung talagang for export siya, Sir, at lumabas, hindi siya
28 covered.
29

30 **USEC. SAVELLANO:** Hindi, hindi siya nakalabas kasi nahuli nga.
31

32 **ATTY. AMBROS:** Pero dapat may intention to sell it sa domestic or wala?
33

34 **USEC. SAVELLANO:** Hindi ilalabas for export. Hindi siya covered dito? Yung locally
35 manufactured siya tapos dineclear for transshipment, using
36 foreign brand. Fort, siya. May Fort na brand, di ba?
37

38 **ATTY. AMBROS:** Yes, sir. Hindi, wala sa Pilipinas ang Fort.
39

40 **USEC. SAVELLANO:** Pero sa Bulacan nila ginawa.
41

42 **ATTY. AMBROS:** Hindi siya covered dito, Sir.
43

44 **USEC. SAVELLANO:** So, in your next meeting, pwede nating isama?
45

46 **ATTY. AMBROS:** Sige, Sir. Isama ko as one of the punishable acts.
47

48 Yung isang modus nila, Sir, is kunwari ilalabas ng country, pero
49 pagdating doon sa malapit, nasa gitna ng China Sea, mag-i-
50 stop yung barko.
51

52 Yan yung, sir, yung transshipment. Tapos sasalubungin sila ng
53 maliliit na fishing boats.
54

55 Yung nabalitan namin, Sir, sa Kurimau.
56

57 **USEC. SAVELLANO:** Saan nila ilalabas?

1
2 **ATTY. AMBROS:** Sa looban din, Sir. At the usual passage dito? Pero on paper,
3 lumabas siya kunwari sa Subic.
4
5 Okay. The next punishable act, Number 11, is selling,
6 distributing, and storing illicit tobacco products.
7
8 Number 12, if you are selling illicit tobacco products without
9 yung excise tax stamps and yung mga graphic health warning.
10
11 **USEC. SAVELLANO:** Paano yung mga sari-sari store? Wala naman silang
12 kapasidad.
13
14 **ATTY. AMBROS:** Sir, pag walang mga markings, automatic na illicit tobacco po
15 ito.
16
17 **USEC. SAVELLANO:** Papano yung mga markings, hindi nita kaya determine kung
18 fake or authentic ito.
19
20 **ATTY. AMBROS:** Yun, Sir, pwede nilang gawing defensa ito. Kunwari may fake
21 na stamps and then may graphic health warning na hindi
22 naman totoo. That would be one of the defenses of those
23 selling, na hindi nila alam na fake yan. Kasi pwede nilang
24 sabihin kasi doon na they don't have the expertise to
25 determine.
26
27 And of course, Number 12, if you sell tobacco products below
28 the floor price, isa ring punishable action ito. If you sell
29 cigarette kunwari, Php 60 ang excise tax ngayon and then you
30 are selling that at Php 55 or lower, punishable pa rin under the
31 House Bill.
32
33 So, yung Number 13 naman, kapag yung illicit products mo ay
34 binenta mo sa online market. So, may mga corresponding
35 penalties din sya.
36
37 And Number 14, of course, yung mga fake marks, stamps. So,
38 hindi lang yung illicit products ang covered sa House Bill. Kundi
39 pati pa yung mga markings, digital markers, PS marks and
40 stickers.
41
42 We now proceed to the penalties. So, if you are a principal by
43 direct participation, you can be imprisoned by 20 years and 1
44 day to 40 years. Plus, may mga fines double the market value
45 of the illicit products and unpaid taxes.
46
47 If you are an accessory, mas lower yung imprisonment from 12
48 years and 1 day to 20 years. Yung fine mo is equivalent lang
49 sa market value ng products plus yung unpaid taxes.
50
51 If you will turn out to be a state witness, hindi ka ma-abswelto,
52 kundi mare-reduce lang yung imprisonment mo. Pero okay na
53 rin sya kasi reduce kaysa mga 12 or 20-years imprisonment.
54
55 So, if you are a public official involved with these illicit acts, the
56 same as principal yung penalty plus mayroong pang perpetual
57 disqualification to hold public office.

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So, yung next slide natin Sir, ito po yung binilin ninyo sa akin. Yung rendering facility. Pinick-up ng committee. All confiscated illicit tobacco will be destroyed and disposed of in rendering facilities.

USEC. SAVELLANO:

Since regulation tayo, mag-invest tayo sa sarili nating rendering plant, owned mismo ng NTA. Bodega lang yan, mura lang din.

ATTY. AMBROS:

Yes, Sir. Nabanggit ko during the TWG meeting na we have to supervise or own the rendering facility because may mga balita na yung mga confiscated na tobacco products, na-re-recycle. Natawa sila, sir. Parang bagong sa pandinig nila, then nagulat sila. Sige sir, i-propose ko na lang na it will be established by the NTA.

Yung ating tobacco dust plant, baka pwede na nating convert.

USEC. SAVELLANO:

Baka pwede nating gawin na tobacco dust, di ba tayo naman ang nag-produce nito. Maybe we can ask the research team.

DIR. PADAYAO:

Sir, it's not organic anymore. It's no longer effective, because there are already other ingredients.

ATTY. AMBROS:

If you happen to advertise your illicit tobacco on a digital platform, that will be taken down, ipapa-remove yung website mo. Or if you are a repeated violator, restrict ito ng DICT.

So, ito yung pinaka-importante, Sir. Another welcome development dito, kasama na ang NTA sa Enforcement Group, as recommended or suggested by our Honorable Chairman. Dito, masasagot na yung ating long-standing predicament na walang police power ang NTA. Kasama ng NTA dito ang Philippine Coast Guard, PNP, BIR, DTI. So, pwede silang ma-deputize ng other government agencies.

Pag DILG, sir, PNP naman ang Enforcement Group niya.

USEC. SAVELLANO:

Dapat isinama nila dito ang BFP, kasi sila, pwede pumasok sa mga bahay na ni-raid, kasama sa mandate nila. Check ninyo ito as per DILG Sec. Abalos. Bukod pa dito may mga hagdan sila and other equipments.

ATTY. AMBROS:

Sige po Sir, sabihin ko ito. The enforcement group will have the power to effect seizures, searches, arrests, conduct inspections, and secure documents.

As to the implementing guidelines naman, the DOF will lead the drafting of the implementing guidelines, through the BIR and in consultation with the DTI, DOH, DICT, and DA through the NTA.

Yung next schedule ng technical working group meeting will be on July 15.

1 We plan na matapos na itong draft sa July 15, para ma-submit
2 na ito sa plenary. Before the SONA of the President. That will
3 be all from my end, Mister Chair. Thank you very much!
4

5 **USEC. SAVELLANO:** Thank you very much. Any questions from the Directors?
6 Hearing none, next item.
7

8 **ATTY. OBUSAN:** Mister Chair, the next agenda, under Agenda (H), the
9 "**Presentation on the average production levels of the**
10 **Philippine tobacco, vis-à-vis other tobacco producing**
11 **countries.**
12

13 To report on this Agenda, may we recognize, Ms. Evangeline
14 C. Cabigan, OIC, Farm Technology and Services Department.
15

16 **DIR. SERNA:** Honorable Chair, I move for the Suspension of Rules to
17 accommodate the presentation of Ms. Cabigan.
18

19 **DIR. TRONGCO:** I second the motion.
20

21 **USEC. SAVELLANO:** Rules is suspended, go ahead with your report Ms. Cabigan.
22

23 **MS. CABIGAN:** Okay, thank you. Good afternoon to everyone. I would like to
24 give a short presentation of this average production levels of
25 the different Philippine tobacco types as compared with the
26 other tobacco producing countries. I concentrated on the top 20
27 producing countries and I will try to compare it in terms of the
28 performance of the tobacco industry in the Philippines.
29

30 Yield variability is common issue to all the tobacco producing
31 countries and this is due to several factors, among which are
32 the weather conditions like drought or excessive rainfall for
33 instance, soil quality, farming practices, fertilization, irrigation
34 systems,
35 pest and disease management, and the variety used.
36

37 So, for flue-cured tobacco, the Philippines, as you can see, is
38 in yield range of 1,500 to 2,000 kilograms per hectare for the
39 last three years. The basis for the data for the Philippines is our
40 active operations report for the last three years, 2021 to 2023
41 from our tobacco contract growing project. We can see here
42 that of these 20 tobacco-producing countries, there are many
43 countries that attain an average yield from 2,000 to above
44 3,000 kilograms per hectare. There is only one country that has
45 a lower average yield, it is Bangladesh. The countries that have
46 an average yield of above 3,000 are India, Thailand, Kenya,
47 and Vietnam.
48

49 So here are the specifics of the average yields per country.
50 China is the top tobacco producer as of this time. And we can
51 see that it does not produce an average yield of above 3,000
52 kilograms per hectare. For India, this is the second largest
53 tobacco producer. We can see here that it produces more than
54 3 tons. In fact, it produces up to 4,000 tons in one region.
55

56 The U.S. also produces about 2,000 tons. What is noticeable
57 here is that unlike the past, for the last three years, it has

1 produced more than 2 tons. All of these tobacco producers
2 have more than 2,000 kilograms per hectare yield level.
3 Likewise with Brazil, it produces more than 2,000 tons. But for
4 Indonesia and Argentina, it is more or less the same. Although
5 they still attain 3,000 yield average. With Turkey, Vietnam, and
6 Zimbabwe, it almost reaches 3,000 yield level. Likewise with
7 Turkey, Zimbabwe is approximately the same in terms of
8 cultural management.
9

10 And like Kenya, Malawi is also higher than our profile. Malawi is
11 also a developing country of Africa. So, it is the same for us. In
12 fact, this is our level. Tanzania, from less than 2,000 to more
13 than 2,000 kilograms.
14

15 Similarly, another African country, which together with Malawi
16 is Mozambique, and probably, they also experienced
17 undesirable climatic conditions there, probably droughts. The
18 level of technology probably is not as high as in more
19 developed countries. So, they are our equal level in average
20 yield gain.
21

22 Thailand, is far from our level, especially in improved flavor.
23 They have 3,000 to 4,000 yield averages. We can assume that
24 one probable reason for this is, they are already using very
25 high yielding hybrid varieties. For, neutral flavor, we have the
26 same yield averages with Pakistan. Again, Bangladesh, is on
27 the lower spectrum, just like the Philippines.
28

29 South Africa, more or less developed African country, they
30 have high yield averages. Nigeria, more than 2,000 also,
31 likewise with Bulgaria.
32

33 Now for Burley, we are performing better here. We are on the
34 2,000 to 2,500 kilograms per hectare yield average level. We
35 have China, India, Indonesia, Malawi, Pakistan, and Tanzania.
36 And there are five countries, Zimbabwe, India, Kenya, and
37 Tanzania, and Bangladesh who are below us in the yield
38 averages here.
39

40 But again, there are those who are attaining more than 3,000
41 kilograms per hectare. And these are China and Nigeria. And
42 several countries, especially the U.S.A., attain more than 2,500
43 to 3,000 kilograms per hectare.
44

45 So, these are the specifics. I will not go over them. I will just list
46 them one by one. Again, going back to the groupings, we can
47 see that the Philippines is doing better. At least we are on the
48 above 2,000 level.
49

50 For Cigar wrapper tobacco, our performance has been a bit
51 dismal for the last three years at least. We got less than 1,000
52 kilograms per hectare. Only La Union has been planting this
53 variety for the last three years.
54

54 **USEC. SAVELLANO:**

55 Is there a department here that is involved in the marketing
56 aspect, market sensing? Because, I saw a lot of opportunities
57 for the Philippines.

1 Can we ask our marketing also to take a look at this? We are
2 lowest in the yield level for this variety. Aside from La Union,
3 maybe we encourage other provinces to plant cigar wrapper?
4 Can we explore on that? Maybe we can find a market for this.
5
6 In our next meeting, can you ask the marketing group to
7 present the marketing plan also for our products?
8
9 **DAOP CASELA:** Yes, Sir.
10
11 **USEC. SAVELLANO:** Okay, please continue.
12
13 **MS. CABIGAN:** Thank you, Sir. For the other type of Cigar, the Cigar Filler, at
14 least here, our yield level is 2.5 to 3 tons per hectare. And we
15 are comparable to China, South Africa, Turkey, Zimbabwe,
16 Thailand, Pakistan, and Bulgaria. Only some countries have a
17 higher yield level than us, that is USA, Indonesia, and Kenya.
18
19 So, these are the specifics. I will not go one by one on this.
20
21 For Cigar Tobacco, we can see here that the country with the
22 highest yield level is China, 4,000 to 5,000 kilograms per
23 hectare. This goes to show that if this is true, there are higher
24 rates that we can achieve given the growing conditions. In
25 USA, we can see here that there are above 2,000 kilograms
26 per hectare yield averages. Even Bangladesh, which I have
27 shown earlier is also equal to 1.8 to 2.2 tons per hectare for
28 Cigar Tobacco.
29
30 And lastly, we have this Native Broadleaf produce, which is
31 mostly planted in Isabela. Our yield averages for the last three
32 years are 2,000 to 2,500 kilograms per hectare. And we are
33 comparable to India, Brazil, Thailand, Bulgaria, and Pakistan.
34 But we can see the opportunity for improvement is still possible
35 up to 2.5 to 3 tons per hectare. This is attained by China, India,
36 USA, Vietnam, Mozambique, even Bangladesh, and United
37 Arab Emirates. One country produces above 3,000 kilograms
38 per hectare, that is South Africa. So those are the details of the
39 average yield per type per country, and that ends my report.
40
41 **USEC. SAVELLANO:** Thank you. Any questions? Are your sources from Google or
42 from your research?
43
44 **MS. CABIGAN:** From Google, sir. I tried to exhaust as much sources as
45 possible. And because I have limited time, I was also assisted
46 by my Assistant.
47
48 **USEC. SAVELLANO:** Do you have plans of visiting those places? Because I know
49 someone, he's the National Economic Director for tobacco in
50 Zimbabwe under the office of the President. They're trying to
51 do an exchange of ideas. Probably we can meet them with our
52 marketing and research teams to explore possibilities.
53
54 Questions, clarifications on the report? So, I hear none. All I
55 can say is there are so many potentials in the tobacco industry.
56 Next item.
57

1 **ATTY. OBUSAN:** Mister Chair, the next agenda, under Agenda (I), the
2 "Presentation on the comparative chemical composition of
3 **Philippine tobacco vis-à-vis chemical content of tobacco**
4 **from other countries."**
5
6 To report on this Agenda, may we recognize, Mrs. Myrna O.
7 Lozano, Manager, Industrial Research Department.
8
9 **DIR. SERNA:** Honorable Chair, I move for the Suspension of Rules to
10 accommodate the presentation of Mrs. Lozano.
11
12 **DIR. ELAYDO:** I second the motion.
13
14 **USEC. SAVELLANO:** Rules is suspended, go ahead with your report Mrs. Lozano.
15
16 **MRS. LOZANO:** Good afternoon po sa ating lahat. Yung report ko po ngayon ay
17 output ng department namin, the Quality Assurance Division
18 and the Techno Laboratory Services.
19
20 Sa annual project kasi namin, sa annual physical and chemical
21 analysis of our tobacco, the staff of Quality Assurance Division,
22 nag-collect ng sample from cigarette manufacturers yung
23 imported tobacco po. But then, yung samples that we collected
24 from them, ay na-tresh na po.
25
26 Ang nakita po namin is the percent nicotine of the tobacco po.
27 Ito po yung nicotine content po ng tobacco from different
28 countries.
29
30 The low nicotine content comes from Thailand, Indonesia, and
31 Bangladesh, na comparable naman po sa ating Philippine-
32 Virginia neutral, which is 1.1%. And for the Philippine-Virginia
33 topped, our nicotine content is approximately 2.5%.
34 Comparable din po ito sa China, Italy, Japan, Serbia, Spain,
35 USA, and Zimbabwe. Only the samples from Brazil, which has
36 a 3.8% nicotine, ito po yung ini-import natin na mataas ang
37 nicotine content po.
38
39 Next, for the Burley tobacco po, the highest nicotine content
40 comes from China, 4.3%. Next po yung Brazil at 3.9%. Marami
41 din naman pong tobacco from Zambia, Malawi, and
42 Mozambique na lower po ang nicotine.
43
44 Ang ating Philippine-Burley tobacco po ranges from 3 to 3.4%
45 ang kanyang nicotine content.
46
47 Then, we compare ito po sa mga manufacturers po natin. Next
48 slide. Ito po yung Japan Tobacco Incorporated, from the data
49 of the Regulations Department po, sila ay nag-import ng almost
50 9 million kilos of Virginia tobacco from different countries. So,
51 most of their importation comes from Bangladesh, 1.7 million
52 kilos. Then, from India and Zimbabwe.
53
54 Makikita natin dito, na nag-import din pala sila sa Italy and
55 USA, Php 385 pesos per kilo from Italy and from the USA is
56 Php 512 per kilo. Sobrang mahal compared po sa ating local
57 tobacco.

1
2 **USEC. SAVELLANO:** Why is that so?
3
4 **MRS. LOZANO:** Sir, ano kasi po, yung kanilang blend for their cigarettes hindi
5 po ginagawa dito sa Pilipinas.
6
7 They have their mother unit abroad. They have a Smoke
8 Chemistry Division na yun ang pinag-aaralan nila, yung blend
9 ng cigarette nila. So, pagdating po sa Pilipinas, parang ibabato
10 lang sa Market Buying Division nila, ito yung tabako na dapat
11 manggaling dito, at yung dapat manggaling abroad.
12
13 **USEC. SAVELLANO:** But if you look at the nicotine content, halos pareho ng local
14 tobacco?
15
16 **MRS. LOZANO:** Yes, po.
17
18 **USEC. SAVELLANO:** Then, binili nil ana mas mahal?
19
20 **MRS. LOZANO:** Mas mahal po, especially sa U.S., its Php 512 per kilo. Siguro
21 po, meron silang mga tobacco regulation policies sa U.S. and
22 European countries.
23
24 **USEC. SAVELLANO:** Dapat makita ng Congress ito. Hindi ko makita ang logic,
25 meron tayong local produce na comparable ang quality tapos
26 sa iba pa sila bibili at mas mahal pa ang presyo.
27 **MRS. LOZANO:** May sarili daw po kasi silang blend and hindi ito pwede
28 baguhin.
29
30 **DIR. TRONGCO:** Preferred nila ay imported.
31
32 **USEC. SAVELLANO:** Okay naman sana kung low quality tayo we cannot produce
33 according to their specifications, okey lang mag-import ka.
34
35 **DAOP CASELA:** Sir, a matter of policy siguro, dapat increase ang volume na
36 binibili nila dito sa local tobacco.
37
38 **USEC. SAVELLANO:** Para may answer na tayo, can you draft a letter, sulatan natin
39 yung mga manufacturers, for them to justify and to explain
40 kung bakit? Kasi willing naman tayo, kunwari, mababa yung
41 quality ng sa atin, willing naman tayong i-improve, may
42 research naman tayo. Kasi sa akin, nasasayang ang
43 opportunity that they're paying so much, tapos dito sa atin,
44 cheaper at same quality.
45
46 **MRS. LOZANO:** Sir, yun nga pong nakaka-pagtaka kasi nung bago palang ang
47 JTI, we were able to visit their premises, and sinabi po nila
48 parang 10% lang yung binibili nila locally, 10-15%.
49
50 **USEC. SAVELLANO:** Yun nga, okay lang naman sana kung low quality tayo. But the
51 thing is we can produce. Baka better pa nga yung, in terms of
52 nicotine content, mas maganda pa yung sa atin.
53
54 **MRS. LOZANO:** Ipapakita ko po sa inyo yung sa exportation po natin, sa
55 Virginia tobacco po ito by country.
56

1 Dito po, although variable po yung pagbenta natin, at least
2 meron po tayong market na masasabi, kunwari nagbebenta po
3 tayo sa mga European countries and nearby Asian countries.
4 So, sa akin lang naman po kahit konti yung binibili ng mga
5 manufacturers dito, meron tayong market abroad.
6
7 Kasi siguro, Sir, gusto nila yung ating tabako po dito.
8
9 **USEC. SAVELLANO:** But are we exploring this opportunity?
10
11 **MRS. LOZANO:** Eto nga po yung project ng department naming, to explore
12 yung development po ng export market.
13
14 **USEC. SAVELLANO:** Next meeting, can you present your marketing plans?
15
16 **MRS. LOZANO:** Yes, sir.
17
18 **USEC. SAVELLANO:** Bakit tayo na-limit, up to 15%, di ba? At their mercy.
19
20 **MRS. LOZANO:** Sir, ipakita ko po yung importation ng Burley tobacco satin.
21 Kasi parang may nakita kami doon, napaka-mura kasi yung
22 importation ng Burley tobacco. So, maybe our manufacturers
23 here resort to importation na lang po.
24
25 **USEC. SAVELLANO:** Okay lang yun. Kasi mura nga. Pero sa akin naman, challenge
26 sa atin na yung kakulangan, pwede naman natin improve yung
27 quality ng local Burley.
28
29
30 **MRS. LOZANO:** How about exportation ng local Burley?
31 Sa 2022 data natin, Sir, nagkaroon lang po tayo ng 2.76 million
32 kilos na nabenta sa abroad.
33
34 Ang ating clients po ay ganoon din, mga European countries,
35 U.S.A. and neighboring Asian countries. At makikita natin dito,
36 mahal din po yung ating pagbenta sa kanila. Umaabot ng Php
37 312 per kilo sa U.S.A. po. Ibig po nitong sabihin, gusto rin nila
38 yung ating Burley tobacco.
39
40 Now if we can increase siguro yung ating production, mas
41 maraming pa tayong mabebenta sa ating mga clients.
42
43 **USEC. SAVELLANO:** Can we invite a marketing group to study? Private naman para
44 makikita natin lahat ng aspects.
45
46 **MRS. LOZANO:** We did not include pa Sir, yung Native tobacco. Hindi pa po
47 kasi validated yung data natin.
48
49 Yun pong sa Native Broadleaf, hindi pa siya na-register sa
50 NSIC? And yung Batek tobacco natin Sir na alleged na
51 exported din from Mindanao, yan pa yung isa namin pag-
52 aaralan kung ano talaga yung market niya.
53
54 Thank you. These are primary data to us kasi talagang our
55 laboratory analyzed these samples. Isa pa Sir, para makita
56 sana naming, kasi hindi sila nagbigay lahat ng klase na in-
57 import nila.

1 **USEC. SAVELLANO:** They have to submit samples. Ano yung na-import nila na
2 products? We should impose upon them. Pwede tayong
3 gumawa ng Resolution regarding dito before sila bigyan ng
4 permit to import.
5

6 **DAOP CASELA:** I think it's just a way of coming up with a policy or regulation
7 that for every importation there should be corresponding
8 samples to be submitted. That's why, kaya ma-submit yung
9 resolution tayo. Siguro agree naman lahat sa ganoon.
10

11 **USEC. SAVELLANO:** Kasi we are the regulatory body. And siguro next meeting,
12 evaluate natin yung mga nakikita nating mga loopholes sa
13 regulations.
14
15 And that will be included under the trading rules and
16 regulations? So, can we, in our next meeting, can somebody
17 present?
18

19 **DAOP CASELA:** Siguro, Sir, kay Administrator na lang manggaling, in a way of
20 Memorandum, directing all departments to evaluate any
21 loopholes and how to address it with regard to regulatory
22 policies.
23

24 **USEC. SAVELLANO:** Kung ano yung proposal nila then we can adapt here. Baka
25 may regulation policies na we have to update; we have to
26 amend. Pwede yun, para mas madali. Then we'll consolidate.
27 In our next meeting, nandiyan na lahat. Okay?
28

29 **DAOP CASELA:** Yes, Sir. One more thing, kasi iba po yung batas ng e-vapes
30 and HTPs. Wala po ang NTA dito. Recently, DTI reached out to
31 us, for the testing of HTPs.

32 **USEC. SAVELLANO:** Sa akin naman, gusto ninyo yan, kunin ninyo, pati yung
33 trabaho kunin din ninyo. If you want the NTA to do your job,
34 you pay.
35

36 **MRS. LOZANO:** Yes po. Magbabayad naman daw po sila, we are still drafting
37 the policy as of yet.
38
39 As earlier pronounced by DTI, kasi they don't have the
40 necessary facilities for the testing. They plan to commission our
41 facility. What they said was, they will be bringing samples for
42 testing to NTA. And correspondingly, they will be fees collected
43 by NTA.
44
45 Sir, ang concern lang namin po kasi we don't have the
46 equipment to analyze yung vape content. Until cigarettes lang.
47 So ang amin sa laboratory, we have to request additional
48 equipments.
49

50 **USEC. SAVELLANO:** Pwede naman yan. We have to invest. Or sila ang bumili, tapos
51 bawasin nalang natin sa testing fee. Until such time na ma-
52 liquidate nila yung ibinili nila ng apparatus.
53

54 **MRS. LOZANO:** Kasi, they give us until December 2024 to come up with the
55 proposal including the testing fee.
56

1 **USEC. SAVELLANO:** Okay so yan ang assignment natin. Come up with the proposal
2 then pag-usapan natin dito sa Board. Any more discussion? If
3 there is none, next item.
4
5 **ATTY. OBUSAN:** Mister Chair, the next agenda, under Agenda (J), the
6 "Presentation of the project proposal on the most
7 outstanding tobacco producing municipality of the year
8 contest (For CY 2024-2025)."
9
10 To report on this Agenda, may we recognize, Mr. Nestor C.
11 Casela, Deputy Administrator for Operations.
12
13 **DIR. SERNA:** Honorable Chair, I move for the Suspension of Rules to
14 accommodate the presentation of DAOP Casela.
15
16 **DIR. GUZMAN:** I second the motion.
17
18 **USEC. SAVELLANO:** Rules is suspended, go ahead with your report DAOP Casela.
19
20 **DAOP CASELA:** Pleasant afternoon everyone. It's proposed that the budget
21 initially is Php 805,000.00, I mean from NTA and prices will be
22 taken care of by the provincial government with the winning
23 municipality. This is tentative anyway.
24
25 This is the rationale or the purpose of the contest, Sir.
26 Exploring the significance of the tobacco industry as a way of
27 providing developmental efforts in the local government units.
28
29 Especially funds coming from R.A. 7171 and R.A. 8240. The
30 excise tax being collected from these two laws are very
31 significant in improving the economic conditions of the
32 municipality. And also, as a part of this, NTA organizes the
33 contributions of these municipalities in terms of developmental
34 efforts.
35
36 And the objectives are to acknowledge and reward outstanding
37 tobacco growers at the Municipal level, to promote best
38 practices in tobacco cultivation across different regions, to
39 foster healthy competition among tobacco growers,
40 encouraging higher productivity and quality, and to enhance
41 the overall quality of tobacco production in the country.
42
43 These are the different provinces who will be participating in
44 the contest with different categories. And the categories would
45 mean the type of tobacco being planted in that particular
46 province.
47
48 And as can be gleaned in the data, more or less there are two
49 types of tobacco being planted in each particular province. We
50 will include also Misamis Oriental under the Native category.
51
52 We recognize and reward outstanding performance. And the
53 period is 2024 to 2025. Open to all municipalities within
54 designated provinces.
55
56 I have the list here of the different municipalities per province.
57 We have 27 in Abra, 23 in Vigan, and 23 in Ilocos Norte.

1
2 For Ilocos Sur, it's subdivided into provincial districts. For
3 Vigan, that is the first district, 15. Second district, 27, La Union,
4 19, Pangasinan, 25, Isabela, 28 and Cagayan, 15. In Misamis,
5 we have 1. So here are the participating municipalities for the
6 contest.

7
8 There will be creation of the National Technical Working Group
9 and Provincial Technical Working Group. Whose
10 responsibilities will be coordination, scouting, data collection,
11 and evaluation.

12
13 Initial step will be a dialogue with the provincial governors
14 informing them of the contest. And after that, there will be a
15 memorandum of understanding detailing roles and funding
16 applications for each party. Branch managers of NTA will
17 coordinate the project applications.

18
19 Data compilation and validation. The Provincial Technical
20 Working Group will secure the data on various parameters.
21 Ensure data accuracy and reliability. After the Provincial
22 Technical Working Group are through with this, these
23 documents will be submitted to the National Technical Working
24 Group for further evaluation. The National Technical Working
25 Group evaluates compiled data. May include site visits,
26 interviews, and documentation review.

27
28 The aggregate parameter scores determine overall score.
29 Selection of winners based on highest overall scores. One
30 winner per tobacco type in each province.

31
32 If ever there will be tie breaks, there will be criteria to be
33 established to break the tie. But it was during the presentation
34 yesterday, it was opined that there will be runners-up for the
35 contest. For the recognition and awarding ceremony, it will be
36 organized by Provincial Branches of NTA.

37
38 It was discussed yesterday that it will be the decision of the
39 Provincial Government where the awarding will be conducted.
40 Not necessarily the NTA, because the prizes are funded by the
41 Provincial Government.

42
43 Awards include certificates, plaques, cash prizes, or other
44 incentives. Publicity and promotion promoted through NTA's
45 website, social media, and press. Press releases and local
46 communications to encourage participation and awareness.

47
48 **USEC. SAVELLANO:** Plaques and Certification should come from the NTA.

49
50 **DAOP CASELA:** Okay, Sir. I think there is a semblance of participation of NTA.

51
52 As discussed yesterday, this is just the initial presentation. But
53 with all the recommendations and suggestions made by the
54 members of the Governing Board, these will all be included in
55 the next presentation, Sir.
56

1 And there are prizes included here, but they are just for fun.
2 Because here, Php 50,000.00 also for the winning municipality.
3 That's why I said 50,000 compared to their share from R.A.
4 7171.
5
6 So maybe with our coordination with the provincial government
7 of each province, this will be an agenda to discuss with them
8 also. And also, to ask them, how much they can provide for the
9 prizes.
10
11 This will be for 2024-2025. There will be more revisions, a lot of
12 requirements to be undertaken here, Sir.
13
14 **USEC. SAVELLANO:** For your study, if you can include Barangay level.
15
16 **DAOP CASELA:** Yes, Sir. Also, there were comments from Madam Luz
17 yesterday that some parameters established are subjective, but
18 for the rest, quantifiable. We will try to revise the subjective
19 parameters. That's all Sir. Thank you.
20
21 **USEC. SAVELLANO:** Okay. Any other discussion? Hearing none, next item.
22
23 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the
24 next board meeting tentatively, it is calendared on June 26,
25 2024 at 9:00 AM, Wednesday. The Joint Board Committee
26 Meeting will be scheduled a day earlier.
27
28 **USEC. SAVELLANO:** Okay. Anything else?
29
30 **ATTY. OBUSAN:** Next item, Mr. Chair, is adjournment.
31
32 **USEC SAVELLANO:** There's a motion?
33
34 **DIR. PADAYAO:** Mister Chair. I move for the adjournment of the meeting.
35
36 **DIR. SERNA:** I second the motion.
37 **USEC SAVELLANO:** There's a motion. Seconded. The session is adjourned. Thank
38 you.
39
40 SO, ORDERED.
41
42 **ATTY. OBUSAN:** That concludes our 175th Regular Meeting of the NTA
43 Governing Board. To all the online participants, thank you for
44 your attendance and participation. Magandang hapon po sa
45 lahat.
46
47
48 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 1:20 PM**
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PREPARED AND CERTIFIED CORRECT:

ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:

Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board

Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector

Hon. JESSIE FAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector

Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector

Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND THIRTIETH (130TH) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
26 JUNE 2024 (9:00 AM)**

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - **Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - **Vice-Chair of the Board and Administrator & CEO**
Dir. JESSIE PAT M. SERNA - **Member, Tobacco Traders/Exporters Sector**
Dir. RAY A. ELAYDO - **Member, Tobacco Manufacturing Sector**
Dir. DANILO C. TRONGCO - **Member, Tobacco Farmers Sector**
Dir. GERRY VIRGILIO V. GUZMAN - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

Mr. NESTOR C. CASELA - **Deputy Administrator for Operations**
Mr. BENJAMIN V. SARMIENTO - **Special Assistant to the Administrator/
Executive Assistant IV**
Atty. JUN FRED V. PARADO - **Attorney V, Office of the Administrator**
Atty. GORGONIO G. OBUSAN III - **Board Secretary V**
Mrs. MAYLYN FLORES-MIZAL - **Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Dir. LUZVIMINDA U. PADAYAO - **Member, Tobacco Farmers Sector**
Department and Branch Managers / OICs - **NTA Central Office and Branch Offices**

1
2 **MINUTES OF THE MEETING**
3
4

5 **ATTY. OBUSAN:** Good morning, everyone. For the 130th Special Meeting of the
6 NTA Governing Board, held today 26 June 2024 (Wednesday),
7 9:00 AM at NTA Board Room, 11th Floor Upper Class Tower,
8 Quezon Ave., Quezon City. Please welcome the Honorable
9 Undersecretary of the Department of Agriculture & NTA
10 Oversight Official/Alternate Chairman-Designate Deogracias
11 Victor "DV" B. Savellano. May we request you Sir to call to
12 order the meeting.
13

14 **I. CALL TO ORDER**
15

16 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
17 *meeting to order at 09:20 AM.*
18

19 **USEC. SAVELLANO:** The 130th Special Meeting of the NTA Governing Board is
20 called to order. Mister Secretary? Who's going to lead the
21 opening prayer?
22

23 **II. OPENING PRAYER**
24

25 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*
26

27 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
28 quorum?
29

30 **ATTY. OBUSAN:** Thank you, Mister Chair.
31

32 For the 130th Special Meeting of the NTA Governing Board, we
33 have of course, the Presiding Officer, Honorable
34 Undersecretary of the Department of Agriculture & NTA
35 Oversight Official / Alternate Chairman-Designate, Deogracias
36 Victor "DV" B. Savellano. *Good morning, Sir.*
37

38 We also have the Vice-Chairman and Administrator & CEO, the
39 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*
40

41 We also have the members of the NTA Governing Board, Hon.
42 Dir. Gerry Virgilio V. Guzman, representing the Tobacco
43 Farmers Sector; Hon. Dir. Jessie Pat M. Serna, representing
44 the Tobacco Traders/Exporters Sector; Hon. Dir. Danilo C.
45 Trongco, representing the Tobacco Farmers Sector; Hon. Dir.
46 Ray A. Elaydo, representing the Tobacco Manufacturing
47 Sector; and Hon. Dir. Luzviminda U. Padayao, representing the
48 Tobacco Farmers Sector who will be joining us online via the
49 virtual platform. *Good morning, Directors.*
50

51 Also present here at the NTA Boardroom are:
52

53 Mr. Nestor C. Casela, Deputy Administrator for Operations,
54 *Good morning, Sir DAOP.*
55

56 Mr. Benjamin V. Sarmiento, Special Assistant to the
57 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*

1
2 Atty. Jun Fred V. Parado, Attorney V, Office of the
3 Administrator. *Good morning, Atty. JV.*
4
5 Likewise, present in the virtual platform are the respective
6 Department and Branch Managers, and OICs. *Good morning,*
7 *everyone.*
8
9 As such, Mister Chair, we have a Quorum.
10 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
11 Confirmation, Adoption, and Consideration in our Agenda.
12
13 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 130th Special
14 Meeting of the NTA Governing Board.
15
16 We have Agenda (A), the request for "Approval of the
17 **Agenda of the 130th Special Meeting of the NTA Governing**
18 **Board, held today, 26 June 2024 at 9:00 AM, at the NTA**
19 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
20 **Avenue, Quezon City.**
21
22 **USEC. SAVELLANO:** What's the pleasure of the body?
23
24 **DIR. TRONGCO:** Honorable Chair, I respectfully move for the approval of the
25 agenda of the 130th Special Meeting of the NTA Governing
26 Board, held today, 26 June 2024, at this time, at the NTA
27 Boardroom, 11th Floor, Upper-Class Tower, Quezon Avenue,
28 Quezon City.
29
30 **DIR. PADAYAO:** I second the motion.
31
32 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
33 hear none. Then the motion is APPROVED. Can we go to the
34 next item?
35

BOARD RESOLUTION NO. 244 S. 2024

36
37
38 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
39 **GOVERNING BOARD APPROVES THE AGENDA OF THE 130TH SPECIAL**
40 **MEETING OF THE NTA GOVERNING BOARD, HELD ON 26 JUNE 2024, AT**
41 **9:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,**
42 **QUEZON AVE., QUEZON CITY.**
43

44 **UNANIMOUSLY APPROVED....."**

45
46 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
47 **Minutes of the 175th Regular Meeting of the NTA Governing**
48 **Board, held last 11 June 2024, at 10:00 AM, at the NTA**
49 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
50 **Avenue, Quezon City.**
51
52 **USEC. SAVELLANO:** What's the pleasure of the body? Director Serna?
53
54 **DIR. SERNA:** Mr. Chair, I respectfully move for the Approval of the Minutes of
55 the 175th Regular Meeting of the NTA Governing Board, held

1 on 11 June 2024, at 10:00 AM, at the NTA Boardroom, 11th
2 Floor, Upper-Class Tower, Quezon Avenue, Quezon City,
3 subject to submission of amendments, if any, within five (5)
4 days from today.

5
6 **DIR. GUZMAN:** I second the motion.

7
8 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, or objection? I
9 hear none. Then the motion is **APPROVED**. Can we now go to
10 the next item?
11

12 **BOARD RESOLUTION NO. 245, S. 2024**

13
14 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
15 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 175th REGULAR***
16 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 11 JUNE 2024, AT***
17 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,***
18 ***QUEZON AVE., QUEZON CITY.***
19

20 ***UNANIMOUSLY APPROVED...."***

21
22 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, request for "Approval
23 of the Proposed Salary Increase for Job Order Hirees".

24
25 To report on the summary of this agenda, may we recognize
26 Honorable Director Ray A. Elaydo, Chairperson, Committee on
27 Board Audit and Finance. Sir.
28

29 **DIR. ELAYDO:** Good morning, Mister Chair and to everyone present here
30 today, this is the Summary Report of Discussion and
31 Recommendations for this Agenda.

- 32
- 33 • The Resource Person, Mrs. Zenaida T. Arrojo, Manager,
34 Administrative Department, presented the agenda.
35
 - 36 • According to her, the current agency's rate for Job Order hirees
37 is that of 2016 Tranche and the proposal will adopt the rate of
38 2019 Tranche effective July 1, 2024, upon the renewal of their
39 contracts;
40
 - 41 • This will cover 153 personnel: 32 from Central Office, 29
42 Project Based, and 92 from Branch Offices;
43
 - 44 • The proposed increase will mean additional Php 1,200 to Php
45 1,500 salary for all J.O. personnel.
46
 - 47 • The salary increase will entail additional Php 260,924 monthly
48 expense to the agency;
49
 - 50 • Finance Department certified that there is fund available from
51 MOOE to cover the salary increase.
52

1 • This subject matter having been thoroughly discussed during
2 the Committee Meeting, and with a Motion to Approve, which
3 was duly seconded. I respectfully move for the approval of the
4 agenda. Thank you very much!

5

6 **DIR. GUZMAN:** I second the motion.

7

8 **USEC. SAVELLANO:** There's a motion. Seconded. I have some clarifications.
9
10 I was asking the Board Secretary; how much is the per diems
11 of the Directors? How much are they receiving for attending the
12 Committee and Board Meeting?
13

14 **ATTY. OBUSAN:** Mister Chair, Php 6,000.00 for the Committee Meeting and Php
15 10,000.00 for the Board Meeting, subject to 10% withholding
16 tax, thus Php 5,400.00 and Php 9,000.00 respectively.
17

18 **USEC. SAVELLANO:** But we are governed by the GCG, right? I'm just asking, what
19 do we do to increase the per diems of the Board of Directors?
20 Can somebody explain? All of them came from the province,
21 and that amount is very small, considering also their
22 accommodation and travel expenses.
23

24 **MRS. BENOSA:** Good morning, Mister Chair, with your permission.

25

26 **USEC. SAVELLANO:** Go ahead.

27

28 **MRS. BENOSA:** As per information from the Chairman of the Board of Directors,
29 there's a move from the GCG to increase the compensation for
30 the Appointive Directors. That's what they said the last time we
31 went to the GCG. But the Memorandum hasn't come out yet.
32

33 **USEC. SAVELLANO:** So, there's a move already to increase their compensation?
34 What do we need to do?
35

36 **MRS. BENOSA:** They will be the one to determine, Sir.

37

38 **USEC. SAVELLANO:** Of course, for their consideration, maybe there are
39 qualifications or what?
40

41 **ATTY. OBUSAN:** Mr. Chair, may we recognize Ma'am Dina E. Pichay, Manager,
42 Internal Audit Department?
43

44 **MRS. PICHAY:** Yes, good morning to everyone, especially to the Honorable
45 Members of the Governing Board. If I may just share, Sir, the
46 rates of per diems of the Governing Board depends on the
47 category of the GOCC, sir.
48

49 The rate is prescribed since the category of NTA is Category 1,
50 we are under Job Grade 16. This is the lowest job grade for
51 GOCC.
52

53 So, Job Grade 16, meaning the highest job grade of the
54 highest official is Job Grade 16. That's the one that went to
55 Ma'am Bel, as the Administrator and CEO. It follows that the

1 per diems of the Board of Directors will depend also on the
2 category of the GOCC. The rates are prescribed.
3

4 **USEC. SAVELLANO:** What are the categories, Ma'am?
5

6 **MRS. PICHAY:** Category 1, 2, and 3, Sir.
7

8 **USEC. SAVELLANO:** How do we justify so that their per diems will increase?
9

10 **MRS. PICHAY:** In terms of assets and income, Sir. Under the EO of CPCS, the
11 GOCC can request for reclassification provided it can present
12 new evidences or proof for the GCG to evaluate based on
13 financial statement, the assets, the income generating capacity
14 of the GOCC.
15

16 **USEC. SAVELLANO:** Because I think, we might be the richest agency on paper. Why
17 don't we justify that? Did you cite the Tobacco Fund under R.A.
18 4155?
19

20 **MRS. PICHAY:** Yes, Sir. But as per DBM, it's still considered as a subsidy. It's
21 not income from operations.
22

23 **USEC. SAVELLANO:** Why is it a subsidy? Isn't that a law? It's supposed to be due to
24 NTA? It's not a subsidy.
25

26 **MRS. PICHAY:** Yes, Sir. Th DBM said with or without NTA's intervention, it is
27 entitled to that. What they want is our income or services due to
28 the intervention of NTA. What we earned based on our
29 business, our capacity to earn. The subsidies based on the
30 excise tax, these are entitlement.
31

32 We've been fighting this pronouncement for a long time
33 already, Sir.
34

35 **USEC. SAVELLANO:** Anyway, it's just for discussion. Director, sir.
36

37 **DAOP CASELA:** This is just a reaction to what is mentioned by Madam Dines.
38 That one parameter or basis on the categorization of GOCCs is
39 the asset.
40

41 Now, with respect to it, NTA has a lot of real properties that can
42 be considered as a basis. Some are taken out because of on-
43 going legal disputes. But if NTA so decides that it will resort to,
44 let's say, sale of these properties to increase the capitalization
45 of NTA. Would that be possible?
46

47 **USEC. SAVELLANO:** It is possible provided it goes through the legal process, of
48 course bidding must be undertaken and it must not be
49 disadvantageous to the agency.
50

51 Right now, I think the DBM should be enlightened in this
52 Tobacco Fund from R.A. 4155.
53

54 We have intervention because we implement tobacco
55 programs.
56 So, I think this is just a matter of enlightening and asserting to
57 the DBM that we have participation in these programs, and in

1 the realization of this income. Income is realized because we
2 are the implementing agency. It is just a matter of enlightening
3 the DBM on this matter.
4

5 Can we create a committee on this to study? How are we going
6 to approach our presentation to DBM and GCG? It will be
7 headed by our Administrator and who else? And our lawyers
8 too.
9

10
11
12 Naisip ko lang because this Agenda speaks of increase for job
13 order personnel, why not include also that of the Directors.
14

15 **DIR. TRONGCO:** Because, Sir, we are the instrument on how to uplift the
16 livelihood of our farmers. Sana kami din, ma-increase ang per
17 diem namin.
18

19 **USEC. SAVELLANO:** Anyway, please take note on that, Mr. Secretary. And since we
20 have a pending motion, it was seconded. Is there any more
21 discussion on the matter? I hear none. So, since there's a
22 pending motion, there's no objection, then the motion is
23 APPROVED. Can we go to the next one?
24
25

26 **BOARD RESOLUTION NO. 246 S. 2024**

27
28 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
29 ***GOVERNING BOARD APPROVES THE PROPOSED SALARY INCREASE FOR***
30 ***ONE HUNDRED FIFTY-THREE (153) JOB ORDER PERSONNEL AS LISTED***
31 ***EFFECTIVE 21 JULY 2024.***
32

33 ***UNANIMOUSLY APPROVED...."***
34

35 **ATTY. OBUSAN:** Next Agenda, Mr. Chair, under Agenda (D), we have, request
36 for "Issuance of a Board Resolution instructing the Asset
37 and Inventory Management (AIM) Committee to proceed
38 with the conduct of appraisal on NTA's Pugadlawin
39 property located at Las Piñas City".
40

41 To report on the summary of this Agenda, may we recognize
42 Honorable Director Gerry Virgilio V. Guzman, Chairperson,
43 Committee on Legal Matters and Properties. Sir.
44

45 **DIR. GUZMAN:** Good morning, Mister Chair. This is just a manifestation for the
46 NTA Pugadlawin Property to be appraised. I respectfully report
47 that this matter was included in yesterday's list of Agenda
48 Rules.
49

- 50 • In previous Committee Meeting a separate Board Resolution
51 was issued ordering the AIM Committee to publish and
52 entertain offers for the conduct of appraisal activity on the
53 following NTA properties:
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1. Golden Leaf Village in Montalban, Rizal
2. Tobacco Dust Processing Plant in Fernando Amlang, Sto. Tomas, La Union
3. Feedmill Complex in Brgy. Sulvec, Narvacan, Ilocos Sur
4. Kadiwa ni Ani at Kita in Brgy. Nanguneg East, Narvacan, Ilocos Sur; and
5. Pugadlawin in Las Piñas City;

- In the ensuing Committee Meeting, AIM Committee and the Finance Department reported to the Members of the Governing Board that the agency has no sufficient fund to conduct the appraisal activity on the five properties all together. They also proposed that if the Board is amenable, since there is a standing offer for the Pugadlawin property, to prioritize it first and the rest for next year.
- In light of the development and considering a favorable Decision in the ongoing litigation case for Quieting of Title was received last May 30, it is just and proper to proceed with the conduct of its appraisal to better assess its current market value and compare it to the standing offer received by the agency.
- Finance Department certified that there is fund available for its appraisal amounting to Php 185,000.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

USEC. SAVELLANO: So, there is a motion for the approval of the what NTA property?

DIR. GUZMAN: Sir, Pugadlawin property in Las Piñas City, for Php 185,000.

USEC. SAVELLANO: Anybody seconding the motion?

DIR. ELAYDO: I second the motion.

USEC. SAVELLANO: What about the others? How much is the total estimate to have all the properties that were specified be appraised?

DIR. GUZMAN: Php 1,135,000.00 total estimated cost, Sir. We don't have the budget for all, what is available right now is only Php 185,000.00 for Pugadlawin. Next year, we will calendar the other properties, Mister Chair.

USEC. SAVELLANO: There's a motion. Seconded. Any further discussion on the matter? I hear none. Then the motion is approved.

I have a question. What is this Golden Leaf Village in Montalban, Rizal?

1 **ENGR. DELA PEÑA:** Good morning, Mister Chair. It is the housing project of the
2 NTA, and was existing since 1950s. It was used as collateral in
3 a loan with PDIC.
4

5 **USEC. SAVELLANO:** So right now, we have a loan with PDIC? How much is the
6 loan?
7

8 **ENGR. DELA PEÑA:** Around Php 360 million, more or less, inclusive of the principal,
9 penalties, surcharges, etc.
10

11 **USEC. SAVELLANO:** How many hectares is this?
12

13 **ATTY. OBUSAN:** Almost 8.4 hectares, Sir.
14

15 **USEC. SAVELLANO:** But it's now with PDIC? Who is in charge of negotiating with
16 PDIC? Housing Committee? Can they give us update on this?
17 Can we not restructure the loan? Or possible condonation?
18 What I am saying, can we ask the report from the Housing
19 Committee next Board meeting, to give us update so we can
20 plan what to do next.
21

22 Regarding our loan to PDIC, what's the status? Who is in
23 charge? Because maybe we can ask the National Housing
24 Authority to intercede. Let's explore other possibilities to settle
25 this. Sayang pondo, kung hahayaan lang natin na mapunta ito
26 sa wala.
27

28 **ATTY. PARADO:** Good morning. In relation to the issues and concerns on our
29 NTA housing project situated in Rodriguez, Rizal, I would like to
30 manifest to the information of the Honorable Undersecretary
31 that we have actually made communications with the PDIC for
32 a possible restructuring of our existing loan, which today has
33 amounted already to Php360 million. This included the
34 principal, together with the accumulated interests and
35 surcharges and penalties. But as of date, sir, we have not
36 received any answer or reply from the PDIC.
37

38 Because per latest communication from them, this will be
39 subject to the approval of their Board of Directors also. But I
40 think the members of the Board of PDIC came from different
41 agencies, which includes NEDA and BSP.
42

43 **USEC. SAVELLANO:** Anyway, in our next meeting, can we ask the one who's in
44 charge to report on the matter?
45

46 **DAOP CASELA:** In addition, Sir, I would like to manifest also that housing is one
47 of the programs of the government under the National Housing
48 Program. We have complied with the directive of the NHA to
49 declare that property as a possible housing project of the
50 Marcos Administration.
51

52 **USEC. SAVELLANO:** Just report on the whole status of the project next meeting.
53

54 **DAOP CASELA:** Yes, sir.
55

56 **USEC. SAVELLANO:** Okay. Will you be the one to report or will you be the one in
57 charge?

1
2 **ATTY. PARADO:** I think the AIM Committee, sir. The Asset and Inventory
3 Management Committee, they replaced the Housing
4 Committee.

5
6 **USEC. SAVELLANO:** Any further discussion? I hear none, then the motion is
7 APPROVED. Next.
8
9

10 **BOARD RESOLUTION NO. 247, S. 2024**

11
12 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
13 ***GOVERNING BOARD HEREBY INSTRUCTS THE ASSET AND INVENTORY***
14 ***MANAGEMENT (AIM) COMMITTEE TO SECURE THE SERVICES OF A***
15 ***PRIVATE APPRAISER AND PROCEED WITH THE CONDUCT OF APPRAISAL***
16 ***ON NTA'S PUGADLAWIN PROPERTY LOCATED AT LAS PIÑAS CITY, AS***
17 ***SOON AS POSSIBLE.***

18 ***RESOLVED FURTHER THAT THE APPROVED BUDGET FOR THE SAID***
19 ***UNDERTAKING AS CERTIFIED BY THE FINANCE DEPARTMENT IS PHP***
20 ***185,000.00.***

21
22 ***UNANIMOUSLY APPROVED...."***
23
24

25 **ATTY. OBUSAN:** Next Agenda, Mr. Chair, under Agenda (E), we have,
26 **"Presentation on the Logistical Rehabilitation Plan for**
27 **Kadiwa ni Ani at Kita".**
28

29 To report on the summary of this Agenda, may we recognize
30 Mrs. Fortuna C. Benosa, Manager, Corporate Planning
31 Department and Engr. Abraham C. Dela Peña, OIC, General
32 Services and Procurement Division.
33

34 **DAOP CASELA:** Mister Chair, may I please provide additional insight, this
35 presentation materialized in response to the directive of the
36 Honorable Chairman as to the proposed Rehabilitation Plan for
37 Kadiwa ni Ani at Kita. In recognition of his directive, I convene
38 the Project Review and Evaluation Committee in consideration
39 of the precariousness of the situation.
40

41 The committee decided that for a better insight, the historical
42 background of the project will be provided at the first part of the
43 report, and second part will be the logistical rehabilitation,
44 because to come up with a better decision later on, this should
45 be presented to the members of the Honorable Board and of
46 course the Honorable Chairman. So, the first part of the report
47 will be the narrative, historical background of the project, and
48 second will be the logistical rehabilitation concept. The first part
49 will be reported by Manager Nini of the Corporate Planning
50 Department.
51

52 **MRS. BENOSA:** Thank you. Good morning, everyone, to Honorable USec DV,
53 to the Honorable Members of the Governing Board, to our
54 Administrator Ma'am Bel, to our Executive Assistant Sir Ben,
55 and all others who are present today, our DAOP and our
56 Department and Branch Managers.

1
2 For the assessment report of the Kadiwa ni Ani at Kita covering
3 2013-2023, first for the rationale of the project, so the Kadiwa
4 ni Ani at Kita Food Processing Plant, formerly known as the
5 Agri-Pinoy Tobacco Farmers Food Processing Plant and
6 Trading Center (ATFFPPTC) located at Barangay Nanguneg,
7 Narvacan, Ilocos Sur, which was inaugurated on October 30,
8 2013.
9

10 The project was envisioned as a comprehensive production
11 and marketing intervention that will provide assistance to the
12 tobacco farmers in the production of raw materials, hogs and
13 poultry, which the processing plant will buy, process and sell,
14 into either fresh meat and poultry and other Ilocos well-known
15 products such as bagnet, longganiza, and other processed
16 meat products.
17

18 As to the goals and objectives, the general goal was to improve
19 the economic and living conditions of the tobacco farmers, as
20 one of the NTA's mandate.
21

22 And for the specific objectives, the integrated and
23 comprehensive assistance scheme for our tobacco farmers; as
24 an alternative marketing system and business model; and for
25 the development of the farmers' capabilities and dynamic rural
26 enterprises.
27

28 The issues that were supposed to be addressed were the
29 absence of marketing outlets, unstable prices of farm produce,
30 and market and price control by middlemen.
31

32 For the vision, the farmers are expected to be small
33 entrepreneurs, and for the provision of affordable and
34 nourishing food for Filipino consumers.
35

36 For the organizational structure, the Kadiwa ni Ani at Kita was
37 headed by the General Manager, represented by the
38 Administrator or Chief Executive Officer, the Project Operations
39 Manager for the Overall Plant Operations, then Executive
40 Management, Administrative and Finance Services, Sales and
41 Marketing Operations, and Project Operations, composing of
42 Raw Material Production and Purchasing, and Food
43 Processing and Plant Operations.
44

45 For the facilities, which will be shown later by Engineer Abe,
46 are the slaughterhouse, meat processing plant, and the poultry
47 dressing plant.
48

49 And these facilities are accredited by the NMIS as the plant is
50 AA-Accredited and GMP certified. Then for the beneficiaries,
51 the registered tobacco farmers are again the producers of raw
52 material requirements for hog fattening and poultry production,
53 and this was covered under the contract growing scheme,
54 which the beneficiaries mostly came from the 2nd district of
55 Ilocos Sur and some from Abra. We assisted about 4,000
56 farmers way back in 2013. Then the support provided were
57 production assistance, the income of the farmers who sold the

1 hogs and poultry, and they were likewise provided with training
2 and technology transfer by the concerned branch offices.

3
4 As to the product lines, the plant produced pork, whole
5 carcass, fresh cuts, and processed meat, and the poultry,
6 whole dressed chicken liver, gizzard, and others. The
7 processed meat varieties were tapa, barbeque, tocino, bacon,
8 and ham, nuggets, and bagnet.

9
10 As to the marketing of products, we had then for the local
11 market a showroom in Narvacan, and likewise in the old NTA
12 Central Office, we also had a showroom. Then the provincial
13 branch offices then had a marketing outlet. For the target, we
14 also targeted wholesalers, retailers, end-consumers and some
15 supermarkets. Then we also had some markets from the
16 schools and some from other establishments, including
17 government establishments.

18 Way back in 2015, Kadiwa was tapped by the TESDA as a
19 training school for slaughtering operations for those who
20 wanted to be trained under their NC II program, and the plant
21 was accredited center for the training. But to this day, the
22 training was stopped due to the pending business permit and
23 NMIS accreditation as the plant is not yet rehabilitated.

24
25 For the operational history then, the last activities that were
26 conducted in 2019 were contract growing, hog poultry, and
27 processing and wholesale marketing, but the hog component
28 was stopped due to the occurrence of the ASF. Then the retail
29 marketing also stopped in 2017, and the last partnership with
30 TESDA was stopped in 2022.

31
32 For the financial and operational status, the activities that were
33 done by the remaining staff of Kadiwa in 2023, since there was
34 no operation then, includes renewal of permits and licenses,
35 sale of remaining inventory, and compliance with regulatory
36 agencies.

37
38 For the issues and concerns, these were provided as a result
39 of the training then, the assessment done by the Kadiwa itself.
40 For the market challenges, there was a low demand for
41 products like processed meat as the market was dominated by
42 the branded products. And another, a limited market coverage
43 and sales to cover up for high operational costs and expenses,
44 and marketing strategies were not sufficient or aggressive to
45 create the demand. On the operational challenges, there was
46 an inefficient utilization of facilities and manpower, high fixed
47 costs regardless of production quantity as the operational
48 capacity was not met during the time, and the frequent
49 leadership changes and lack of continuity.

50
51 Also, again, as I mentioned, the occurrence of African Swine
52 Fever (ASF) in 2019. As to the effects of natural calamities,
53 which will be the subject of the next report, there were
54 damages in the plant and equipment as a result of Typhoon
55 Maring in 2021, and these were aggravated during the
56 Typhoon Egay in 2023. The agency had some actions done, it
57 reported to GSIS for insurance claims, and facility inspection

1 and damage assessment was done, and there is a
2 rehabilitation plan for the plant and equipment which will be
3 reported next.
4

5 For the COA observations and recommendations that were
6 submitted to the agency dated March 27, 2024, we are
7 presenting here the net income or loss from the year 2013 to
8 2023. As we can see in the table, the Kadiwa incurred a total
9 loss from the years mentioned, a total of Php 169.4 million, and
10 all the years that were presented were negative because of the
11 high cost of goods sold in the second column.
12

13 **USEC. SAVELLANO:** What is it? Because of what?
14

15 **MRS. BENOSA:** The high expenses, the cost of goods, which is composed of
16 the production assistance that we provide to the farmers and
17 other expenses.
18

19 The expenses are higher than the net sales, and so the Kadiwa
20 incurred a negative. As per COA, the main causes of the loss
21 were poor planning and execution and the halting of operations
22 from 2019 to 2022, due to COVID-19.
23

24 The reasons for the decline, as reported by COA, are the
25 decrease in production and non-collection from farmer-contract
26 growers, and there were also uncollected receivables
27 amounting to Php 1.56 million as of December 21, 2023. The
28 agency fund transfers that were provided to Kadiwa, amounted
29 to about Php 31 million.
30

31 **USEC. SAVELLANO:** What is that fund transfer?
32

33 **MRS. BENOSA:** The amount that was given yearly to the Kadiwa, from the
34 Central Office.
35

36 This is the representation of the income from the tuition fees for
37 our training arrangement with TESDA. The income totaled
38 about Php 5.8 million.
39

40 As per the report also, about 99% outstanding receivables
41 totaling Php 8 million are inactive for about 1 to 10 years. And
42 the collection effort is only about 4%.
43

44 **USEC. SAVELLANO:** Who is still in debt now?
45

46 **MRS. BENOSA:** Aside from the employees, there are also outside creditors
47 because in the branches, the products were also distributed
48 before.
49

50 For the recommendation of the COA is for the matter to be
51 brought up to the NTA top management and they are
52 recommending for its closure. Then there is also a requirement
53 for the accountant to continuously update its financial
54 statement, especially on the receivables.
55

56 So as to the conclusion of COA, the project did not achieve its
57 mandate. Then the government funds were not effectively

1 utilized resulting into wastage and the decision on the project
2 closure and further actions for the receivables.
3

4 For the key recommendations, a permanent Project Manager
5 must be appointed. Also, the management must focus on
6 smooth implementation and problem mitigation and explore
7 funding options for the facility rehabilitation.
8

9 That would be all on my end. Thank you very much, Mister
10 Chair.
11

12 **ENGR. DELA PEÑA:**

13 Good morning, everyone. I will be rendering the status report of
14 Kadiwa ni Ani at Kita for infrastructure aspect. To give you an
15 idea, po, this is the layout of the Kadiwa ni Ani at Kita wherein
16 we can see the main building concerned with the processing.

17 The two main buildings over there are the slaughtering house
18 and the chicken dressing plant, and then the rest is the support
19 to the dressing plant and slaughtering house.

20 The design concept for Kadiwa during the time of the design in
21 the year 2012 for the slaughtering house, chicken dressing
22 plant, and the food processing building were elevated to 1
23 meter in height due to the following reasons:
24

25 1. The 1-meter elevated design is to make the unloading
26 of raw materials easier, the same with the loading of
27 outgoing processed products. This is to ensure that the
28 delivery trucks flooring, and the building flooring will be
29 having the same height elevation to make it easier for
30 the delivery.
31

32 2. The next parameter is the elevated design to
33 compensate the history of flash flooding in the area.
34

35 The support building, the administrative building, staff house,
36 canteen, water treatment, boiler house, holding pen, etc., were
37 also elevated for 1 meter due to the history of flash flooding
38 also in the last 5 years since 2012.
39

40 This is the design concept. The elevation of the truck flooring
41 will be the same with the elevation of the building. The reason
42 is to make it easier for the transfer, for the loading and
43 unloading of raw materials and finished products.
44

45 This is the present status of the plant, its operation temporarily
46 stopped due to the following reasons. The first one is the effect
47 of the African Swine Fever outbreak in the year 2019. This was
48 the start of the hardship in the collection of raw materials that
49 will be delivered to the plant. The second one is the structural
50 damage on the plant when it was hit by natural calamities.
51

52 **USEC. SAVELLANO:**

53 But before that, before the pandemic, was the flow of
54 operation, okay? How about the supply of raw materials?

55 **ENGR. DELA PEÑA:**

56 Yes Sir, it was okay. The flow was okay for the collection of raw
57 materials and for the outgoing finished products, there was no
problem. The hardship started when the ASF, there were many

1 deaths. At the same time, the closure of the border was the
2 hardship for the collection of raw materials and for the transport
3 of our hogs. And then the next one is the structural damage.
4

5 The plant was hit by natural calamities. Typhoon Maring in the
6 year 2021, the whole province of Ilocos Sur was under state of
7 calamity and the Kadiwa ni Ani at Kita processing plant was
8 submerged in rainwater runoff and the level of flash flooding
9 reaches 1.3 meters above the ground level. All equipments,
10 machinery, and blast freezer, cold storage, and service vehicle
11 outside the plant were under flash flood rainwater runoff. All
12 office equipment, IT, and furniture resting on the building
13 flooring were also damaged due to the 0.3-meter level of flash
14 flooding water from the building flooring.
15

16 This is the representation of Typhoon Maring, the blue line is
17 the level of flash flooding 1.3 meters above the ground level
18 and 0.3 meter inside the building flooring. Our building and all
19 equipments were submerged below 1.3 meters.

20 In this illustration, we can see that the equipment's powering
21 the cold storage and the blast freezer at the back of the plant
22 were submerged due to the 1.3-meter level of flash flooding.
23 The elevation during the design is 0.6 meter above the ground.
24

25 Here are some of the effects of the Typhoon Maring. We can
26 see the sliding windows and ceiling eaves were damaged by
27 the strong winds. Same is true with our service vehicle that was
28 submerged in water in 2021 and at present, remains at the
29 mechanic shop and left untouched.
30

31 In the year 2022, the plant was again hit by a major earthquake
32 with a magnitude of 7.0 magnitude. The epicenter was located
33 at Abra with a 7.4 magnitude and Vigan City recorded a 7.2
34 magnitude. Infrastructure projects to restore and repair the
35 damages caused by the natural calamities were suspended for
36 implementation. This is due to the effect of continuous
37 aftershocks hitting the area.
38

39 In the year 2023, the plant was again hit by Typhoon Egay. The
40 whole province of Ilocos Sur was under a state of calamity. The
41 level of flash flooding reached 0.8 meter from the ground level.
42

43 All machinery installed outside the plant was submerged again
44 due to rainwater runoff. Due to the effect of the flash flooding,
45 the perimeter fence along the creek side collapses. Water
46 current flowing along the creek scoured the soil protection of
47 the powerhouse foundation resulting in misalignment and
48 making the structure unstable and the possibility of collapsing
49 to the creek side. Before the structure's total failure, action was
50 taken to save the powerhouse accessories which includes the
51 transformer powering the operation of the hog and chicken
52 dressing and processing plant, cutting and dismantling from the
53 powerhouse and transferring to higher grounds for safekeeping
54 which include the secondary power, the generator set.
55

56 This is the approved Provincial Resolution stating that Ilocos
57 Sur is under a state of calamity during that time. The level of

1 water for flash flooding for Typhoon Egay is 0.8 meter, lower
2 than that of Typhoon Maring. Again, the installed equipment
3 lower in elevation was submerged due to flash flooding.
4

5 These are the pictures taken during Typhoon Egay. We were
6 not able to get pictures during Typhoon Maring because it
7 happened in the night time. This is the situation in front of the
8 plant and the pull out and transferring of the accessories of the
9 powerhouse.
10

11 After the water subsided, this is the damage. The powerhouse
12 is completely misaligned. It tilted and possibly will collapse to
13 the creek side.
14

15 This is the fence and this is the powerhouse. Now, we have
16 approved infra project to restore the perimeter fence to protect
17 the further damage of our property. First is to dismantle the
18 powerhouse before we can dismantle the perimeter fence.
19

20 **USEC. SAVELLANO:**
21 **ENGR. DELA PEÑA:**

22 Do we have funds for that already?
23 We have, sir, for this year of 2024.
24

25 Another matter that causes the temporary stoppage of
26 operation is the application for 2023 renewal of business permit
27 with the LGU Narvacan was submitted but was not acted upon.
28 Also, permit to operate with the DENR and NMIS was not
29 submitted due to lack of supporting documents which is the
30 business permit. Application for TESDA as a learning center
31 was submitted using the unapproved business permit but was
32 put on hold.
33

34 Next is due to losses as reported and recommended by the
35 Commission on Audit for its closure under AOM 24-006 dated
36 March 6, 2024. The net loss incurred was Php169,442,431.28
37 since the start of its operation on June 13, 2013.
38

39 The agency has allocated budget for its repair and restoration.
40 During 2022, it has an approved budget amounting to Php 2.7
41 million for the repair and improvement of the Kadiwa ni Ani at
42 Kita due to Typhoon Maring but was not implemented.
43

44 We forwarded this budget to 2023 but was not again utilized
45 due to suspension of infra projects due to major earthquake
46 that hit the province and the continuous aftershocks. What was
47 approved before is the repair and improvement for Php 2.7
48 million and repair and restoration of machinery and equipment
49 for Php 3,201,500. In the year 2024, the approved budget for
50 restoration of the Perimeter Fence was Php 3,000,000 and we
51 have programmed this Php 3,000,000. We arrived at an ABC of
52 Php 2,998,076.46.
53

54 The budgetary requirements to restore the plant operation. This
55 2024, we have the restoration of the damaged perimeter fence
56 for Php 2,998,076.46, construction of the new powerhouse and
57 restoration of power supply for Php 7,500,000.00, repair and
maintenance of other buildings, the costing before in 2022 was
Php 2,677,867.92. If I will be updating this costing, it will

1 increase to Php 3,000,000.00 plus. Replacement and repair of
2 machinery, the same costing in 2022 totaling to Php 6.5 million.
3
4 And then if we are going to restore the plant, we need to renew
5 the permits, licenses, and insurance. Costing was done in 2022
6 amounting to Php 1,355,735.83. The manpower requirement
7 per month in average during full operation of the plant
8 amounting to Php 338,750 per month. And then the same for
9 the electric consumption and water consumption average of
10 Php112,619.56. And of course, if we're going to restore the
11 operation, we need operating fund for the purchase of raw
12 materials. I do not know how much it is, but the total
13 infrastructure and other requirements totaling to Php
14 21,381,649.77.
15
16 **USEC. SAVELLANO:** What about from GSIS? How much were you able to collect?
17
18 **ENGR. DELA PEÑA:** For GSIS, we only claimed a little because the coverage of
19 GSIS is damages inside the buildings only. Outside the
20 buildings, it is not covered by GSIS.
21 **USEC. SAVELLANO:** Is that so? So how much did they give?
22
23 **ENGR. DELA PEÑA:** Just a little, around Php 100,000.00.
24
25 **USEC. SAVELLANO:** What is the coverage of our GSIS? It's comprehensive. It will
26 cover all the calamities. Can we look into that? Maybe they can
27 reconsider.
28
29 If you look at the machineries, your estimate for its replacement
30 and repair, that it's Php 6,500,000.
31
32 **ENGR. DELA PEÑA:** Yes, this is for the replacement and repair of machineries. Just
33 to clarify, the replacement and repair of machineries, this is not
34 caused by the typhoon and the calamities itself, but due to
35 wear and tear of our machineries.
36
37 **USEC. SAVELLANO:** No, we don't use it much. How can it be wear and tear? It's still
38 due to the typhoons.
39
40 Can we look into that matter? Maybe they can reconsider. If we
41 can get additional fund from GSIS, mababawasan ang
42 kailangan nating pondo, just in case we're going to restore the
43 building.
44
45 **ENGR. DELA PEÑA:** That is all for the updates, Mister Chair. Thank you very much.
46
47 **DAOP CASELA:** Before any further deliberation on the issue, Sir, can we please
48 give the opportunity for Sir Ben to give his views on the
49 operation of Kadiwa ni Ani at Kita.
50
51 **USEC. SAVELLANO:** Okay.
52
53 **MR. SARMIENTO:** Thank you, Mister Chair. Good morning, everyone.
54
55 If I may share lang po my observations in the operation of
56 Kadiwa ni Ani at Kita. Simula po ng mag-operate ito, every
57 year ay lugi ito and the losses accumulated up to Php 169

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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.

USEC. SAVELLANO: Yes, in demand talaga abroad ang mga butchers, especially in Canada, Australia, New Zealand and other EU countries.

These are the things that we have to explore but for me, reviving it as a business is no longer feasible, unless if we're going to lease it. The most feasible plan moving forward is the training center because the equipment is already there. If we close the complex, in compliance to the suggestion of COA, what will happen is that, it will become another white elephant.

DAOP CASELA: Thank you very much, Sir and also my thanks to Engineer Abe and Madam Nini for the presentation and seemingly there is light on the operation of Kadiwa ni Ani at Kita, but the immediate concern is if assuming that we're going to rehabilitate, the immediate problem is how can we fund it? This project if I remember right, the fund came from R.A. 4155 and if we're going to request funding from DBM definitely they will be asking what happened to the project? We will reason out that it is due to the calamities, and other reasons, we have to stop its operation. It depends on the presentation, maybe they will appreciate if we proposed converting it into a training center for our farmers. I think that will come next but we have to rehabilitate it first now.

For your information, Sir, our budget for NTA for 2025 was disapproved by DBM especially the requested amount for Tier 2 projects. As a consequence, we'll be operating on the same budget as in 2024. Anyway, we'll just make the request letter for the funding for rehabilitation and the board will endorse our proposal to rehabilitate Kadiwa ni Ani at Kita, either for lease or for its conversion into a training center.

USEC. SAVELLANO: Okay. Let's move on. Next item.

ATTY. OBUSAN: On Other Matters, Mr. Chair, is the proposed schedule for the next board meeting tentatively, it is calendared on July 10, 2024 at 9:00 AM, Wednesday.

USEC. SAVELLANO: Okay. Next.

ATTY. OBUSAN: Next item, is adjournment, Mister Chair.

USEC SAVELLANO: There's a motion?


DIR. GUZMAN: Mister Chair. I move for the adjournment of the meeting.

1 **DIR. SERNA:** I second the motion.
2
3 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you
4 SO, ORDERED.
5
6 **ATTY. OBUSAN:** That concludes our 130th Special Meeting of the NTA
7 Governing Board. To all the online participants, thank you for
8 your attendance and participation. Magandang umaga po sa
9 lahat.


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Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:10 AM.

PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:



Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY SIXTH (176th) REGULAR BOARD MEETING
OF THE NTA BOARD OF DIRECTORS, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
10 JULY 2024 (09:00 AM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO

Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. DANILO C. TRONGCO - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. NESTOR C. CASELA - Deputy Administrator for Operations
**Mr. BENJAMIN V. SARMIENTO - Special Assistant to the Administrator/
Executive Assistant IV**
Atty. JUN FRED V. PARADO - Attorney V, Office of the Administrator
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

1
2
3
4 **ATTY. OBUSAN:**

Good morning, everyone. For the 176th Regular Meeting of the NTA Governing Board, held today July 10, 2024 (Wednesday), 09:00 AM at NTA Board Room, 11th Floor Upper Class Tower, Quezon Ave., Quezon City. Please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano. May we request you Sir to call to order the meeting.

12
13 **I. CALL TO ORDER**

14
15 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
16 *meeting to order at 09:25 AM.*

17
18 **USEC SAVELLANO:**

The 176th Regular Meeting of the NTA Governing Board is called to order. Mister Secretary? Who's going to lead the opening prayer?

19
20
21
22 **II. OPENING PRAYER**

23
24 **ATTY. OBUSAN:**

(Led the Opening Prayer.)

25
26 **USEC. SAVELLANO:**

So, can we now go to the next item, the determination of the quorum?

27
28
29 **ATTY. OBUSAN:**

Thank you, Mister Chair.

30
31 For the 176th Regular Meeting of the NTA Governing Board, we
32 have of course, the Presiding Officer, Honorable
33 Undersecretary of the Department of Agriculture & NTA
34 Oversight Official / Alternate Chairman-Designate, Deogracias
35 Victor "DV" B. Savellano. *Good morning, Sir.*

36
37 We also have the Vice-Chairman and Administrator & CEO, the
38 Honorable Belinda S. Sanchez, *Good morning, Ma'am.*

39
40 We also have the members of the NTA Governing Board, Hon.
41 Dir. Ray A. Elaydo, representing the Tobacco Manufacturing
42 Sector; Hon. Dir. Gerry Virgilio V. Guzman, representing the
43 Tobacco Farmers Sector; Hon. Dir. Jessie Pat M. Serna,
44 representing the Tobacco Traders/Exporters Sector; Hon. Dir.
45 Danilo C. Trongco, representing the Tobacco Farmers Sector;
46 and Hon. Dir. Luzviminda U. Padayao, representing the
47 Tobacco Farmers Sector; *Good morning, Directors.*

48
49 Also present here at the NTA Boardroom are:

50
51 Mr. Nestor C. Casela, Deputy Administrator for Operations,
52 *Good morning, Sir DAOP.*

53
54 Mr. Benjamin V. Sarmiento, Special Assistant to the
55 Administrator/Executive Assistant IV. *Good morning, Sir Ben.*
56

1 Atty. Jun Fred V. Parado, Attorney V, Office of the
2 Administrator, *Good morning, Atty. JV.*
3
4 Likewise, present in the virtual platform are the respective
5 Department and Branch Managers, and OICs. *Good morning,*
6 *everyone.*
7
8 As such, Mister Chair, we have a Quorum.
9
10 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
11 Confirmation, Adoption, and Consideration in our Agenda.
12
13 **ATTY. OBUSAN:** Thank you, Mister. Chair, for the agenda of the 176th Regular
14 Meeting of the NTA Governing Board.
15
16 We have Agenda (A), the request for "Approval of the
17 **Agenda of the 176th Regular Meeting of the NTA Governing**
18 **Board, held today, July 10, 2024, at 9:00 AM, at the NTA**
19 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
20 **Avenue, Quezon City."**
21
22 **USEC. SAVELLANO:** What's the pleasure of the body?
23
24 **DIR. PADAYAO:** Mister Chair, I respectfully move for the approval of the agenda
25 of the 176th Regular Meeting of the NTA Governing Board, held
26 today, July 10, 2024, at this time, at the NTA Boardroom, 11th
27 Floor, Upper-Class Tower, Quezon Avenue, Quezon City.
28
29 **DIR. TRONGCO:** I second the motion.
30
31 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
32 hear none. Then the motion is APPROVED. Can we go to the
33 next item?
34

BOARD RESOLUTION NO. 248 S. 2024

35
36
37 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
38 **GOVERNING BOARD APPROVES THE AGENDA OF THE 176th REGULAR**
39 **MEETING OF THE NTA GOVERNING BOARD, HELD ON 10 JULY 2024, AT**
40 **09:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,**
41 **QUEZON AVE., QUEZON CITY.**

42
43 **UNANIMOUSLY APPROVED...."**

44
45 **ATTY. OBUSAN:** Mr. Chair, for Agenda (B), the request for "Approval of the
46 **Minutes of the 129th Special Meeting of the NTA Governing**
47 **Board, held last 28 May 2024, at 10:00 AM, at the NTA**
48 **Boardroom, 11th Floor, Upper-Class Tower, Quezon**
49 **Avenue, Quezon City."**
50
51 **USEC. SAVELLANO:** What's the pleasure of the body? Director Serna, please?
52
53 **DIR. SERNA:** Mr. Chair, I respectfully move for the Approval of the minutes of
54 the 130th Special Meeting of the NTA Governing Board, held on
55 26 June 2024, at 09:00 AM, at the NTA Boardroom, 11th Floor,

1 Upper-Class Tower, Quezon Avenue, Quezon City, subject to
2 submission of amendments, if any, within five (5) days from
3 today.
4

5 **DIR. GUZMAN:** I second the motion.
6

7 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
8 hear none. Then the motion is **APPROVED**. Can we now go to
9 the next item?
10

11 **BOARD RESOLUTION NO. 249, S. 2024**

12
13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
14 GOVERNING BOARD APPROVES THE MINUTES OF THE 130TH SPECIAL
15 MEETING OF THE NTA GOVERNING BOARD, HELD ON 26 JUNE 2024, AT
16 09:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR, UPPER CLASS TOWER,
17 QUEZON AVE., QUEZON CITY.***
18

19 ***UNANIMOUSLY APPROVED...."***

20
21 **ATTY. OBUSAN:** Mr. Chair, under **Agenda (C)**, we have, **"Request for
22 Approval Designating the Listed NTA Branch Officials as
23 the Agency's Representative/s In Securing Authority To
24 Print (ATP) Receipts/Invoices from the Bureau of Internal
25 Revenue (BIR)."**
26

27 To report on the summary of this agenda, may we recognize
28 Honorable Director Ray A. Elaydo, Chairperson, Committee on
29 Board Audit and Finance. Sir.
30

31 **DIR. ELAYDO:** Good morning, everyone. Here is the Summary Report of
32 Discussion with regard to this agenda, Honorable Chair.
33

- 34 • The request was made by Mr. Reynaldo R. Aquino, OIC,
35 Finance Department.
36
- 37 • It can be recalled that a similar Board Resolution was
38 requested and subsequently approved before in the previous
39 Board Meeting held last May 14, 2024. Only that time, it
40 involves designating NTA officials assigned at the Central
41 Office, this request now involves NTA Branch officials, both for
42 the same purpose of securing Authority To Print (ATP)
43 receipts/invoices from the Bureau of Internal Revenue (BIR).
44
- 45 • According to Mr. Aquino, this request is in compliance with the
46 new BIR Ruling on Issuance of Official Receipts (RR 11-2024),
47 the agency can still convert unused O.R. into invoices,
48 however, new invoices with an ATP must be obtained before
49 December 31, 2024 or before fully consuming converted O.R.s,
50 whichever comes first.
51
- 52 • One of the requirements to secure ATP to Official Receipts or
53 Invoices for non-individual is the Board Resolution or Secretary

1 Certificate indicating the purpose and the name of the
2 Authorized Representatives.

- 3
4 • The NTA Management respectfully recommends the following
5 NTA Branch Officers to be designated as the official
6 representative/s of the Agency to the BIR in applying and
7 securing Authority To Print Official Receipts/Invoices as
8 follows:

- 9
10 • NTA Pangasinan - Chryzl Hirieze Marie P. Estacio
11 Accountant III
12
13 • NTA La Union - Nicolas A. Mendoza
14 Cashier III
15
16 • NTA Candon - Weniefreda V. Fangon
17 Cashier III
18
19 • NTA Abra - Jordan C. Turalba
20 Cashier II
21
22 • NTA Vigan - Liezl Margarete R. Guzman
23 Computer Operator II
24
25 • NTA Batac - Ferdimark R. Rosario
26 TPRO I
27
28 • NTA Isabela - Mona Krisel C. Garrido
29 Cashier III
30
31 • NTA Cagayan - Elmerante A. Ginez
32 Cashier II
33
34 • Tobacco Dust Processing Plant - Christopher R. Supang
35 Senior TPRO/OIC Project
36 Manager
37
38 • NTA North Cotabato/Maguindanao - Nelly G. Alba
39 TPRO III
40
41 • NTA Mindanao/Misamis Oriental - Ma. Mercedes M.
42 Ayco PDO IV

- 43
44 • This subject matter having been thoroughly discussed during
45 the Committee Meeting, and with a Motion to Approve, which
46 was duly seconded. I respectfully move for the approval of the
47 agenda.
48

- 49 • Thank you very much!

50
51 **DIR. GUZMAN:** I second the motion.

52
53 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
54 hear none. Then the motion is **APPROVED**. Can we now go to
55 the next item?
56

1
2
3 **BOARD RESOLUTION NO. 250, S. 2024**
4

5 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA**
6 **GOVERNING BOARD APPROVES THE DESIGNATION OF THE FOLLOWING**
7 **NTA BRANCH OFFICIALS AS THE AGENCY'S REPRESENTATIVES IN**
8 **SECURING THE AUTHORITY TO PRINT (ATP) RECEIPTS/INVOICES FROM**
9 **THE BUREAU OF INTERNAL REVENUE (BIR).**

10
11 **NTA Pangasinan - Chryzl Hirieze Marie P. Estacio**
12 **Accountant III**

13
14 **NTA La Union - Nicolas A. Mendoza**
15 **Cashier III**

16
17 **NTA Candon - Wenlefreda V. Fangon**
18 **Cashier III**

19
20 **NTA Abra - Jordan C. Turalba**
21 **Cashier II**

22
23 **NTA Vigan - Liezl Margarete R. Guzman**
24 **Computer Operator II**

25
26 **NTA Batac - Ferdimark R. Rosario**
27 **TPRO I**

28
29 **NTA Isabela - Mona Krisel C. Garrido**
30 **Cashier III**

31
32 **NTA Cagayan - Elmerante A. Ginez**
33 **Cashier II**

34
35 **Tobacco Dust Processing Plant - Christopher R. Supang**
36 **Senior TPRO/OIC Project**
37 **Manager**

38
39 **NTA North Cotabato/Maguindanao - Nelly G. Alba**
40 **TPRO III**

41
42 **NTA Mindanao/Misamis Oriental - Ma. Mercedes M. Ayco**
43 **PDO IV**

44
45 **UNANIMOUSLY APPROVED...."**

46
47
48 **ATTY. OBUSAN: Moving on Mr. Chair, we have under Agenda (D), "Request**
49 **for Approval of the Release of the Budget Amounting to**

1 **Php 16,698,000.00 for the Implementation of Gulayan at**
2 **Manukan sa Barangay Project.”**

3
4 To report on the summary of this agenda, may we recognize
5 Honorable Director Luzviminda U. Padayao, Chairperson,
6 Committee on Research and Extension. Ma'am.

7
8 **DIR. PADAYAO:**

 Good morning, Mister Chair and to everyone.

- 9
10 • The Gulayan at Manukan sa Barangay Project was
11 conceptualized during the pandemic time to be one of the goals
12 of the Department of Agriculture to provide food to our tobacco
13 farmers.
- 14 • The request was made by Mr. Nestor C. Casela, Deputy
15 Administrator for Operations, together with Mr. Reynaldo R.
16 Aquino, OIC, Finance Department.
- 17
- 18 • According to DAOP Casela, the request for the release of the
19 budget for the project implementation of the GMB is timely as
20 the rainy season is just around the corner.
- 21
- 22 • This is in response to a previous Audit Finding last year that
23 some of the Farmer Cooperators (FCs) were no longer able to
24 plant the seedlings distributed as it was released late and it
25 coincides with the dry season. To avoid the repeat of the same,
26 earlier release is programmed for this year's implementation,
27 hence the request for the release of the budget.
- 28
- 29 • The budget requested is for the Eight (8) NTA Branch Offices,
30 with 278 Farmer Cooperators per Branch Office and the Budget
31 Per Module based on the Implementing Guidelines is
32 Php7,500.00.
- 33
- 34 • The Total Budget per Branch Office is Php2,087,250.00, and for
35 the Eight (8) NTA Branch Offices, the Total Budget needed for
36 the project implementation amounted to Php16,698,000.00
- 37
- 38 • Mr. Aquino certified that there is fund available for the project.
- 39
- 40 • This subject matter having been thoroughly discussed during
41 the Committee Meeting, and with a Motion to Approve, which
42 was duly seconded. I respectfully move for the approval of the
43 agenda.
- 44
- 45 • Thank you very much!

46
47 **DIR. TRONGCO:**

 I second the motion.

48
49 **USEC. SAVELLANO:**

 There's a motion. Seconded. Any discussion, or objection? I
50 hear none. I just have some questions.

51
52 So, how much of will go to Gulayan and how much for
53 Manukan?
54

1 **DIR. PADAYAO:** The total is Php7,500. Maybe Sir Nestor Casela can help
2 explain. May he be recognized, Mister Chair.
3

4 **DAOP CASELA:** Good morning to all of you. The budget per module is
5 Php7,500.00, for the purchase of different vegetables and the
6 chicks.
7

8 **USEC. SAVELLANO:** Together for both the chicken and the vegetables?
9

10 **DAOP CASELA:** Yes, Sir. Together, for both manukan at gulayan, per module. It
11 is just a backyard manukan, free-range only.
12

13 **USEC. SAVELLANO:** How many chicks per farmers?
14

15 **DAOP CASELA:** Twenty-five (25) chicks per farmer, Sir. Just enough to have
16 food for the family.
17

18 **USEC. SAVELLANO:** Where do you get it? Quality? Do you also provide feeds?
19

20 **DAOP CASELA:** Only from local suppliers, but we picked the best quality of day-
21 old chicks. We provide only starter feeds, including the net.
22

23 **USEC. SAVELLANO:** Okay. What about the vegetables, what kind?
24

25 **DAOP CASELA:** All those needed for cooking "pinakbet," Sir.
26

27 **USEC. SAVELLANO:** I have a friend who is looking for achuete, paminta, monggo,
28 kasoy, kidney beans, soy beans.
29

30 I am just asking because he was telling me that the achuete
31 from Php70 per kilo, it is now Php250 per kilo. It is in demand,
32 and yet, we are importing. So, maybe we can do a program for
33 that. Even paminta, from Php200 per kilo, it is now Php400 per
34 kilo.
35

36 So, I am just asking if we can do a program for that.
37

38 **DAOP CASELA:** Yes, Sir. We can make a study on that, and maybe we can
39 adopt it in future implementation of the GMB project.
40

41 Because if you grow achuete, if you grow paminta, this will be
42 some sort of a long-range, if I am not mistaken.
43

44 **USEC. SAVELLANO:** No, we have the early maturing ones these days.
45

46 So, we have to coordinate with the NSIC with respect to the
47 early varieties for these crops. Because like monggo, there is a
48 demand for it.
49

50 **DAOP CASELA:** Yes, this can be included here. But monggo, is usually planted
51 during more or less the dry season, and rainy season is around
52 the corner.
53

54 **USEC. SAVELLANO:** But we are looking at the possibilities of other viable crops for
55 this to be produced. Any kind of beans, they will buy also. The
56 red beans, kidney beans, etc.
57

1 subsidy for failure to plant tobacco in the past two cropping
2 seasons or simply stoppage in planting the same. Hence, the
3 unutilized fund amounting to Php13,804,000.00
4

- 5 • In pursuance of the DBM's directive that full utilization of the
6 approved funds is encouraged for the agency, DAOP Casela is
7 now requesting that the unutilized fund be allocated for the
8 Mindanao provinces, specifically for Misamis Oriental's tobacco
9 farmer beneficiaries, which were not included in the
10 Implementing Guidelines.
- 11
- 12 • The allocation of the unutilized fund will benefit a total of 2,300
13 projected farmer beneficiaries in seven (7) Municipalities of the
14 Province of Misamis Oriental.
- 15
- 16 • The same Implementing Guidelines will be adopted for the
17 implementation of TCGS in Mindanao. Each farmer beneficiary,
18 who is tilling below 0.5 hectare is set to receive the
19 Php6,000.00 subsidy.
- 20
- 21 • This subject matter having been thoroughly discussed during
22 the Committee Meeting, and with a Motion to Approve, which
23 was duly seconded. I respectfully move for the approval of the
24 agenda. Thank you very much!
- 25

26 **DIR. PADAYAO:** I second the motion.

27
28 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
29 hear none. Then the motion is **APPROVED**. Can we now go to
30 the next item?
31
32

33 **BOARD RESOLUTION NO. 252, S. 2024**

34
35 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
36 ***GOVERNING BOARD APPROVES THE ALLOCATION OF UNUTILIZED FUNDS***
37 ***IN THE AMOUNT OF PHP 13,804,000.00 FOR THE IMPLEMENTATION OF***
38 ***TCGS IN MINDANAO PROVINCES.***
39

40 ***UNANIMOUSLY APPROVED...."***
41

42
43 **ATTY. OBUSAN:** Next Agenda, Mister Chair, under **Agenda (F)**, "**Request for**
44 **Approval That Grant of Communication Allowance to**
45 **Qualified NTA Officials be Thru Payroll/Cash on a Monthly**
46 **Basis Effective July 2024."**
47

48 To report on the summary of this agenda, may we recognize
49 Honorable Director Jessie Pat M. Serna, Member, Committee
50 on Nomination, Remuneration, and Personnel Administration.
51 Sir.
52

53 **DIR. SERNA:** Good morning, everyone. Here is the Summary Report of
54 Discussion with regard to this agenda, Honorable Chair.
55

- 56 • The request was made by Mrs. Zenaida T. Arrojo, Manager,
57 Administrative Department.

- Currently, the grant of communication allowance to qualified NTA Officials is being done thru issuance of prepaid cellular cards amounting to Php1700.00 per month.
- According to Mrs. Arrojo, during the conduct of bidding for the supply of cellular cards for the First Semester (January to June 2024), the supplier informed that Touch Mobile cellular cards are no longer available as it was phased out already.
- For the Second Semester, the conduct of the bidding for the prospective supplier of the same, failed twice already, the reason being is that Globe cellular cards are also phased out as nowadays, electronic loading is being employed by most of the communication networks.
- Mrs. Arrojo then communicated with Mrs. Milagros Tiu of the Finance Department and they came up with the proposal that effective July 2024, the communication allowance to qualified NTA Officials will be given out thru payroll/cash for easier recording and tracking, hence this request.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. ELAYDO: I second the motion.

USEC. SAVELLANO: There's a motion, seconded. Any discussion, or objection? I hear none. Then the motion is **APPROVED**. Can we now go to the next item?

BOARD RESOLUTION NO. 253, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE GRANT OF COMMUNICATION ALLOWANCE TO QUALIFIED NTA OFFICIALS BE THRU PAYROLL/CASH ON A MONTHLY BASIS EFFECTIVE JULY 2024."

UNANIMOUSLY APPROVED...."

ATTY. OBUSAN: Next Agenda, Mister Chair, under **Agenda (G)** "Presentation/Report on the Status of the NTA Real Property Located at Montalban/Rodriguez, Rizal Otherwise Identified as the "Golden Leaf Village."

To report on the summary of this Agenda, may we recognize Atty. Jun Fred V. Parado, Attorney V, Office of the Administrator. Go ahead Atty. JV.

1 **ATTY. PARADO:**

2 Thank you, Sir. Good morning to our Honorable
3 Undersecretary and Presiding Officer and Alternate Chairman
4 Designate, to our Administrator and Vice Chairman, and the
5 Honorable Members of the Board, as well as NTA officials from
6 the NTA Central Office and Branch Offices. Good morning to
7 each and everyone.

8 I am honored to render my report regarding the status of the
9 NTA real property located in Rodriguez, Rizal, otherwise known
10 as our Golden Leaf Village housing project. Actually, this report
11 is imposed to me as one of the directives of the Honorable
12 USec DV Savellano, me during the last board meeting, in
13 relation to a possible collaboration or intercession, from the
14 National Housing Authority for a possible settlement with our
15 existing PDIC loan.

16
17 So as a factual background, Mr. Chair, in any event, I would
18 like to manifest a copy of this executive summary or paper
19 report, copies of which were already witnessed by the
20 Honorable Members of the Board and discussed in yesterday's
21 Committee Meeting. So as to the related issue says, the NTA
22 Housing Committee was originally constituted in 2011 pursuant
23 to Special Order No. 021 and then it was reconstituted on
24 February 23, 2021 pursuant to another special order. The
25 purposes of the NTA Housing Committee are the following to
26 study the viability of the NTA housing project vis-à-vis the
27 NTA's outstanding loan obligation with the Philippine Deposit
28 Insurance Corporation and to address all other pressing issues
29 related to the NTA housing project.

30
31 Lately, there was a board resolution issued by the NTA
32 Governing Board creating the NTA Composite Team, which
33 was issued on June 16, 2023 with full authority to negotiate
34 with the PDIC for the final settlement of the unpaid loan of the
35 NTA real property, the Golden Leaf Village. This NTA real
36 property, Mr. Chair, is located at Barangay San Isidro,
37 Rodriguez (Montalban), Rizal.

38
39 It comprises a total area of 83,879 square meters. Total
40 saleable area of the property after deducting provisions for
41 roads, alleys, activity lots, parks and playgrounds sums up to
42 54,136 square meters.

43
44 We have a total of 2,506 square meters which are considered
45 as prime lots. These having been earmarked as commercial
46 areas, their location being at the entrance portion of the
47 subdivision along the highway. As a whole, these are already
48 subdivided into smaller parcels ranging from 100 to 150 square
49 meters covered by separate individual titles for better
50 distribution to our qualified employees.

51
52 Next is our monetary obligation with the Philippine Deposit
53 Insurance Corporation. In 1996, NTA obtained a loan from the
54 Philippine National Bank through a credit line agreement with
55 Promissory Note with an outstanding balance of Php
56 78,729,152.01. In 2002, PNB assigned by way of Dacion En
57 Pago the outstanding balance of the loan to PDIC. When we

1 say Dacion En Pago, the property is allocated to the creditor in
2 satisfaction of a debt in money.

3 Thereafter, the NTA renegotiated with PDIC in the latter's
4 capacity as the new creditor for the amendment of the
5 subsisting terms and conditions governing the loan and PDIC
6 signified its approval for the proposed loan restructuring. In
7 September 22, 2004, our NTA Board of Directors through a
8 Board Resolution authorized the execution of a restructuring
9 agreement and attested to NTA for legal capacity to enter into
10 and comply with the said agreement.

11
12 Ito po yung first restructuring loan po natin. In the said
13 restructuring agreement, duly notarized, the NTA agreed as
14 follows: to repay the principal amount of the loan on quarterly
15 installment within a period of 8 years, subject to a four-year
16 moratorium and also to pay the capitalized accrued interest
17 within a period of 8 years subject to a 3-year moratorium.

18
19 So ang promisory note provides as follows: The loan amount is
20 Php78,729,152.01; The term is 8 years; Value date is October
21 1, 2001; And maturity date is July 1, 2009.

22
23 In June 17, 2015, the NTA informed PDIC that due to the lack
24 of funds and in view of the recurring income losses in its
25 operating budget, the NTA will not be able to comply with the
26 restructuring scheme. And also, the NTA interposed no
27 objection if PDIC would decide to foreclose the NTA property
28 which was mortgaged as a guarantee for the payment of NTA's
29 outstanding loan with PDIC.

30
31 So noong July 1, 2019 nga po, the period for restructuring
32 agreement expired. So natapos na po. With the subject
33 property having been identified and intended as the NTA
34 housing project for NTA employees, the NTA, pursuant to a
35 Board Resolution No. 1043-2019, then wrote PDIC a letter of
36 proposal dated March 27, 2019 requesting the PDIC Governing
37 Board for the approval of the following:

- 38
39 1. A second restructuring of the outstanding loan.
40 2. Condonation of the penalties.
41 3. Waiver of all approved interest.
42 4. Reduction of the interest rate to only 4% per annum.

43
44 Sa letter po natin sa PDIC, NTA offered an upfront payment of
45 Php5,000,000.00 as a manifestation of its sincerity and earnest
46 desire for the restructuring of its loan. Marami na po tayong
47 sulat.

48
49 We wrote PDIC at least two letters, Mr. Chair, pero hanggang
50 sa ngayon wala pa po silang reply. As of December 31, 2023,
51 the total amount due to PDIC has accumulated to
52 Php388,627,194.31 with the following distribution:

53
54 The book value is P78,729,152.01;

55
56 The interest from October 1, 2001 to December 31, 2023 is
57 P96,647,012.56;

1
2 The penalty charges from October 1, 2001 to December 31,
3 2023 is P213,251,029.74.

4 There were also informal settlers in the area, but we have
5 served them on demand letters to vacate and as of today, isa
6 na lang po yung natitira.
7

8 So, the present status of the property, during the 172nd
9 Regular Meeting of the Board, the Rodriguez-Montalban-Rizal
10 property was identified to be one of those properties under the
11 priority list of NTA to be appraised, Mr. Chair.
12

13 The subject property was also declared and submitted as our
14 compliance to Executive Order No. 34, dated July 17, 2023, or
15 the Pambansang Pabahay Para Sa Pilipino Program as a
16 flagship program of the government and directing all national
17 government agencies and instrumentalities, including GOCCs
18 and LGUs, to submit a detailed inventory of all available and
19 suitable lands for the implementation of the program.
20

21 And also, in compliance with DA Memorandum dated August
22 18, 2023, for the submission of detailed inventory of all
23 available and suitable lands for the implementation of the
24 Pambansang Pabahay Para sa Pilipino (4PH) Program. And
25 also, Mr. Chair, finally, the Honorable USec DV, during the last
26 Board Meeting, directed the NTA management to seek the
27 intercession of the National Housing Authority and to explore
28 all possibilities for settlement. The NHA, and DHSUD are
29 primarily tasked to develop and implement a comprehensive
30 and integrated housing program, including housing
31 development and resettlement.
32

33 That would be all, Mr. Chair. Thank you.
34

35 **USEC. SAVELLANO:** Okay. Any discussion on the report? So, what happens now?
36 Who is going to write to the NHA?
37

38 **ATTY. PARADO:** Mister Chair, actually we have the NTA composite team under
39 the chairmanship of the Honorable Deputy Administrator for
40 Support Services, DASS Benedict Savellano, and also, we
41 have the Asset Inventory and Management Committee, so this
42 matter will be referred to those committees for the appropriate
43 action and disposition, Mr. Chairman.
44

45 **USEC. SAVELLANO:** They have a report already? And again, I think we have to write
46 to PDIC, to reiterate our intention to maybe, restructure the
47 current loan.
48

49 **ATTY. PARADO:** Yes, Mr. Chair, we have two letters dated February 23, 2023
50 and May 24, 2023, sent to Mr. Roberto B. Tan, the President of
51 PDIC, reiterating our NTA's request for approval of the
52 proposed loan restructuring. And I would like to put on record
53 also, Mr. Chair, that there was a reply from PDIC dated May
54 31, 2023, informing us that the proposed terms and conditions
55 of the settlement agreement with the Bangko Sentral ng
56 Pilipinas (BSP) has yet to be approved and finalized, and that
57 updates will be sent to NTA on the terms of the compromised

1 settlement as soon as the settlement agreement with BSP is
2 finalized, Mr. Chair.
3
4 **USEC. SAVELLANO:** So, can we also write to BSP?
5 **ATTY. PARADO:** Yes, sir.
6
7 **DAOP CASELA:** Actually, sir, we want to solicit your advice because the loan is
8 really getting bigger, and the interest is continuously accruing.
9 We are asking for restructuring, but they have not replied yet.
10 We also asked PDIC to foreclose the property but they also
11 refused.
12
13 **DIR. PADAYAO:** They consider it a dead investment.
14
15 **USEC. SAVELLANO:** Why dead investment?
16
17 **DIR. PADAYAO:** As it stands currently, the value of the property will not be
18 enough to cover the outstanding loan.
19
20 **USEC. SAVELLANO:** Anyway, we will explore first so we can know what will be our
21 next move. Write a letter to NHA, if they are willing to take over
22 the property and utilize it for housing.
23
24 **DAOP CASELA:** If ever that, they will have to utilize it for housing, Sir. They will
25 have to pay PDIC, right?
26
27 **USEC. SAVELLANO:** Parehas naman na gobyerno yan, maybe they can work
28 something out. We will explore so that the project will not be
29 wasted.
30
31 But in the area, are there people there?
32
33 **ATTY. PARADO:** There are illegal settlers before, but as of today, there is only
34 one.
35
36 **USEC. SAVELLANO:** But there are buildings there. Are there buildings there? Can
37 you take a picture so that we can see the situation? Can you
38 show the board?
39
40 **DIR. PADAYAO:** Engineer Abe said yesterday that there are encroachments
41 there already.
42
43 **ATTY. OBUSAN:** Mister Chair, may we recognize Engr. Abraham Dela Pena,
44 OIC, GSPD to give us a clearer background of the real
45 situation in the Golden Leaf Village.
46
47 **ENGR. DELA PENA:** Good morning, Mister Chair. Actually po, more than one block
48 was already encroached by the neighbors situated beside the
49 property. Nag-simula po ito ng ma-knockdown ang ating
50 perimeter fence. Ginamit na po nilang access ang ating mga
51 road network sa property. Yung iba po ay nagtayo ng kanilang
52 mga parking within our property, marami po dito ay permanent
53 structures na.
54
55 **USEC. SAVELLANO:** Hindi ba may mga guards tayo in the vicinity?
56

1 **ENGR. DELA PENA:** Meron po tayong dalawang security guards, but given the vast
2 area that they needed to cover and since wala na po yung
3 perimeter fence natin, mahihirapan po talaga bantayan yung
4 property.
5

6 **USEC. SAVELLANO:** But these permanent structures that they erected, hindi nila
7 dapat ito pinayagan. Or baka naman may bayaran na
8 nangyari? I suggest that we also write the security agency
9 asking for an explanation on why they allow these things to
10 happen. Or better yet, mag-multa sila sa kapabayaang nila.
11
12 Kaya pala dead investment, walang gugusto na bumili ng
13 property natin because of the presence of the informal settlers,
14 sakit lang ng ulo ang mga iyan.
15
16 For the time being, let us write NHA, PDIC, BSP and the
17 security agency. Let us explore all possibilities available, kasi
18 saying naman yung project.
19

20 **ATTY. PARADO:** Duly noted, Sir.
21

22 **USEC. SAVELLANO:** Okay. Any other discussions? Hearing none, next item.
23

24 **ATTY. OBUSAN:** On Other Matters, Mister Chair, may we recognize Hon.
25 Director Gerry Virgilio V. Guzman, Chairman, Committee on
26 Legal Matters and Properties.
27

28 **DIR. GUZMAN:** Mister Chair, on Other Matters, there is an Agenda here that
29 needs to be discussed by the Governing Board, the possible
30 execution of a Memorandum of Agreement (MOA) between the
31 NTA and the Department of Agrarian Reform (DAR) regarding
32 the former's property in Rosales, Pangasinan, that the latter is
33 requesting that they will take possession of indefinitely. I
34 believe a copy of the Draft MOA is provided to you already,
35 Mister Chair.
36

37 **USEC. SAVELLANO:** What is the status this property?
38

39 **ATTY. OBUSAN:** Mister Chair, may we recognize DAOP Nestor Casela to give
40 us background on this property.
41

42 **DAOP CASELA:** Good morning again. As a background to the issue at hand, the
43 NTA branch office at Rosales, Pangasinan, it was the first NTA
44 branch office established for Pangasinan.
45
46 This was donated by the then Congressman Mark Cojuangco,
47 the land together with the construction of the office of the NTA,
48 Sir.
49

50 **USEC. SAVELLANO:** How big is the lot?
51

52 **DAOP CASELA:** I am not familiar with the total area of the lot. That site is
53 intended for government offices, Sir. Aside from NTA, there are
54 other government offices situated in the area.
55

56 **USEC. SAVELLANO:** Anyway, right now we have an office there, or was it absolutely
57 abandoned?

1
2 **DAOP CASELA:** Yes, sir. I will just continue. There was that office for NTA, and
3 this has been occupied by NTA for quite a number of years
4 already.
5
6 And there was a constant Audit Observation Memorandum
7 (AOM) from Commission on Audit (COA) to our Branch
8 Manager then that NTA should exert effort in the transfer of
9 ownership. And because of that, our manager then did his best
10 and exerted all his effort to achieve the documents necessary
11 for the transfer of ownership. But unfortunately, the mother title
12 was never surrendered or NTA was not given an access for
13 that mother title.
14
15 And with that, NTA, though there was some budget for the
16 repurposing and rehabilitation of the office, it was deemed
17 necessary not to do that because of that issue, Sir.
18
19 Fortunately, there is also an old office situated in Villasis,
20 Pangasinan. Because of that situation and because of the
21 pressure, NTA branch office in Rosales, Pangasinan was
22 transferred to NTA Villasis, Pangasinan. Right now, NTA
23 Branch Office is now situated in Villasis, Pangasinan.
24
25 The building of NTA at Rosales, is being used as a team office.
26 Likewise, it is a storage for the research materials being used
27 by IRD.
28
29 **ATTY. PARADO:** With your permission Mister Chair, the lot area is 1,943 square
30 meters. The mother title is 30,232 square meters.
31
32 **USEC. SAVELLANO:** The mother title, so it is owned by former Congressman, Mark?
33
34 **ATTY. PARADO:** The property is presently registered in the name of Mr.
35 Pancracio D. Rodriguez. The property was donated by Mr.
36 Rodriguez to NTA with a Deed of Donation and Acceptance.
37
38 But it was not yet transferred to NTA, Mr. Chair. We do not
39 have any title in possession at the moment.
40
41 **USEC. SAVELLANO:** So, it was donated by, Mr. Rodriguez, not by Congressman
42 Mark Cojuangco?
43
44 **ATTY. PARADO:** Yes, Sir. But we do not have any title. The original title is in the
45 custody of then Representative Conrado M. Estrella III, now
46 Secretary of the Department of Agrarian Reform.
47
48 **USEC. SAVELLANO:** The actual use is in the possession of NTA, the office building?
49 Donated by then Representative Estrella, so they want to get it
50 back? What will they do to it?
51
52 **DAOP CASELA:** Basically, last night, myself, Madam Bel and Sir Ben had a
53 meeting with him, they intend, I mean, DAR intend to establish,
54 some sort of a regional office there.
55
56 **USEC. SAVELLANO:** So, what will happen to our building there?
57

1 **DAOP CASELA:** According to Secretary Estrella, if it still possible to refurbish
2 the existing building, they will do that. Otherwise, they will
3 construct a new one. But I think, it depends on the total number
4 of workforce that DAR will be assigning to that regional office.
5 But he made also a sort of a Compromise Agreement that he
6 will be providing some funds for the refurbishing or the
7 improvement of our NTA Villasis, Pangasinan Branch Office.
8

9 **USEC. SAVELLANO:** And not for this one, in Rosales, Pangasinan?

10

11 **DAOP CASELA:** No.

12

13 **USEC. SAVELLANO:** So, what will happen there? With this MOA, what will happen to
14 that office? Where will we put our equipment?
15

16 **DAOP CASELA:** We will give it to DAR, indefinitely, Sir. I have already
17 instructed the Branch Manager to vacate the Rosales office
18 and a Special Order was also issued earlier today to remove all
19 the equipment and research materials by the IRD from the
20 same.
21

22 He was so persistent of getting the building and the property,
23 Sir. And with his insinuation last night, if he wants, we can stay
24 overnight to discuss the MOA and have it signed right away.
25 But I opined that we have a Board and it has to be discussed
26 with the presence of the members of the Board.
27

28 That is why, initially, before you came in, we have that
29 Executive Session to discussing this.
30

31 **USEC. SAVELLANO:** Okay. So, I think what we will do is, I have to ask the Secretary
32 also what will happen here, or regarding this MOA.
33

34 **DAOP CASELA:** Yes, sir. Actually, it is just a draft, Sir. Because what we
35 discussed initially earlier with our lawyers, it is our prerogative
36 also to come up with some infusion or amendment to the
37 proposed draft.
38

39 Actually, he promised an amount of Php20,000,000.00. It
40 should it should be that much. He mentioned that it's NTA's
41 decision how that money will be transferred, he said that it can
42 be transferred via DPWH.
43

44 But I hinted that we have a bad experience with DPWH
45 because of what is currently happening to the construction of
46 our building, impliedly, I asked him if it would be possible
47 directly thru the administration of the NTA. He replied that it can
48 be arranged. That is why we are here.
49

50 **USEC. SAVELLANO:** Why did we move to Villasis, Pangasinan? Any other reasons?

51

52 **DAOP CASELA:** Because there is no Wi-Fi connection in Rosales, Pangasinan.
53 That is one of the problems there.
54

55 **ENGR. DELA PENA:** If may I answer? The condition of our Rosales Building is that it
56 is a single-story building. Right now, our building is


1 deteriorating with the presence of termites all over our building.
2 It is not usable anymore, because of the deterioration.
3
4 At the same time, their access to internet connections,
5 communications, and everything has been down in Rosales.
6 And for your information, Sir, about the communication system,
7 they used to have an Ombudsman office there but they left
8 because of that problem.
9
10 **USEC. SAVELLANO:** How long has it been? It has been a while. Siguro naman okay
11 na ang internet connections doon ngayon.
12
13 Anyway, review this MOA before signing it.
14
15 Any other discussions related to this?
16
17 **DIR. PADAYAO:** We have to be smart. Though there is a promise of Php20
18 million in return, it is nowhere to be found in the MOA. I
19 recommend that it is be included, just to make sure.
20
21 **ATTY. OBUSAN:** With the permission of Mister Chair, the agreement also has
22 indefinite duration, to the disadvantage of NTA.
23
24 **USEC. SAVELLANO:** So, may we request the legal team to make the
25 recommendations to be shown in our next meeting? Or if it is
26 urgent, we can have a special session for this.
27
28 **DAOP CASELA:** Sir, with due respect, would you mean that we will come up
29 with, say, NTA will come up with its own Memorandum of
30 Agreement?
31
32 **USEC. SAVELLANO:** We will have to insert some provisions here, especially that of
33 the offer, to safeguard the interests of the NTA.
34
35 We are asking now the, our legal team to study the MOA and
36 give their recommendations, whenever it is ready.
37
38 **DAOP CASELA:** I think up to the 23rd, our legal minds will be able to come up
39 with the correction or improvement of the draft. We can have a
40 special meeting on the 23rd to deliberate further on this. Maybe
41 we can communicate with Secretary Estrella regarding our
42 predicament of this. Atty. Parado?
43
44 **ATTY. PARADO:** Yes, Sir.
45
46 **DAOP CASELA:** And suggesting that and a Memorandum of Agreement will be
47 further studied and they will come up with some conclusion or
48 deletion of the draft presented by the Office of Secretary
49 Estrella. Thank you.
50
51 **USEC. SAVELLANO:** Okay. Next item.
52
53 **ATTY. OBUSAN:** Next item, Mister Chair, still on Other Matters is the schedule of
54 our next Board Meeting, tentatively it is scheduled on 25 July
55 2024, Thursday, at 09:00 AM, here at the NTA Board Room,
56 Central Office. Subject to your availability and concurrence, Sir.
57

1 **USEC. SAVELLANO:** July 25 at 09:00 AM, okay, it is fine with me. Anything else?
2
3 **ATTY. OBUSAN:** Thank you, Mister Chair. Next on the list is adjournment.
4
5 **USEC SAVELLANO:** There's a motion?
6
7 **DIR. ELAYDO:** Mister Chair. I move for the adjournment of the meeting.
8 **DIR. SERNA:** I second the motion.
9
10 **USEC SAVELLANO:** There's a motion. Seconded. The session is adjourned. Thank
11 you.
12
13 **SO, ORDERED.**
14
15 **ATTY. OBUSAN:** That concludes our 176th Regular Meeting of the NTA
16 Governing Board. To all the online participants, thank you for
17 your attendance and participation. Magandang umaga po sa
18 lahat.
19


20 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:35 AM**
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

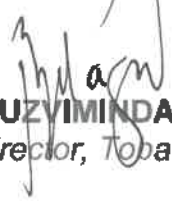
ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE FAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND THIRTY FIRST (131st) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
25 JULY 2024 (09:00 AM)**

PRESENT:

Hon. DEOGRACIAS VICTOR B. SAVELLANO - **Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - **Vice-Chair of the Board and Administrator & CEO**
Dir. JESSIE PAT M. SERNA - **Member, Tobacco Traders/Exporters Sector**
Dir. RAY A. ELAYDO - **Member, Tobacco Manufacturing Sector**
Dir. DANILO C. TRONGCO - **Member, Tobacco Farmers Sector**
Dir. LUZVIMINDA U. PADAYAO - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

Mr. NESTOR C. CASELA - **Deputy Administrator for Operations**
Mr. BENEDICTO M. SAVELLANO - **Deputy Administrator for Support Services**
Mr. BENJAMIN V. SARMIENTO - **Special Assistant to the Administrator/
Executive Assistant IV**
Atty. GORGONIO G. OBUSAN III - **Board Secretary V**
Mrs. MAYLYN FLORES-MIZAL - **Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - **Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Dir. GERRY VIRGILIO V. GUZMAN - **Member, Tobacco Farmers Sector**
Department and Branch Managers / OICs - **NTA Central Office and Branch Offices**

MINUTES OF THE MEETING

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ATTY. OBUSAN: Good morning, everyone. For the 131st Special Meeting of the NTA Governing Board, please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano. May we request you Sir to please call to order the meeting.

I. CALL TO ORDER

The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the meeting to order at 10:20 AM.

USEC. SAVELLANO: The 131st Special Meeting of the NTA Governing Board is called to order. Mister Secretary? Who's going to lead the opening prayer?

II. OPENING PRAYER

ATTY. OBUSAN: *(Led the Opening Prayer.)*

USEC. SAVELLANO: So, can we now go to the next item, the determination of the quorum?

ATTY. OBUSAN: Thank you, Mister Chair.

For the 131st Special Meeting of the NTA Governing Board, we have of course, the Presiding Officer, Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official / Alternate Chairman-Designate, Deogracias Victor "DV" B. Savellano. *Good morning, Sir.*

We are also joined by the Vice-Chairman and Administrator & CEO, the Honorable Belinda S. Sanchez, *Good morning, Ma'am.*

We also have the members of the NTA Governing Board, Hon. Dir. Ray A. Elaydo, representing the Tobacco Manufacturing Sector; *Good morning, Sir.*

Hon. Dir. Jessie Pat M. Serna, representing the Tobacco Traders/Exporters Sector; *Good morning, Sir.*

Hon. Dir. Danilo C. Trongco, representing the Tobacco Farmers Sector; *Good morning, Sir.*

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Hon. Dir. Luzviminda U. Padayao, representing the Tobacco Farmers Sector; *Good morning, Ma'am.*

Joining us online via virtual platform is Honorable Director Gerry Virgilio V. Guzman, representing Tobacco Farmers sector. *Good morning, sir.*

Also present here at the NTA Boardroom and joining us are:

Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good morning, Sir DAOP.*

Mr. Benedicto M. Savellano, our Deputy Administrator for Operations. *Good morning, Sir DASS.*

Mr. Benjamin V. Sarmiento, Special Assistant to the Administrator and Executive Assistant IV. *Good morning, Sir Ben.*

Joining us also online are the Department Managers and Branch Managers, Central Office and Branch offices.

As such, Mister Chair, we have a Quorum.

USEC. SAVELLANO:

So, since there's a quorum, we now go to the Approval, Confirmation, Adoption, and Consideration in our Agenda.

ATTY. OBUSAN:

Mister. Chair, for our first agenda, Agenda (A), the request for "Approval of the Agenda of the 131st Special Meeting of the NTA Governing Board, held today, 25 July 2024 at 9:00 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue, Quezon City".

USEC. SAVELLANO:

What's the pleasure of the body?

DIR. PADAYAO:

Honorable Chair, I moved for the approval of the Agenda of the 131st Special Meeting of the NTA Governing Board, held today, 25 July 2024, at this time, at the NTA Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue, Quezon City.

DIR. TRONGCO:

I second the motion.

USEC. SAVELLANO:

There's a motion, seconded. Any discussion, or objection? I hear none. Then the motion is APPROVED. Can we go to the next item?

1
2
3 **BOARD RESOLUTION NO. 254 S. 2024**

4 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
5 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 131st SPECIAL***
6 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 25 JULY 2024, AT***
7 ***9:00AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
8 ***QUEZON AVE., QUEZON CITY.***

9 ***UNANIMOUSLY APPROVED....”***

10
11 **ATTY. OBUSAN:** Mr. Chair, under Agenda (B), the request for “Approval of
12 the Minutes of the 176th Regular Meeting of the NTA
13 Governing Board, held last 10 July 2024, at 9:00 AM, at the
14 NTA Boardroom, 11th Floor, Upper Class Tower, Quezon
15 Avenue, Quezon City”.

16
17 **DIR. TRONGCO:** Mr. Chair, I respectfully move for the “Approval of the Minutes
18 of the 176th Regular Meeting of the NTA Governing Board,
19 held last 10 July 2024, at 9:00 AM, at the NTA Boardroom,
20 11th Floor, Upper Class Tower, Quezon Avenue, Quezon City.

21
22 **DIR. SERNA:** I second the motion.

23
24 **USEC. SAVELLANO:** There’s a motion, seconded. Any discussion, or objection? I
25 hear none, then the motion is APPROVED. Next item.
26
27

28 **BOARD RESOLUTION NO. 255 S. 2024**

29
30 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
31 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 176TH REGULAR***
32 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 10 JULY 2024, AT***
33 ***9:00 AM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
34 ***QUEZON AVE. QUEZON CITY.***

35
36 ***UNANIMOUSLY APPROVED....”***

37
38
39 **ATTY. OBUSAN:** Next agenda, under “Agenda (C), the request for
40 “Confirmation of the Approved Shortlisted Applicants to
41 Vacant Plantilla Positions.”

42
43 To report on the Summary of this agenda, may we recognize
44 Honorable Director Jessie Pat M. Serna, Member, Committee
45 on Nomination, Remuneration, and Personnel Administration.
46 Sir.

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DIR. SERNA:

Good morning, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

The request was made by Mrs. Zenaida T. Arrojo, Manager, Administrative Department.

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.

All the applicants recommended by Hon. Administrator Belinda S. Sanchez were subsequently approved by Secretary Tiu Laurel.

Following were the approved shortlisted applicants and their respective position.

NAME	POSITION
Cabigan, Evangeline C.	Chief Science Research Specialist
Lacaden, Amelia Veronica, L.	Chief Agriculturist
Valledor, Victor V.	Supervising Tobacco Production & Regulation Officer
Duran, Moises D.	Supervising Tobacco Production & Regulation Officer
Ragasa, Angelica A.	Accountant III
Cambas, Cesar P.	Senior Tobacco Production & Regulation Officer
Rosario, Ferdimark R.	Administrative Officer V
Rafanan, Immanouel A.	Administrative Officer V
Briosos, Deivid John Rayze B.	Records Officer II
NAME	POSITION
Glindo, Renyoll Eden B.	Chemist IV
Romero, Alex Avel P.	Chemist III
Valle, Diocesar P.	Tobacco Production & Regulation Officer I
Natan, Carolyn P.	Tobacco Production & Regulation Officer I
Mateo, Mark Fernan M.	Tobacco Production & Regulation Officer I
Guimmayen, Maricar M.	Tobacco Production & Regulation Officer I

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This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. ELAYDO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussion, or objection? I hear none. Then the motion is **APPROVED**. Can we now go to the next item?

BOARD RESOLUTION NO. 256, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE CONFIRMATION OF THE APPROVED SHORTLISTED APPLICANTS TO VACANT PLANTILLA POSITIONS AS LISTED

<u>NAME</u>	<u>POSITION</u>
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.	Supervising Tobacco Production & Regulation Officer
7. Rosario, Ferdimark R.	Administrative Officer V
8. Rafanan, Immanouel A.	Administrative Officer V
9. Briosos, Deevld John Rayze B.	Records Officer II
10. Glindo, Renyoll Eden B.	Chemist IV
11. Romero, Alex Avel P.	Chemist III
12. Valle, Dloceasar 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
15. Guimmayen, Maricar M.	Tobacco Production & Regulation Officer I

UNANIMOUSLY APPROVED...."

1 **ATTY. OBUSAN:** Mr. Chair, under Agenda (D), we have, request for
2 "Approval of Change of Signatories of NTA's Bank
3 Account(s) Under Philippine Veterans Bank (PVB) Per
4 Bank Requirements Due to Recent Organizational
5 Movements".
6

7 To report on the Summary of this agenda, may we recognize
8 Honorable Director Ray A. Elaydo, Chairperson, Committee
9 on Board Audit and Finance. Sir.
10

11 **DIR. ELAYDO:** Good morning, Mister Chair and to everyone present here
12 today, this is the Summary Report of Discussion and
13 Recommendations for this Agenda.
14

15 The request was made by Mr. Benedicto M. Savellano,
16 Deputy Administrator for Support Services.
17

18 According to DASS Savellano, the request was made due to
19 the recent organizational movements in the agency.

20 Ms. Milagros C. Tiu, incoming Manager of the Finance
21 Department will be replacing Mr. Reynaldo R. Aquino, former
22 OIC, as one of the signatories of NTA's bank account under
23 the Philippine Veterans Bank. A corresponding Board
24 Resolution is required by the bank for any changes in
25 signatories, hence, this request.

26 DASS Savellano further pointed out that the approval is
27 imperative so as not hamper the services of the agency.

28 This subject matter having been thoroughly discussed during
29 the Committee Meeting, and with a Motion to Approve, which
30 was duly seconded. I respectfully move for the approval of
31 the agenda. Thank you very much!

32 **DIR. SERNA:** I second the motion.
33

34 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussions on the
35 matters? I hear none. The motion is APPROVED. Next item.
36
37

38 **BOARD RESOLUTION NO. 257 S. 2024**

39
40 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
41 ***GOVERNING BOARD APPROVES THE REQUEST FOR CHANGE OF***
42 ***SIGNATORIES OF NATIONAL TOBACCO ADMINISTRATIONS'S BANK***
43 ***ACCOUNT NO. 140000004 UNDER PHILIPPINE VETERANS BANK – TAYTAY***

1 **BRANCH OFFICE DUE TO RECENT ORGANIZATIONAL MOVEMENTS, AS**
2 **FOLLOWS: FROM REYNALDO R. AQUINO TO MILAGROS C. TIU.**
3

4 **UNANIMOUSLY APPROVED....”**
5

6
7 **ATTY. OBUSAN:** Next Agenda under Agenda (E), request for “Approval of
8 **the Audit Report on the Tobacco Farm Mechanization**
9 **Project for Crop Year 2018-2021”**
10

11 To report on the Summary of this agenda, once again, may
12 we recognize Honorable Director Ray A. Elaydo,
13 Chairperson, Committee on Board Audit and Finance. Sir.
14

15 **DIR. ELAYDO:** Good morning, Mister Chair and to everyone present here
16 today, this is the Summary Report of Discussion and
17 Recommendations for this Agenda.
18

19 The Resource Persons, Mrs. Dina E. Pichay, Manager,
20 Internal Audit Department together with Mr. Resty C. Cambe,
21 Division Chief, Operations Audit Division (Internal Auditor V)
22 presented the agenda.
23

24 The tobacco farm mechanization project included the
25 following machineries that were distributed to tobacco
26 farmers from the different branch offices: Power Tiller, Kubota
27 Farm Tractor, Massey Ferguson Farm Tractor, Water Pump
28 Machine, Solar Powered Irrigation System.
29

30 The beneficiary of the farm machinery entered into a
31 Memorandum of Agreement (MOA) with NTA and executed a
32 promissory note and schedule of payments for the said
33 equipment. It will be payable in seven years. A 20% financial
34 subsidy for Crop Year 2018-2019 and 40% financial subsidy
35 for Crop Year 2020 onwards shall be deducted outright from
36 the total assistance availed by the beneficiary.
37

38 Among the findings highlighted in the Audit Report are the
39 following:
40

- 41 1. Inconsistencies in the preparation of Application Forms
42 and Loan Documents.
- 43 2. Lacking documentary requirements.
- 44 3. Non-preparation of MOA.
- 45 4. No proof of receipts.
- 46 5. Under recognized financial subsidy.
- 47 6. Low collection efficiency.
- 48 7. Improper Application of repayments.

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- 8. Non-preparation and non-submission of monitoring reports.
- 9. Nominal recipients.
- 10. Non-immediate issuance of official receipts.
- 11. Inadequate provision of the project implementing guidelines

For each finding, corresponding recommendations were made to the concerned Branch Office(s).

Mr. Nestor C. Casela, Deputy Administrator for Operations acknowledged the Operations Audit Report and assured the Governing Board that corresponding Memoranda will be issued to the concerned Branch Office(s) to ensure compliance to the Audit Recommendations. Further, he assured that Technical Working Groups will be created to revisit the Implementing Guidelines and correct the flaws identified to prevent it from happening again in future implementations.

Mrs. Dinah E. Pichay, Manager, Internal Audit Department, on the other hand reiterated the need for the Governing Board to approve the Operations Audit Report so that they will have basis in monitoring the compliance of the concerned Branch Office(s) to the recommendations made.

This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. TRONGCO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussions on the matters? I hear none. The motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 258 S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE AUDIT REPORT ON THE TOBACCO FARM MECHANIZATION PROJECT FOR CROP YEAR 2018-2021

UNANIMOUSLY APPROVED...."

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ATTY. OBUSAN:

Next Agenda, Mr. Chair, under Agenda (F), request for **“Approval of Audit Report on the Administrative services of NTA Candon Branch Office”**

To report on the Summary of this agenda, may we recognize Honorable Director Gerry Virgilio V. Guzman, Member, Committee on Board Audit and Finance. Sir.

DIR. GUZMAN:

Good morning, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

The Resource Persons, Mrs. Dinah E. Pichay, Manager, Internal Audit Department together with Ms. Rochelle De Peralta, Internal Auditor III, presented the Audit Report on the Administrative Services of NTA Candon Branch Office for Calendar Year (CY) 2023.

The Internal Audit was conducted on May 13-17, 2024.

It 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

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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 was made known to the concerned Branch Office Manager during the exit conference.

Mr. Benedicto M. Savellano, Deputy Administrator for Support Services, acknowledged the Audit Report and assured the Board that changes will be implemented to address the flaws cited in the report.

The Board likewise commended the Auditing team for the comprehensive report.

This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda.

Thank you very much!

DIR. ELAYDO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussions on the matters? I hear none. The motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 259 S. 2024

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE AUDIT REPORT ON THE ADMINISTRATIVE SERVICES OF NTA CANDON BRANCH OFFICE

UNANIMOUSLY APPROVED....”

ATTY. OBUSAN: Under Agenda (G), request for “Approval of the Implementing Guidelines (IG) of Gulayan at Manukan Sa Barangay (GMB) Project for Calendar Year 2024

To report on the Summary of this agenda, may we recognize Honorable Director Danilo C. Trongco, Member, Committee on Research and Extension. Sir.

1 **DIR. TRONGCO:**

2 Good morning, Mister Chair and to everyone present here
3 today, this is the Summary Report of Discussion and
4 Recommendations for this Agenda.

5 The Resource Person, Mr. Nestor C. Casela, Deputy
6 Administrator for Operations made the request.

7
8 According to him, this is to ensure the attainment of the
9 objectives and the smooth and orderly implementation of the
10 project for Calendar Year 2024 in the light of auditing,
11 accounting, and legal requirements. Hence, these policies or
12 guidelines are hereby promulgated.

13
14 Generally, the aim of the Gulayan at Manukan sa Barangay
15 Project is to help ensure food availability, accessibility, and
16 affordability in the country. Further, the project shall enable
17 the farmer household beneficiaries to produce their own food,
18 to improve access to affordable, safe, and nutritious meals
19 every day, and also as an additional income for the family.

20
21 The Implementing Guidelines (IG) highlighted the following:

- 22
23 1. Strategies of implementation.
24 2. Criteria for the selection of beneficiaries.
25 3. Target number of farmers and budget.
26 4. Procedure in the grant of assistance.
27 5. Project documentation and monitoring.
28 6. Sanctions and violations.
29

30 The **Gulayan** will compose of "pinakbet" or leguminous
31 vegetables and other varieties common within the locality.
32 Seeds, fertilizers, and crop protection agents will be provided
33 free, while the other inputs like land and labor will be the
34 equity of the farmer.
35

36 For the **Manukan** project, broiler chicken will be distributed to
37 the farmer cooperators. The provision of 25 chicks per site
38 and feeds will be covered by the project. Other materials for
39 the sound establishment, such as enclosures and the like, will
40 be the equity of the farmer cooperators.
41

42 It can be recalled that the budgetary requirement amounting
43 to Php 16,698,000.00 for the implementation of the project
44 was already approved in the last Board Meeting on July 10,
45 2024.
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This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR PADAYAO:

I second the motion.

USEC. SAVELLANO:

There's a motion, seconded. I have some suggestions for you to consider and for inclusion to the Implementing Guidelines of the Gulayan at Manukan sa Barangay Project for Calendar Year 2024.

1. Consider compartmentalized egg laying and creation of a multiplier farm per Branch Office or Municipality so that the program will not only be short-term. For next year's implementation of the program, the chicks that will be handed out to farmer cooperators will be coming from the multiplier farms.
2. Consider local suppliers of Chicken for each participating Branch Office or Municipality to avoid transport from long distances and minimize impact if there is presence of ASF.
3. Consider inclusion of monggo, kamoteng kahoy, kidney beans, atsute, paminta to the Gulayan part of the program as these vegetables have readily available markets.

Based on these inputs, can you revise the implementing guidelines with these inclusions as deemed applicable?

DAOP CASELA:

Yes, Sir.

USEC. SAVELLANO:

Any further discussions? I hear none, then the motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 260 S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE IMPLEMENTING GUIDELINES (IG) OF GULAYAN AT MANUKAN SA BARANGAY (GMB) PROJECT FOR CALENDAR YEAR (CY) 2024 SUBJECT TO THE INCLUSION OF THE SUGGESTIONS AS DISCUSSED.

UNANIMOUSLY APPROVED...."

1 **ATTY. OBUSAN:**

2 Next Agenda, Mr. Chair, under Agenda (H), request for
3 "Approval of the Conduct of the Study "Tobacco Variety
4 Improvement: Introduction and Evaluation of New and
5 Existing Varieties for High Yield and Disease-Resistance"
6 With Budgetary Requirement amounting to P797,705.00."

7 To report on the Summary of this agenda, may we recognize
8 Honorable Director Luzviminda U. Padayao, Chairperson,
9 Committee on Research and Extension.

10
11 **DIR. PADAYAO:**

12 Good morning, Mister Chair and to everyone present here
13 today, this is the Summary Report of Discussion and
14 Recommendations for this Agenda.

15 The Resource Person, Engr. Juanito Maloom, Incoming
16 Manager for Farm Technology and Services Department
17 (FTSD), presented the project proposal.

18
19 The project aims to develop and release new tobacco
20 varieties with improved disease resistance, higher yields, and
21 good quality, thereby supporting the long-term sustainability
22 of the tobacco industry.

23
24 The specific objectives include the following:

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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.

41 The project aims to produce new and improved flue-cured
42 tobacco varieties with acceptable yield and Bacterial Wilt
43 and/or Black Shank resistance to augment or even replace
44 the currently recommended flue-cured tobacco varieties.
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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)
 - o 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)
 - o Replicated evaluation in five (5) locations:
3. Season 3 (CY 2026-2027)
 - o Registration of the varieties to the NSIC;
 - o 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.

This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda.

Thank you very much!

DIR. SERNA:

I second the motion.

1 **USEC. SAVELLANO:** There's a motion, seconded. I have only one question, will
2 this study improve the quality of our local produce tobacco,
3 and make it at par with the quality of tobacco produced from
4 other foreign countries? Will it be more disease-resistance
5 and will it guarantee higher yield?
6
7 **DIR. PADAYAO:** Definitely Mister Chair, as Mr. Ang of ULPI had said
8 yesterday, there is a need for us to improve the tobacco
9 varieties that we are using as these varieties are utilized for
10 more than four generations already. Kailangan na nating
11 mag-upgrade and makakatulong sa atin itong study na ito.
12
13 **USEC. SAVELLANO:** If that is the case, ako naman ay always pro-research
14 especially if makakatulong ito sa ating industriya.
15
16 Any further discussions? I hear none, then the motion is
17 **APPROVED.** Next item.
18
19

20 **BOARD RESOLUTION NO. 261 S. 2024**

21
22 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
23 ***GOVERNING BOARD APPROVES THE CONDUCT OF THE STUDY***
24 ***"TOBACCO VARIETY IMPROVEMENT: INTRODUCTION AND EVALUATION***
25 ***OF NEW AND EXISTING VARIETIES FOR HIGH YEILD AND DISEASE-***
26 ***RESISTANCE" WITH BUDGETARY REQUIREMENT AMOUNTING TO PHP***
27 ***797, 705.00.***
28 ***UNANIMOUSLY APPROVED...."***
29

30 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the
31 next Regular Board Meeting, tentatively it is calendared on 16
32 August 2024, Friday at 9:00 AM.
33
34 The Committee Meeting will be on 15 August 2024,
35 Thursday, at 9:00 am, at NTA Board Room, 11th floor, Upper
36 Class Tower, Quezon Ave., Quezon City.
37
38 **USEC. SAVELLANO:** Okay.
39
40 **ATTY. OBUSAN:** Next item, is adjournment, Mister Chair.
41
42 **USEC SAVELLANO:** There's a motion?
43
44 **DIR. GUZMAN:** Mister Chair. I move for the adjournment of the meeting.
45
46 **DIR. SERNA:** I second the motion.
47
48 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.

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SO, ORDERED.


ATTY. OBUSAN:

That concludes our 131th Special Meeting of the NTA Governing Board. To all the online participants, thank you for your attendance and participation. Magandang umaga po sa lahat.


Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:35 AM.

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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board


ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector

Hon. DANILO C. TRONGCO
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY SEVENTH (177th) REGULAR BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
16 AUGUST 2024 (01:00 PM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO
Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. NESTOR C. CASELA - Deputy Administrator for Operations
Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
**Mr. BENJAMIN V. SARMIENTO - Special Assistant to the Administrator/
Executive Assistant IV**
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

1
2 **MINUTES OF THE MEETING**
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5 **ATTY. OBUSAN:** Good afternoon, everyone. For the 177th Regular Meeting of the
6 NTA Governing Board, please welcome the Honorable
7 Undersecretary of the Department of Agriculture & NTA Oversight
8 Official/Alternate Chairman-Designate Deogracias Victor "DV" B.
9 Savellano. May we request you Sir to please call to order the
10 meeting.
11

12 **I. CALL TO ORDER**
13

14 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
15 *meeting to order at 01:10 PM.*
16

17 **USEC. SAVELLANO:** The 177th Regular Meeting of the NTA Governing Board is called
18 to order. Mister Secretary? Who's going to lead the opening
19 prayer?
20

21 **II. OPENING PRAYER**
22

23 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*
24

25 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
26 quorum?
27

28 **ATTY. OBUSAN:** Thank you, Mister Chair.
29

30 For the 177th Regular Meeting of the NTA Governing Board, we
31 have of course, the Presiding Officer, Honorable Undersecretary
32 of the Department of Agriculture & NTA Oversight Official /
33 Alternate Chairman-Designate, Deogracias Victor "DV" B.
34 Savellano. *Good afternoon, Sir.*
35

36 We are also joined by the Vice-Chairman and Administrator &
37 CEO, the Honorable Belinda S. Sanchez, *Good afternoon,*
38 *Ma'am.*
39

40 We also have the members of the NTA Governing Board, Hon.
41 Dir. Ray A. Elaydo, representing the Tobacco Manufacturing
42 Sector; *Good afternoon, Sir.*
43

44 Honorable Director Gerry Virgilio V. Guzman, representing
45 Tobacco Farmers sector. *Good afternoon, sir.*
46

47 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
48 Traders/Exporters Sector; *Good afternoon, Sir.*
49

50 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
51 Sector; *Good afternoon, Sir; and*

52 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
53 Farmers Sector; *Good afternoon, Ma'am.*
54

55 Also present here at the NTA Boardroom and joining us are:
56

1 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
2 *afternoon, Sir DAOP.*

3 Mr. Benedicto M. Savellano, our Deputy Administrator for
4 Operations. *Good afternoon, Sir DASS.*

6 Mr. Benjamin V. Sarmiento, Special Assistant to the Administrator
7 and Executive Assistant IV. *Good afternoon, Sir Ben.*

9 Joining us also online are the Department Managers and Branch
10 Managers, Central Office and Branch offices.

12 As such, Mister Chair, we have a Quorum.

14 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
15 Confirmation, Adoption, and Consideration in our Agenda.

17 **ATTY. OBUSAN:** Mister. Chair, for our first agenda, Agenda (A), the request for
18 "Approval of the Agenda of the 177th Regular Meeting of the
19 NTA Governing Board, held today, 16 August 2024 at 01:00
20 PM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
21 Quezon Avenue, Quezon City".

23 **USEC. SAVELLANO:** What's the pleasure of the body?

25 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
26 177th Regular Meeting of the NTA Governing Board, held today,
27 16 August 2024, at this time, at the NTA Boardroom, 11th Floor,
28 Upper Class Tower, Quezon Avenue, Quezon City.

30 **DIR. SERNA:** I second the motion.

32 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
33 none. Then the motion is APPROVED. Can we go to the next
34 item?
35

37 **BOARD RESOLUTION NO. 262 S. 2024**

39 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
40 ***BOARD APPROVES THE AGENDA OF THE 177th REGULAR MEETING OF THE***
41 ***NTA GOVERNING BOARD, HELD ON 16 AUGUST 2024, AT 01:00 PM, AT THE***
42 ***NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE.,***
43 ***QUEZON CITY.***

45 ***UNANIMOUSLY APPROVED...."***

48 **ATTY. OBUSAN:** Mr. Chair, under Agenda (B), the request for "Approval of the
49 Minutes of the 131st Special Meeting of the NTA Governing
50 Board, held on 25 July 2024, at 9:00 AM, at the NTA
51 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
52 Quezon City".
53

1 **DIR. SERNA:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
2 the 131st Special Meeting of the NTA Governing Board, held on
3 25 July 2024, at 9:00 AM, at the NTA Boardroom, 11th Floor,
4 Upper Class Tower, Quezon Avenue, Quezon City.
5 **DIR. ELAYDO:** I second the motion.
6
7 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
8 none, then the motion is APPROVED. Next item.
9

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11 **BOARD RESOLUTION NO. 263 S. 2024**

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13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
14 ***BOARD APPROVES THE MINUTES OF THE 131ST REGULAR MEETING OF THE***
15 ***NTA GOVERNING BOARD, HELD ON 25 JULY 2024, AT 9:00 AM, AT THE NTA***
16 ***BOARD ROOM 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE. QUEZON***
17 ***CITY.***

18
19 ***UNANIMOUSLY APPROVED...."***

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21
22 **ATTY. OBUSAN:** Next agenda, Mister Chair, under "Agenda (C), the request for
23 "Confirmation of the Appointment of Mr. Willord L. Reyes as
24 Member, Board of Directors, National Tobacco
25 Administration, Representing Tobacco Farmers Sector";
26 and under "Agenda (D), the request for "Approval of the
27 Reconstitution of the Board Committees, in Light of the
28 Appointment of the Incoming Director, Dir. Willord L.
29 Reyes"; this will be discussed together and an Omnibus Motion
30 for its approval will be requested.

31
32 To report on the Summary of this agenda, may we recognize
33 Honorable Director Jessie Pat M. Serna, Member, Committee on
34 Nomination, Remuneration, and Personnel Administration. Sir.

35
36 **DIR. SERNA:** Good afternoon, Mister Chair and to everyone present here
37 today, this is the Summary Report of Discussion and
38 Recommendations for this Agenda.

39
40 The Resource Person, Atty. Gorgonio Obusan III, Board
41 Secretary V presented the agenda;

- 42
43 • He manifested that last August 13, 2024, he received a call from
44 Atty. Ellaine Denice H. Marallag, Executive Assistant to the
45 Office of Secretary Francisco P. Tiu Laurel Jr, informing him of
46 the appointment of Mr. Willord L. Reyes as Member, Board of
47 Directors, National Tobacco Administration representing the
48 Tobacco Farmers Sector.
49
50 • This was indicated on his Letter of Appointment dated August 5,
51 2024, addressed to Department of Agriculture Secretary
52 Francisco P. Tiu Laurel Jr and signed by His Excellency, Pres.
53 Ferdinand R. Marcos Jr.

- Dir. Willord L. Reyes took his Oath of Office yesterday, August 15, 2024 before Sec. Tiu Laurel Jr. Afterwards, he proceeded to the NTA Central Office and made his courtesy call to Administrator and CEO, Belinda S. Sanchez. He also attended the ensuing Committee Meeting.
- In light of the appointment of Dir. Willord L. Reyes, 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.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully submit an Omnibus Motion for the approval of both agendas. Thank you very much!

DIR. PADAYAO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussion, or objection? I hear none. Then the motion is **APPROVED**. Just an observation, it is up to the Body if you will consider it, since Director Reyes represents the Tobacco Farmers Sector, he should be placed in Committees that will best represent his sector. That is all.

ATTY. OBUSAN: This is duly noted, Mister Chair. Thank you.

USEC. SAVELLANO: Can we now go to the next item?

BOARD RESOLUTION NO. 264, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD:

(a) CONFIRMED THE APPOINTMENT OF MR. WILLORD L. REYES AS MEMBER, BOARD OF DIRECTORS, REPRESENTING THE TOBACCO FARMERS SECTOR, NATIONAL TOBACCO ADMINISTRATION.

1 (b) APPROVED THE RECONSTITUTION OF THE BOARD COMMITTEES IN
2 LIGHT OF THE APPOINTMENT OF DIR. WILLORD L. REYES AS NEW MEMBER
3 OF THE BOARD OF DIRECTORS, NATIONAL TOBACCO ADMINISTRATION.
4

5 RESOLVED FURTHER THAT THE NEW BOARD COMMITTEES WILL BE
6 COMPOSED OF THE FOLLOWING:

7 1. COMMITTEE ON CORPORATE GOVERNANCE

8 Chairperson: Sec. Francisco Tiu Laurel, Jr.
9 Members: Usec. Deogracias Victor B. Savellano
10 Admin. & CEO Belinda S. Sanchez
11 Dir. Gerry Virgilio V. Guzman

12 2. COMMITTEE ON BOARD AUDIT AND FINANCE

13 Chairperson: Dir. Ray A. Elaydo
14 Members: Dir. Luzviminda U. Padayao
15 Dir. Gerry Virgilio V. Guzman

16 3. COMMITTEE ON RESEARCH AND EXTENSION

17 Chairperson: Dir. Luzviminda U. Padayao
18 Members: Admin. & CEO Belinda S. Sanchez
19 Dir. Ray A. Elaydo
20 Dir. Willford L. Reyes

21 4. COMMITTEE ON TRADING OPERATIONS AND REGULATION

22 Chairperson: Dir. Jessie Pat M. Serna
23 Members: Dir. Gerry Virgilio V. Guzman
24 Dir. Luzviminda U. Padayao

25 5. COMMITTEE ON NOMINATION, REMUNERATION AND PERSONNEL
26 ADMINISTRATION

27 Chairperson: Admin. & CEO Belinda S. Sanchez
28 Members: Dir. Ray A. Elaydo
29 Dir. Jessie Pat M. Serna
30 Dir. Willford L. Reyes

31 6. COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITIES, PUBLIC
32 RELATIONS, PUBLIC SAFETY AND SECURITY

33 Chairperson: Dir. Jessie Pat M. Serna
34 Members: Dir. Willford L. Reyes
35 Dir. Gerry Virgilio V. Guzman

36 7. COMMITTEE ON RISK MANAGEMENT

37 Chairperson: Dir. Willford L. Reyes
38 Members: Admin. & CEO Belinda S. Sanchez
39 Dir. Jessie Pat M. Serna

40 8. COMMITTEE ON LEGAL MATTERS AND PROPERTIES

41 Chairperson: Dir. Gerry Virgilio V. Guzman
42 Members: Dir. Ray A. Elaydo
43 Dir. Willford L. Reyes
44

45 UNANIMOUSLY APPROVED....”

1
2 **ATTY. OBUSAN:**

Mr. Chair, under **Agenda (E)**, we have, 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**”.

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7 To report on the Summary of this agenda, may we recognize
8 Honorable Director Ray A. Elaydo, Member, Committee on
9 Nomination, Remuneration, and Personnel Administration. Sir.

10
11 **DIR. ELAYDO:**

Good afternoon, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

- 12 • The Resource Person, Mrs. Dinah E. Pichay, Manager, Internal
13 Audit Department and focal person for the NTA's Application for
14 Salary Step Adjustment under the CPCS before the GCG
15 presented the agenda.
- 16 • It can be recalled that last May 7, 2024, the Governance
17 Commission for GOCCs (GCG) approved the NTA's Proposed
18 Salary Step Adjustment after taking into account the overall
19 interest and welfare of the regular employees. The approved
20 adjustment was retroactive to 05 October 2021. The retroactive
21 pay and the adjusted salary were already given to the affected
22 positions last July.
- 23 • However, the Salary Grade 25/Job Grade 12 positions were left
24 out in the approved adjustment. Salary Grade 25 positions
25 includes the Attorney V position, currently held by Atty. Jun Fred
26 V. Parado, and two Project Managers, which are currently
27 vacant.
- 28 • In a letter dated 21 May 2024 to GCG, NTA made an inquiry with
29 corresponding revised proposal pertaining to SG 25 positions.
30 Under the revised or modified CPCS salary step adjustment,
31 SG-25, once reclassified as JG-12c, will now have an adjusted
32 base salary of Php 100,888.00 per month from Php 97,904.00,
33 which is just and reasonably fair as compared to other
34 reclassified positions.
- 35 • In a letter dated 08 July 2024, GCG emphasized that
36 adjustments for a specific person and/or position must be
37 approved by the Governing Board and recommended by the
38 supervising agency of the GOCC, hence this request.
- 39 • This subject matter having been thoroughly discussed during the
40 Committee Meeting, and with a Motion to Approve, which was
41 duly seconded. I respectfully move for the approval of the
42 agenda. Thank you very much!

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51 **DIR. GUZMAN:**

I second the motion.

1 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussions on the matters? I
2 hear none. The motion is APPROVED. Next item.
3
4

5 **BOARD RESOLUTION NO. 265 S. 2024**

6
7 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
8 ***BOARD APPROVES THE NTA PROPOSED SALARY STEP ADJUSTMENT***
9 ***UNDER THE COMPENSATION AND POSITION CLASSIFICATION SYSTEM***
10 ***(CPCS) FOR JOB GRADE 12c (SALARY GRADE 25) POSITIONS.***

11
12 ***RESOLVED FURTHER, THAT A COPY OF THIS RESOLUTION BE FURNISHED***
13 ***THE SECRETARY, DEPARTMENT OF AGRICULTURE, FOR HIS***
14 ***ENDORSEMENT TO THE GOVERNANCE COMMISSION FOR GOCCs (GCG), AS***
15 ***A NECESSARY REQUIREMENT FOR ITS APPROVAL.***

16
17 ***RESOLVED FINALLY, THAT THE PROPOSED REVISION SHALL HAVE A***
18 ***RETROACTIVE EFFECT ON 05 OCTOBER 2021, SUBJECT TO GCG***
19 ***APPROVAL.***

20
21 ***UNANIMOUSLY APPROVED...."***
22

23 **ATTY. OBUSAN:** Next Agenda under Agenda (F), request for "Issuance of a
24 **Board Resolution Authorizing the OIC-Branch Manager of**
25 **the NTA-Abra Branch Office to Sign For And On Behalf of**
26 **the Said Office in the Memorandum of Agreement (MOA) for**
27 **Salary Loan Facility with the Landbank of the Philippines**
28 **(LBP)".**

29
30 To report on the Summary of this agenda, once again, may we
31 recognize Honorable Director Willord L. Reyes, Member,
32 Committee on Legal Matters and Properties. Sir.
33

34 **DIR. REYES:** Good afternoon, Mister Chair and to everyone present here
35 today, this is the Summary Report of Discussion and
36 Recommendations for this Agenda.
37

- 38 • The Resource Person, Atty. Jun Fred V. Parado, OIC, NTA
39 Branch Office presented the agenda.
40
- 41 • According to Atty. Parado, the Land Bank of the Philippines
42 (LBP) has declared its desire and intention to enter into a
43 Memorandum of Agreement for Salary Loan Facility with the
44 National Tobacco Administration – Abra Branch Office, the terms
45 of which are as contained in the hereto attached draft MOA for
46 GOCCs.
47
- 48 • A dialogue was thereafter conducted where the LBP Offer was
49 presented and the NTA Abra employees have shown their
50 interest to avail of the LBP Loan Facility, considering it is more
51 advantageous terms of repayment, lower interest rates, and
52 other benefits.

- One of the requirements to be submitted to Land Bank, however, is a Board Resolution, authorizing the OIC-NTA Branch Manager, to represent the NTA in the execution and signing of the said MOA, hence this request.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. PADAYAO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussions on the matters? I hear none. The motion is APPROVED. Next item.

BOARD RESOLUTION NO. 266 S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE REQUEST OF ATTY. JUN FRED V. PARADO, 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)

UNANIMOUSLY APPROVED...."

ATTY. OBUSAN: Next Agenda, Mr. Chair, under Agenda (G), request for "Issuance of a Board Resolution Authorizing Administrator & CEO Belinda S. Sanchez To Sign For And On Behalf Of The National Tobacco Administration (NTA) 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 (DA) Sec. Francisco P. Tiu Laurel Jr, NTA Being An Attached Agency".

To report on the Summary of this agenda, may we recognize Honorable Director Gerry Virgilio V. Guzman, Chairperson, Committee on Legal Matters and Properties. Sir.

DIR. GUZMAN: Good afternoon, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

- The Resource Person, Atty. Gorgonio Obusan III, Board Secretary V presented the agenda;
- According to him, the latest and final copy of the Memorandum of Agreement and the Side Contract Agreement was already agreed upon by the Legal of the Department of Agrarian Reform.

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- 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:

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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 Php 20,000,000.00 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.

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- These inputs were already incorporated to the revised and final 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.

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- 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.

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- 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.

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- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you.

43 **DIR. ELAYDO:**

I second the motion.

44
45 **USEC. SAVELLANO:**

There's a motion. Seconded. Any discussions on the matters? I hear none. The motion is **APPROVED**.

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Please allow me to comment, on the Side Contract Agreement, can we include the manner on how the Php 20,000,000.00 consideration will be given to the NTA and when will it be given to us? This is just precautionary and to ensure their commitment to us.

1 **ATTY. OBUSAN:** Thank you, Mister Chair. I will relay this to Atty. Magliba of DAR
2 and the Side Contract Agreement will be amended accordingly
3 with the requested details to be included, prior to submission to
4 DA OSEC.

5
6 **USEC. SAVELLANO:** Okay. Next item.
7

8 **BOARD RESOLUTION NO. 267 S. 2024**

9
10 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
11 ***BOARD AUTHORIZES ADMINISTRATOR & CEO BELINDA S. SANCHEZ TO***
12 ***SIGN FOR AND ON BEHALF OF THE NATIONAL TOBACCO ADMINISTRATION***
13 ***(NTA) IN THE MEMORANDUM OF AGREEMENT (MOA) AND SIDE CONTRACT***
14 ***AGREEMENT WITH THE DEPARTMENT OF AGRARIAN REFORM (DAR),***
15 ***REPRESENTED BY SEC. CONRADO M. ESTRELLA III, SUBJECT TO THE***
16 ***CONFORMITY OF DEPARTMENT OF AGRICULTURE SEC. FRANCISCO P. TIU***
17 ***LAUREL JR., NTA BEING AN ATTACHED AGENCY.***

18
19 ***UNANIMOUSLY APPROVED...."***

20
21 **ATTY. OBUSAN:** Under Agenda (H), request for "Reconsideration and
22 **Approval of the Original Implementing Guidelines (IG) of**
23 **Gulayan at Manukan Sa Barangay (GMB) Project for**
24 **Calendar Year 2024 Amending the Previously Passed Board**
25 **Resolution No. 260 S. 2024 Accordingly".**

26
27 To report on the Summary of this agenda, may we recognize
28 Honorable Director Luzviminda U. Padayao, Chairperson,
29 Committee on Research and Extension. Ma'am.

30
31 **DIR. PADAYAO:** Good afternoon, Mister Chair and to everyone present here
32 today, this is the Summary Report of Discussion and
33 Recommendations for this Agenda.

- 34
35 • The Resource Person, Mr. Nestor C. Casela, Deputy
36 Administrator for Operations made the request.
37
38 • According to him, the ideas and insights of the Alternate
39 Chairman Designate, Hon. Usec. Deogracias Victor "DV"
40 Savellano given last Board Meeting regarding the GMB Project's
41 Implementing Guidelines were very objective and well noted.
42
43 • However, the suggestions entail a bigger impact and bigger
44 scope of coverage in terms of beneficiaries and logistical
45 requirements. Given the time constraint and in view of these
46 circumstances, there is a need to totally overhaul the original
47 scheme of implementation, including its budgetary requirements
48 which have been approved already.
49
50 • All things considered; it is humbly requested that for this year's
51 implementation of the GMB, the Original Implementing
52 Guidelines of the project be adopted.

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- 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.
 - This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

10 **DIR SERNA:** I second the motion.

11
12 **USEC. SAVELLANO:** There's a motion, seconded. I have some suggestions for you to
13 consider and for inclusion to the Implementing Guidelines of the
14 Gulayan at Manukan sa Barangay Project for Calendar Year
15 2024.

16
17 If you have identified cooperatives, they can also request
18 assistance from D.A.

19
20 **DAOP CASELA:** The Honorable Usec DV Savellano suggested that the particular
21 aspect of the program, there should be a nucleus for the farm to
22 be identified and established by its provincial branch offices. The
23 number of this nucleus for the farm will depend on the number of
24 farmers in that particular area covered by the branch office. The
25 concept is that there will be production of eggs for hatching and
26 therefore it involves hatchery and this is through the use of
27 incubators.

28
29 Now once the chicks will be available, this will be distributed to
30 farmer cooperators, I mean, preferably to farmer cooperators or
31 farmers identified under our block. From this, this will be further
32 discussed by the Project Review and Evaluation Committee, if
33 this will be fully subsidized.

34
35 **USEC. SAVELLANO:** Yes, because in my own view, I think that it should be a buy-
36 back, approach in which the farmer cooperators will pay a
37 certain amount for the chicks and the proceeds of the sale, the
38 proceeds of the buy-back operation will sustain the continuous
39 operation of the farm production.

40
41 **DAOP CASELA:** That is the concept. Now the part of the vegetable, Mister Chair,
42 you have mentioned about a commercial approach and this will
43 entail, of course, the coordination and collaboration with those
44 markets with adequate capability to buy produce. Also, you have
45 mentioned about the planting of mongo and the approach will be
46 more or less commercialized. What is critical here is that the
47 synchronized planting operation must be implemented so that
48 there should be one-time planting and one-time harvesting so
49 that we can comply with the requirements of the contracted
50 buyer. This will be not only on mongo but other potential crops
51 with high demand in the market. And for this, Sir, the Project
52 Proposal will be prepared and prior to the implementation, this
53 will be presented and under scrutiny or deliberation by the
54 Board. This will be presented before the end of the year and this
55 is for 2025 implementation.

1
2 **USEC SAVELLANO:** Okay, good. I'd just like to reiterate that if there are cooperatives
3 or associations registered with the DA and also with NTA, we
4 can try to request now. So that we can start it for this year's
5 implementation.
6
7 How many branches do we have?
8
9 **DAOP CASELA:** Eight. With our block farms, Sir, these block farms are being
10 established and what's critical is that there should be an existing
11 organized cooperative for farmer cooperators.
12
13 **USEC. SAVELLANO:** We will be tapping all these organizations. Aside from your
14 recognized Coops, they have to register with the DA and also
15 with NTA.
16
17 But mostly for Regions 1 and 2 and CAR. The request will be, of
18 course, emanating from the different cooperatives from each
19 branch offices and this will be consolidated by NTA, with the
20 corresponding endorsements.
21
22 **DIR. PADAYAO:** Sir, will it be limited only to cooperatives? How about the farmers
23 organization?
24
25 **USEC. SAVELLANO:** No, it's okay. Once they are SEC registered.
26
27 As long as they have a template and requirements for that. This
28 is why it's important if that they are registered with CDA or
29 DOLE. This is why we have a unique juridical personality for
30 these cooperatives and farmers' association.
31
32 But right now, we changed the policy at the department, I mean
33 the guidelines. They should be registered, if they operate in the
34 region, only the regional director will sign, it can be done in
35 regional offices. But if it's a nationwide thing, like for example,
36 the farmers' association is nationwide, that can be done here in
37 Manila.
38
39 But for this purpose, the regional office? Yes, for trial. Okay.
40
41 **USEC. SAVELLANO:** Any further discussions? I hear none, then the motion is
42 APPROVED. Next item.
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BOARD RESOLUTION NO. 260 S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE ORIGINAL IMPLEMENTING GUIDELINES (IG) OF GULAYAN AT MANUKAN SA BARANGAY (GMB) PROJECT FOR CALENDAR YEAR (CY) 2024.

UNANIMOUSLY APPROVED...."

1 **ATTY. OBUSAN:**

Under Agenda (I), On Other Matters, Mr. Chair, is the proposed schedule for the next Special Board Meeting, tentatively it is calendared on 30 August 2024, Friday at 02:00 PM.

The Committee Meeting will be on 29 August 2024, Thursday, at 9:00 am, at NTA Board Room, 11th floor, Upper Class Tower, Quezon Ave., Quezon City.

9 **USEC. SAVELLANO:**

Okay.

(Assistant Secretary Arnel V. De Mesa was recognized to render his report.)

The Philippine Irrigation Network Piping System (PINPS) was introduced by Agriculture Assistant Secretary Arnel V. De Mesa at the 177th Regular Meeting of the National Tobacco Administration (NTA) Governing Board at the NTA Central Office, Quezon City.

To produce premium tobacco leaves for export, Agriculture Undersecretary Deogracias Victor B. Savellano, who chaired the meeting with NTA Administrator and CEO Belinda S. Sanchez, and the NTA Governing Board Members will coordinate with the LGUs the new irrigation technology that has been proposed for tobacco growing.

The PINPS is an innovative irrigation system that intends to irrigate about 973,604.77 hectares of potential rice agricultural land nationally. The water pipes will be placed straight to the farms.

With the help of this technology, irrigation water will be distributed via a pressurized piping system, allowing users to schedule water use effectively and sufficiently through the use of distribution pipes, minimize or eliminate uncontrolled water use, including leaks and water loss, and obtain a controlled volume of water used. Additionally, pressurized filter water gives users the flexibility to use drip irrigation or flood irrigation.

A solar- or electric-powered pumping station will be used to transfer water from a reservoir or river source. It flows through the network pipes that are installed in the clustered farms after being filtered.

DA is currently building demo farms of PINPS in Batangas.

(Atty. Rohbert A. Ambros was also recognized and rendered his report on what transpired at the PSAC Meeting.)

The following are the Observations and Recommendations of the PSAC:

Goal is to double exports by 2028 thru increasing local tobacco production.

1 Assumptions – Local production increases by 75%,
2 exports double, local production slightly increases due to
3 win-back from illicit trade
4

5 Opportune time to increase tobacco production
6

7 Third year of global tobacco shortage due to scaling down
8 of China production. China produces 50% of global
9 production;
10

11 Global tobacco prices have gone up;
12

13 PH tobacco is competitively priced;
14

15 PH tobacco buying prices has just become higher for
16 2024 and 2025, making it more profitable for tobacco
17 farmers. +9.90/Kg Virginia, +5.90/kg Burley, +3.90/kg for
18 native tobacco;
19

20 Tobacco exports to grow from 15.9 million kg in 2023 to
21 30.2 million kg in 2028;
22

23 Local tobacco production will increase from 42.2 million
24 kg in 2023 to 73.7 million kg. in 2028;
25

26 Local consumption of tobacco will also increase by
27 curtailing smuggling to bring back consumption to the
28 legal tobacco market which uses local tobacco and local
29 labor and manufacturing inputs;
30

31 Benefits
32

33 USD638 million in tobacco exports over 5 years;
34

35 18,000 new jobs created (farmers) per year especially in
36 Region 1 and 2;
37

38 Higher revenue for tobacco farmers (~Php 120k)
39 compared to rice (Php 20k), corn (Php 20k), coconut (Php
40 16k)
41

42 How do we achieve this goal of doubling exports?
43

44 Total investment of Php1.74 B per year for the next five
45 years (not including irrigation because it will benefit all
46 other crops not just tobacco);
47

48 Additional 4,000 hectares of land planted to tobacco, for
49 each year, for the next five years;
50

51 Additional 18,000 farmers/jobs per year especially in
52 Region 1 and 2;
53

54 Fertilizers and pesticides in the amount of
55 Php224,000,000 per year for the next five years;
56

1 *Mechanized farm equipment to take away back-breaking*
2 *farming activities;*

3
4 *Investments in curing barns of Php 820 million per year,*
5 *for next five years;*

6
7 *Planting of fuel wood or fuel wood alternatives for Php84*
8 *mio per year, for next five years;*

9
10 *New or improved irrigation systems that will benefit other*
11 *agricultural crops after the once-a-year tobacco crop;*

12
13
14
15 *Future Investments and Development*

16
17 *Developing the bamboo farming industry as alternative to*
18 *fuel wood and curing shed frames;*

19
20 *Alternative crop production or livestock for farmers;*

21
22 *Funding sources*

23
24 *RA 4155 (An Act to Promote and Strengthen the Virginia*
25 *Tobacco Industry) has an accumulated fund of Php107B;*

26
27 *Alternative sources would be RA 7171 (up to Php17 B per*
28 *year from tobacco excise tax) or RA 8240 (up to Php4 B*
29 *per year from tobacco excise tax;*

30
31 *Marketing Support*

32
33 *Awareness campaign to recruit farmers;*

34
35 *Local industry manufacturers and exporters to purchase*
36 *local leaf;*

37
38 *Marketing of PH tobacco to global buyers;*

39
40 *Improved trade access for larger exports;*

41
42 *R&D for additional uses of tobacco such as nicotine*
43 *extraction for vapor products;*

44
45 *Recommendations*

46
47 *Regularize release of budget for investment- DBM, NTA*
48 *and LGUs in charge of RA 7171 and RA 8240 funds;*

49
50 *Allocate 20% of RA 7171 and RA 8240 specific for*
51 *farmers' support;*

52
53 *Identification and use of idle lands for fuel wood planting –*
54 *OP, DA, DAR, DENR, DOST;*

55
56 *Secure commitments from local and global buyers – DA,*
57 *DTI, NTA;*

1
2 *Improved International Trade Access (For Japan market)*
3 *thru zero tariff;*

4
5 *Create harmonized guidelines for Ecozone locators*
6 *involved in agricultural and tobacco products – BIR, BOC,*
7 *DTI (PEZA);*

8
9 *Note: Harmonized guidelines for ecozone locators will establish*
10 *linkages between the relevant government agencies, improve*
11 *monitoring system, and prevent tax leakages and smuggling.*

12
13
14
15 **ATTY. OBUSAN:** Next item, is adjournment, Mister Chair.

16
17 **USEC SAVELLANO:** There's a motion?

18
19 **DIR. SERNA:** Mister Chair. I move for the adjournment of the meeting.

20
21 **DIR. GUZMAN:** I second the motion.


22
23 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
24 **SO, ORDERED.**

25
26 **ATTY. OBUSAN:** That concludes our 177th Regular Meeting of the NTA Governing
27 Board. To all the online participants, thank you for your
28 attendance and participation. Magandang umaga po sa lahat.


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31 Note: THE MEETING WAS ADJOURNED AT EXACTLY 03:25 PM.
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board


ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLFORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZWINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND THIRTY SECOND (132ND) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
30 AUGUST 2024 (02:00 PM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. NESTOR C. CASELA - Deputy Administrator for Operations
Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Adm. BELINDA S. SANCHEZ - Vice-Chairman of the Board / Administrator & CEO
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

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2
3 **ATTY. OBUSAN:**

Good afternoon, everyone. For the 132nd Special Meeting of the NTA Governing Board, please welcome the Presiding Officer, Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate, Deogracias Victor "DV" B. Savellano. May we request you Sir to please call to order the meeting.

9
10 **I. CALL TO ORDER**

11
12 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
13 *meeting to order at 02:10 PM.*

14
15 **USEC. SAVELLANO:** The 132nd Special Meeting of the NTA Governing Board is called
16 to order. Mister Secretary, kindly lead the opening prayer.

17
18 **II. OPENING PRAYER**

19
20 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*

21
22 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
23 quorum?

24
25 **ATTY. OBUSAN:** Thank you, Mister Chair.

26
27 For the 132nd Special Meeting of the NTA Governing Board, we
28 have of course, the Presiding Officer, Honorable Undersecretary
29 of the Department of Agriculture & NTA Oversight Official/
30 Alternate Chairman-Designate, Deogracias Victor "DV" B.
31 Savellano. *Good afternoon, Sir.*

32
33 We are also joined online by the Vice-Chairman and Administrator
34 & CEO, the Honorable Belinda S. Sanchez, *Good afternoon,*
35 *Ma'am.*

36
37 We also have the members of the NTA Governing Board, and
38 likewise joining us online, is Hon. Dir. Ray A. Elaydo, representing
39 the Tobacco Manufacturing Sector; *Good afternoon, Sir.*

40
41 Honorable Director Gerry Virgilio V. Guzman, representing
42 Tobacco Farmers sector. *Good afternoon, sir.*

43
44 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
45 Traders/Exporters Sector; *Good afternoon, Sir.*

46
47 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
48 Sector; *Good afternoon, Sir; and*

49
50 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
51 Farmers Sector; *Good afternoon, Ma'am.*

52
53 Also present here at the NTA Boardroom and joining us are:

54
55 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
56 *afternoon, Sir DAOP.*

1 Mr. Benedicto M. Savellano, Deputy Administrator for Operations.
2 *Good afternoon, Sir DASS.*

3
4 Finally, joining us also online are the Department Managers and
5 Branch Managers, OICs from the Central and Branch offices.

6
7 As such, Mister Chair, we have a Quorum.

8
9 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
10 Confirmation, Adoption, and Consideration in our Agenda.

11
12 **ATTY. OBUSAN:** Mister. Chair, for our first agenda, Agenda (A), the request for
13 "Approval of the Agenda of the 132nd Special Meeting of the
14 NTA Governing Board, held today, 30 August 2024 at 02:00
15 PM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
16 Quezon Avenue, Quezon City".

17
18 **USEC. SAVELLANO:** What's the pleasure of the body?

19
20 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
21 132nd Special Meeting of the NTA Governing Board, held today, 30
22 August 2024, at this time, at the NTA Boardroom, 11th Floor,
23 Upper Class Tower, Quezon Avenue, Quezon City.

24
25 **DIR. SERNA:** I second the motion.

26
27 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
28 none. Then the motion is APPROVED. Can we go to the next item?
29
30

31 **BOARD RESOLUTION NO. 268 S. 2024**

32
33 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
34 ***BOARD APPROVES THE AGENDA OF THE 132ND SPECIAL MEETING OF THE NTA***
35 ***GOVERNING BOARD, HELD ON 30 AUGUST 2024, AT 02:00 PM, AT THE NTA***
36 ***BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE., QUEZON***
37 ***CITY.***

38
39 ***UNANIMOUSLY APPROVED...."***

40
41 **ATTY. OBUSAN:** Mr. Chair, under Agenda (B), the request for "Approval of the
42 Minutes of the 177th Regular Meeting of the NTA Governing
43 Board, held on 16 August 2024, at 01:00 PM, at the NTA
44 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
45 Quezon City".

46
47 **DIR. SERNA:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
48 the 177th Regular Meeting of the NTA Governing Board, held on 16
49 August 2024, at 01:00 PM, at the NTA Boardroom, 11th Floor,
50 Upper Class Tower, Quezon Avenue, Quezon City.

51
52 **DIR. GUZMAN:** I second the motion.

53
54 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
55 none, then the motion is APPROVED. Next item.

BOARD RESOLUTION NO. 269 S. 2024

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE MINUTES OF THE 177TH REGULAR MEETING OF THE NTA GOVERNING BOARD, HELD ON 16 AUGUST 2024, AT 01:00 PM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE. QUEZON CITY.

UNANIMOUSLY APPROVED....”

ATTY. OBUSAN: Next agenda, Mister Chair, under **“Agenda (C)**, the request for **“Approval of the Policy Guidelines For the Grant of Travel Expenses of NTA Personnel Hired Under Job Order (J.O.)”**.

To report on the Summary of this agenda, may we recognize Honorable Director Jessie Pat M. Serna, Member, Committee on Nomination, Remuneration, and Personnel Administration. Sir.

DIR. SERNA: Good afternoon, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

- The request was made by Mr. Benedicto M. Savellano, Deputy Administrator for Support Services and was presented by Atty. Rohbert A. Ambros as one of the Members of the Technical Working Group which crafted the aforementioned Guidelines.
- The request was based on Commission on Audit (COA) Resolution No. 2021-044 dated December 28, 2021 which allows J.O. hirees to go on official travel under certain conditions and in accordance with Executive Order No. 77, Series of 2019.
- The Guidelines if approved, will prescribe the conditions and procedures for the grant of reimbursement of travel expenses of J.O. hired by the agency.
- Following are the salient features of the crafted Guidelines:
 1. It covers allowances and expenses for official local travels undertaken by J.O. hirees assigned in the Central and Branch Offices performing the following duties and responsibilities:
 - a. Those performing functions of Tobacco Production and Regulation Officers (TPRO) **during trading operations** when there is a need to accompany their assisted tobacco farmer-cooperators to the Buying Stations.
 - b. Drivers conducting NTA officials and employees authorized to travel **“on official business”** outside of their permanent official station.

1 c. J.O. hirees who are assigned as official delegates or
2 participants to agency or other government-related events
3 and sports activities.

4
5 2. It is worth mentioning that one of the basic conditions for a Job
6 Order Hiree to be allowed to go on Official Local Travel is **if**
7 **there are no other personnel in permanent position that is**
8 **available at the place of assignment to undertake the**
9 **assigned function(s) as certified by the Head of Office,**
10 **Department or Unit in the place of assignment.**

11
12 3. Other conditions for Official Local Travel include:

13
14 a. The trip is directly related to and essential to the effective
15 performance of a J.O. Hiree's contractual duties and
16 responsibilities and with written justification from the Head
17 of the concerned office, Department or Unit.

18
19 b. The trip is extremely required to meet the needs of the NTA.

20
21 c. The presence of the JO Hiree is critical to the outcome of
22 the official activity to be undertaken.

23
24 d. The projected expenses for the trip are not excessive.

25
26 e. The funding requirement for expenses to be incurred in the
27 trip is included in the approved Work and Financial Plan of
28 the office, department or unit concerned; and

29
30 f. Duration of travel shall not exceed five (5) days, including
31 travel days.

32
33 4. Allowable Daily Travel Expenses (DTE) ranges from
34 PhP1500.00 to PhP2200.00 depending on the destination.

35
36 5. J.O. Hirees, when authorized to go on official Local Travel to
37 carry out an assigned task, shall be entitled to the allowances
38 for official Local Travels provided under this guideline on a
39 **reimbursement basis.**

40
41 6. All claims for travel expenses **shall be filed within thirty (30)**
42 **calendar days from date of return to permanent official**
43 **station. All claims after the 30-day period shall not be**
44 **allowed and considered waived;**

45
46 7. If approved, this guideline shall take effect immediately
47 prospectively, and all of its provisions shall remain valid until
48 amended or revoked.

49

- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. PADAYAO: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussion, or objection? I hear none. Then the motion is **APPROVED**. Can we now go to the next item?

BOARD RESOLUTION NO. 270, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE POLICY GUIDELINES FOR THE GRANT OF TRAVEL EXPENSES OF NTA PERSONNEL HIRED UNDER JOB ORDER (J.O.s).

UNANIMOUSLY APPROVED...."

ATTY. OBUSAN: Mr. Chair, under **Agenda (D)**, we have, request for **"Approval of the Implementing Guidelines (IG) of the Curing Barn Assistance Project (CBAP) and the Subsequent Release of the Budget Amounting to Php 107,648,000.00 for its Implementation"**.

To report on the Summary of this agenda, may we recognize Honorable Director Luzviminda U. Padayao, Chairperson, Committee on Research and Extension. Ma'am.

DIR. PADAYAO: Good afternoon, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

But before I present the Implementing Guidelines, for the Curing Barn Assistance Project, this is a continuing project of the agency, hand-in-hand with the Tobacco Contract Growing System or TCGS. The curing process determines the reduction of at least 40 percent of quality tobacco cured leaves. Moving on.

- The request was made by Mr. Nestor C. Casela, Deputy Administrator for Operations.
- Following are the objectives of the project:
 1. To promote the use of the NTA-prescribed efficient curing barns or sheds, particularly the use of Venturi and Anawang Furnace designs.
 2. To increase the income of tobacco farmers through the production of properly cured leaf.

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3. To maximize the local tobacco farmer's share of the markets for domestic cigarette manufacturing, and for growing exportation.
- Following are the criteria in the selection of Farmer Cooperators as stated in the Implementing Guidelines:
 1. Must be a registered tobacco farmer.
 2. Must be tilling an area of at least 0.25 hectare suitable for tobacco and must be outside of declared salty areas.
 3. Must not have availed of similar assistance in the past including MPCB except those who were affected by natural calamities and those who have fully paid previous availments.
 4. Must consider those farmers who have expanded their areas, and needing another curing barn for the curing process of their tobacco produce.
 5. Must consider those farmers who have availed of the curing barn assistance long time ago, have fully paid it and needing already a replacement of the old curing barns.
 6. Must be willing to conscientiously and religiously pay and remit to the NTA through its assigned TPROs, in accordance with the schedule of amortizations and the time agreed upon in the schedule of payments.
 7. Must be willing to perform such other activities that may be determined or prescribed by the NTA as necessary in the proper, efficient, and effective implementation of the project.
 8. If there are still funds available, tobacco farmers not under the TCGS project may avail of the assistance provided their contracted buyer firm shall guarantee the payment of their loan.
 - Also included in the Implementing Guidelines and discussed extensively are the documentation requirements, conduct of review and approval, release of the curing barn assistance
 - The project targets 4,811 beneficiaries from 8 Branch Offices and the total budget allocation amounted to PhP 107,648,000.00. Of which PhP 100,000,000.00 will be coming from the 2024 GAA and the balance of PhP 7,648,000.00 will be coming from the unexpended budget from the 2023 GAA.
 - Following is the breakdown of the budget allocation to each branch offices:

BRANCH OFFICE	Area (ha)	No. of Unit/FC	Amount (PhP)	Allocated Budget
ABRA	348.75	534	15,000,000.00	15,000,000.00
CAGAYAN	94.40	250	5,000,000.00	5,000,000.00
CANDON	483.37	767	15,000,000.00	15,000,000.00
ILOCOS NORTE	135.85	330	9,820,000.00	9,820,000.00
ISABELA	574.80	1,059	21,180,000.00	21,180,000.00
LA UNION	110.10	215	7,630,000.00	7,630,000.00
PANGASINAN	290.28	493	9,860,000.00	9,860,000.00
VIGAN	178.25	235	5,580,000.00	5,580,000.00
MINDANAO		928	18,578,000.00	18,578,000.00
TOTAL		4,811		107, 648,000.00

- The maximum curing barns/shed assistance that may be availed of is as follows:

Curing Barn Type	Scope	Maximum Amt. of Assistance	Subsidy/Free Portion	Term of Payment
I. Flue Curing Barn and Air-Curing Shed Permanent	Improvement	PhP20,000	40%	3 years maximum
	Construction	PhP50,000	40%	5 years maximum
II. New Semi-Permanent/ Collapsible Air-Curing Shed	Construction	PhP40,000	40%	5 years maximum

- This assistance provides 40% subsidy to the farmers, wherein those who availed will pay only 60% of the total assistance given to them.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. SERNA: I second the motion.

USEC. SAVELLANO: There's a motion. Seconded. Any discussion, objection, or clarification on the matter? I just have some clarifications.

With our air curing barns, are we still using bamboo? How much per air curing barn, how much are we going to spend for that?

1 **DIR. PADAYAO:** For one air curing shed, the construction costs PhP40,000.00 and
2 its improvement will cost PhP20,000.00. All of these will be
3 subject to 40% subsidy.
4

5 **USEC. SAVELLANO:** But for the air curing barns, are we still going to use bamboo or
6 we're going to use cement?
7

8 **DAOP CASELA:** Sir, seldom you can see the traditional air curing barns already,
9 the majority are now constructed with CHB, or combination of
10 CHB and GI Sheets.
11

12 *We still use either bamboo or lumber for the pool, (hanger or*
13 *galutan).*
14

15 **USEC. SAVELLANO:** So, one of the materials used in these two projects, is still
16 bamboo?
17

18 **DAOP CASELA:** Yes, Sir.
19

20 **USEC. SAVELLANO:** I'm just asking because I want us to continue planting of bamboos.
21 We have a program for this, right? Yung sa beema or bayug variey
22

23 **DAOP CASELA:** Sir, for this year, we don't have such project.
24

25 **USEC. SAVELLANO:** For this year, but for next year?
26

27 **DAOP CASELA:** For next year, that will be included because of the urgency for its
28 use and also because of the issue on climate change.
29

30 *Bamboo will be used as substitute for a portion of the curing barn*
31 *as well as the requirement for its construction.*
32

33 **USEC. SAVELLANO:** I observed in some parts of Ilocos Norte, they're now using GI
34 pipes for air curing barns, right?
35

36 **DIR. PADAYAO:** Yes Sir, for the semi-permanent air curing sheds.
37

38 **USEC. SAVELLANO:** Is it acceptable, because pipes contain lead? Also, later on, it
39 become rusty and mixes with the dried leaves?
40

41 **DAOP CASELA:** Yes, Sir, for the tube only. However, we never heard any
42 information regarding that from the traders.
43

44 **USEC. SAVELLANO:** But how much is that? How much is the cost if you're going to use
45 the GI pipes as compared to bamboo? They are constructed in
46 such a way that it is semi-collapsible already, because the clamps
47 are already there.
48

49 **DIR. PADAYAO:** Yes, Sir. Because during rainy season, you have to collapse it to
50 prevent damage.
51

52 **USEC. SAVELLANO:** So, what's the difference in terms of the price?
53

54 **DIR. PADAYAO:** It's more expensive compared to bamboo, the traditional type.
55

1 **DAOP CASELA:** In construction, Sir, based on recent calculations, PhP50,000.00
2 isn't adequate for using the combination of the CHB and GI
3 Sheets.
4
5 This is the trust on the LGU's providing assistance to the farmers
6 for the construction of curing barns.
7
8 I'd like to make an amendment to the earlier statement of Ma'am
9 Luz, in case damage on the curing barns occurs due to fire.
10
11 It was discussed yesterday during our Committee Meeting that a
12 portion of the budget would be allotted for that. But based on
13 further research, NTA or the agency has an existing program, a
14 risk management program, where it has PhP8 million budget. And
15 this budget will now cover those incidents of curing barn damage
16 caused by fire. It will be taken care of.
17
18 **USEC. SAVELLANO:** Kasya na ba yung PhP8 million?
19
20 **DAOP CASELA:** More than enough, Sir. This not only covers damages caused by
21 fire but also includes other risks encountered.
22
23 Based on past experience, last year there were only two recorded
24 incidents of fire. So, the program covered it both and we gave
25 PhP10,000.00 to each farmers affected.
26
27 **DIR. PADAYAO:** And also, in addition, Sir, the farmer can restructure his loan. If
28 ever he/she wishes it.
29
30 **USEC. SAVELLANO:** Okay. Any more discussions on the matter?
31
32 **DIR. SERNA:** Mister Chair, I just want to be clarified with regards to the
33 distribution of the allocated budget.
34
35 I have noticed here that Vigan has one of the least allocated
36 amount of PhP5,580,000.00. for 235 farmer cooperators and the
37 total area that has been planted is 178.25 hectares as compared
38 to La Union who gets PhP7,630,000.00 for 193 farmer
39 cooperators and only 98.85 hectares total area planted.
40
41 **DAOP CASELA:** Yes, thank you very much, Sir Director, for that, I really appreciate
42 the initiative made by the Branch Manager in Vigan, in the person
43 of Engr. Noralyn I. Idica, because she was able to convince ULPI
44 to have a counterpart budget for this project. She made a
45 representation and ULPI recognizes the inadequacy of funds of
46 NTA, so ULPI agreed to have a counterpart in the construction of
47 curing barns.
48
49 This explains why Vigan has a smaller budget allocation as
50 compared to La Union.
51
52 **USEC. SAVELLANO:** Another thing, for Mindanao, it says here 928 farmer cooperators,
53 did they increase in number already?
54
55 **DAOP CASELA:** Yes, Sir. Actually, they submitted more, around 1,500 farmer
56 cooperators but we were forced to reduce the number because
57 we have to allocate only what is available fund for this project. But

1 it is our intention for next year to further increase the number of
2 beneficiary farmer cooperators.
3

4 **USEC. SAVELLANO:** Is this the result of the NTA's campaign to increase the area
5 planted to tobacco in Mindanao?
6

7 **DAOP CASELA:** Yes, Sir. Also with your permission, please allow me to provide
8 other updates to the Governing Board.
9

10 **USEC. SAVELLANO:** Please continue.
11

12 **DAOP CASELA:** When we presented the budget of NTA for 2025, amounting to
13 PhP709 million, there were indications coming from the members
14 of the panel of DBM that everything was okay, presumed to be
15 okay. But after a week, we received information from DBM that
16 DBM totally turned down the request of PhP709 million. So, we
17 were so disappointed with this.
18

19 Needless to say, that the approved budget for 2025 is only
20 PhP550 million again. But after a week or so, after they turned
21 down the budget request, according to our OIC Finance Manager
22 then, we received a call from DBM that if NTA is still interested to
23 submit additional projects for 2024 and 2025, NTA may do so. And
24 that's why we are rushing up these project proposals for 2024.
25

26 We have identified five projects for inclusion and ready for
27 submission next week, Sir. These are the additional projects
28 requested for budgeting.
29

30 Number one is the improved seedling production, which is very
31 vital in our TCGS program. Because there have been issues
32 coming from farmers and even traders that last season, there was
33 inadequate seedlings available for transplanting. That's why we
34 have improved this program.
35

36 Another one is the provision of personal protective equipment.
37 These are PPE, Sir. These are protective materials being used by
38 our farmers in, like say, spraying and other activities. Because
39 some materials being used are hazardous, so they must be
40 provided with these PPEs. And aside from that, it is even openly
41 stated in the Good Agricultural Practices and Sustainable
42 Development Program that these materials are really needed to
43 promote health science.
44

45 Number three is the enhancement of the gadgets being used by
46 our team in the determination of the actual area planted to tobacco
47 using drones. There is a need to upgrade this so that the
48 gathering of data will be more accurate and faster.
49

50 Another one is, this is a project being advocated by Madam
51 Senator Villar, and that is the composting project. And this is for
52 implementation already, Sir.
53

54 Another one is, because of the inadequacy of funds for the
55 Tobacco Contract Growing System or TCGS, which is the lead
56 banner program of NTA, it has only PhP122 million budget for this
57 year, Sir. And it's very flimsy, I mean, not enough, because that

1 amount will aim to plant a total area of 5,200 hectares. There is
2 only a budget of about PhP23,000.00 per hectare, which is a very
3 measly, considering that the cost of production would now reach
4 as high as PhP100,000.00 per hectare.
5
6 So, we intend to request for a supplemental budget for all of these
7 projects, Sir.
8
9 **DASS SAVELLANO:** With your permission Mister Chair, and in addition to what the
10 Deputy Administrator for Operations is discussing is a request
11 from DBM for us to submit additional projects for Year 2024,
12 which are implementation ready for the last quarter, meaning if we
13 are able to submit within this month, most probably the release
14 would be coming in October 2024 and these has to be
15 implemented within the period of 2024. Then we are being asked
16 again to resubmit a Tier 2 programs and projects for 2025.
17
18 **USEC. SAVELLANO:** Okay. Earlier, DAOP you mentioned that ULPI will have a
19 counterpart for Vigan Branch Office, right? What's their scheme?
20
21 **DAOP CASELA:** Yes, Sir. There is no specific scheme yet, but ULPI, according to
22 our manager, they agreed to have a counterpart. There's no
23 specific agreement yet, but I still have to talk with the concerned
24 manager of ULPI. Erwin Ang is now in the U.S., but he'll be back
25 in mid-December, so this is the time that I'll be able to talk to him.
26
27 **USEC. SAVELLANO:** Okay, so, can you report on that after your meeting with him?
28
29 **DAOP CASELA:** Yes, Sir. Aside from that, if ever we're going to enter into such an
30 agreement, there should be a MOA. That's what I'm thinking, Sir.
31
32 **DIR. PADAYAO:** Sir DAOP, can I add? If ever you're going to discuss, just ask for
33 a scheme with emphasis on the subsidy. Because right now, we
34 have a 40% subsidy, but maybe ULPI doesn't have one.
35
36 **DAOP CASELA:** Certainly, Ma'am.
37
38 **USEC. SAVELLANO:** Okay. Any further questions? If there's none, there's a pending
39 motion, duly seconded. Since there's no other questions, then
40 motion is hereby **APPROVED**. Can we now go to the next item?
41
42 **ATTY. OBUSAN:** Mister Chair, before we move on, may we recognize Engr. Noralyn
43 I. Idica, Manager of NTA Vigan Branch Office. Go ahead, Ma'am.
44
45 **ENGR. IDICA:** Good afternoon, everyone, especially to the Presiding Chair, Hon.
46 Usec DV Savellano and Administrator & CEO, Ma'am Belinda,
47 and to the Honorable Members of the Governing Board and all
48 others who are joining this meeting.
49
50 Regarding the question earlier of Dir. Sema on why the budget
51 allocated for Vigan is smaller as compared to that of La Union.
52
53 It is for this reason, in Vigan, majority of the assistance requested
54 are for repairs and improvements only, and not construction,
55 amounting to PhP20,000.00. That is the main reason why the
56 budget allocated to us is much lower

1 Also, our provincial government and LGUs are providing free
2 construction materials to the farmers.
3
4 **DAOP CASELA:** Madam Nora, you have a report here under ULPI that under
5 construction of curing barn, there is a budget of PhP350,000.00,
6 and for repair, it's PhP200,000.00, or shall we say, a counterpart
7 of about PhP550,000.00 from ULPI. Tama ba ito?
8
9 **ENGR. IDICA:** Yes, Sir. But it's not a counterpart, it will still come from the budget
10 of the project.
11
12 **DAOP CASELA:** But it's guaranteed?
13
14 **ENGR. IDICA:** Yes, Sir.
15
16 **DAOP CASELA:** So, in that case, I would suggest that we should come up with a
17 Memorandum of Agreement (MOA) so that we can also be
18 assured of the repayment of our funds.
19
20 **ENGR. IDICA:** Yes, Sir. We have a signed MOA on this.
21
22 **USEC. SAVELLANO:** So, this is new? Or it's been ongoing?
23
24 **ENGR. IDICA:** Yes, Sir, it's ongoing.
25
26 **USEC. SAVELLANO:** So, on the part of the ULPI, it is just a guarantee?
27
28 **DAOP CASELA:** Yes sir.
29
30 **USEC. SAVELLANO:** They won't be giving out money?
31
32 **DAOP CASELA:** No, Sir. Something to say, as far as it is concerned, that it's a
33 guaranteed payment of the 60%.
34
35 **USEC. SAVELLANO:** Okay. No more discussion? Then we will now go to the next item.
36
37

38 **BOARD RESOLUTION NO. 271 S. 2024**

39
40 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
41 ***BOARD APPROVES THE IMPLEMENTING GUIDELINES (IG) OF THE CURING***
42 ***BARN ASSISTANCE PROJECT (CBAP) FOR CY 2024.***
43

44 ***RESOLVED FURTHER, THAT THE BUDGET AMOUNTING TO PhP107,648,000.00***
45 ***FOR ITS IMPLEMENTATION BE RELEASED SUBSEQUENTLY.***
46

47 ***RESOLVED FINALLY THAT PhP100,000,000.00 OF THE BUDGET WILL BE***
48 ***COMING FROM 2024 GENERAL APPROPRIATIONS ACT (GAA) AND THE***
49 ***REMAINING PhP7,648,000.00 FROM THE UNEXPENDED BUDGET FROM 2023***
50 ***GAA FOR THE SAME PROJECT.***
51

52 ***UNANIMOUSLY APPROVED....”***
53

1 **ATTY. OBUSAN:** Next Agenda under Agenda (E), request for “Approval of the
2 **Tobacco Contract Growing System (TCGS) Budget for CY**
3 **2024-2025 Amounting to Php 122,459,269.35”.**
4
5 To report on the Summary of this agenda, may we recognize
6 Honorable Director Gerry Virgilio V. Guzman, Chairperson,
7 Committee on Legal Matters and Properties. Sir.
8
9 **DIR. GUZMAN:** Good afternoon, Mister Chair and to everyone present here today,
10 this is the Summary Report of Discussion and Recommendations
11 for this Agenda.
12
13 • The request was made by Mr. Nestor C. Casela, Deputy
14 Administrator for Operations.
15
16 • Tobacco Contract Growing System (TCGS) is one of the
17 programs of the National Tobacco Administration which provides
18 production, technical, and marketing assistance, and 40% subsidy
19 to tobacco farmer cooperators.
20
21 • The assistance is composed of cash portion of PhP10,000.00 per
22 hectare and material farm inputs, such as fertilizers and
23 pesticides,
24
25 • For TCGS project implementation, a total budget of PhP
26 122,459,269.35 is being requested for approval which stands to
27 benefit 8,860 farmer cooperators tilling a total of 5,155.92
28 hectares.
29
30 • The cash portion amounted to PhP51,549,200.00 while the
31 material inputs amounted to PhP70,910,069.35, totalling to PhP
32 122,459,269.35.
33
34 • This subject matter having been thoroughly discussed during the
35 Committee Meeting, and with a Motion to Approve, which was
36 duly seconded. I respectfully move for the approval of the agenda.
37 Thank you very much!

38 **DIR. PADAYAO:** I second the motion.
39
40 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussions on the matter? Dir.
41 Serna.
42
43 **DIR. SERNA:** I'm just wondering why Vigan has no allocated amount for its
44 material inputs?
45
46 **DAOP CASELA:** Madam Nora, I really want to answer or I'll give you the privilege.
47
48 **ENGR. IDICA:** Kayo na lang po Sir DAOP.
49
50 **DAOP CASELA:** Thank you very much for the initiative of our manager in Vigan
51 because she was able to convince the local government officials
52 that the material inputs will be shouldered by them, by the LGUs,
53 by way of their share from R.A. 8240 and R.A. 7171. So, it's a way
54 of banking also on the resources of the LGU. They are really open

1 to do so because this is a way of increasing their volume of
2 production in which the bottom-line purpose is increasing the area
3 and the number of farmers and the corresponding volume to have
4 a bigger share of the excise tax. Is that it, Madam?
5

6 Sana gayahin ito ng other LGUs, in which case, madaming
7 tobacco farmers ang mag-benefit dito.
8

9 **ENGR. IDICA:** Yes po, Sir.

10
11 If I may add, in fact, Cauayan also wants to join the TCGS. They
12 will be fully subsidized by the LGU and the participating buyers
13 are the field canvassers.
14

15 **DAOP CASELA:** It is explicitly stated in the provision of the implementing guidelines
16 that field canvassers can join the project provided they're willing
17 to pay the corresponding service fee and the R&R.
18

19 **USEC SAVELLANO:** How much?

20
21 **DAOP CASELA:** For service fee, if there is participation of the traders or the LGU,
22 it is 50 centavos per kilo. But if it is pure NTA assistance, it's
23 Php1.00 per kilo, Sir. If it's pure technical assistance from NTA,
24 it's 30 centavos.
25

26 But for the research and regulation fee, this is straight 60 centavos
27 per kilo based on the documented volumes, sir.
28

29 **USEC. SAVELLANO:** Where is it sold?

30
31 **DAOP CASELA:** There are *viajeros*, Sir, and it is being sold to Visayas and
32 Mindanao, or vice versa. There are buyers coming from Mindanao
33 buying produce from Isabela, Cagayan, and Pangasinan. They're
34 being returned there, because the labor in Mindanao is expensive.
35

36 We can see it in the data that will be reported later. It reaches
37 about Php300.00 per kilo in Mindanao. That's why they're being
38 sent there, to mix it with their local produce, you know.
39

40 **USEC. SAVELLANO:** Any more discussion? If there is none, the pending motion duly
41 seconded is hereby APPROVED. Next item.
42
43

44 **BOARD RESOLUTION NO. 272 S. 2024**

45
46 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
47 ***BOARD APPROVES APPROVES THE TOBACCO CONTRACT GROWING***
48 ***SYSTEM (TCGS) BUDGET FOR CY 2024-2025 AMOUNTING TO***
49 ***Php122,459,269.35.***
50

51 ***UNANIMOUSLY APPROVED...."***
52

53
54 **ATTY. OBUSAN:** Next Agenda, Mr. Chair, under Agenda (F), request for
55 **"Issuance of a Board Resolution Authorizing Engr. Noralyn I.**

1 **Idica as Branch Manager of the NTA-Vigan Branch Office to**
2 **Sign For And On Behalf of the Said Office in the**
3 **Memorandum Of Agreement (MOA) for Salary Loan Facility**
4 **With the Land Bank of the Philippines (LBP)”.**
5

6 To report on the Summary of this agenda, may we recognize
7 Honorable Director Gerry Virgilio V. Guzman, Chairperson,
8 Committee on Legal Matters and Properties. Sir.

9
10 **DIR. GUZMAN:**

 Good afternoon, Mister Chair and to everyone present here today,
11 this is the Summary Report of Discussion and Recommendations
12 for this Agenda.

- 13
- 14 • The request was made by Engr. Noralyn I. Idica, Branch Manager,
15 NTA Vigan Branch Office.
- 16
- 17 • It can be recalled that a similar request from NTA Abra Branch
18 Office was approved and an ensuing Board Resolution was
19 issued on the 177th Regular Meeting of the NTA Governing Board
20 held last August 16, 2024.
- 21
- 22 • Recognizing the importance of financial wellness among the
23 employees, LBP has developed a Salary Loan Facility designed
24 to provide accessible financial assistance which was presented to
25 the requesting branch office.
- 26
- 27 • NTA Vigan employees have shown their interest to avail of the
28 LBP Loan Facility, considering it is more advantageous terms of
29 repayment, lower interest rates, and other benefits.
- 30
- 31 • One of the requirements to be submitted to Land Bank, however,
32 is a Board Resolution, authorizing the NTA Vigan Branch
33 Manager, to represent the NTA in the execution and signing of the
34 said MOA, hence this request.
- 35
- 36 • This subject matter having been thoroughly discussed during the
37 Committee Meeting, and with a Motion to Approve, which was
38 duly seconded. I respectfully move for the approval of the agenda.
39 Thank you very much!

40
41 **DIR. ELAYDO:**

 I second the motion.

42
43 **USEC. SAVELLANO:**

 There's a motion. Seconded. Any discussions on the matters? I
44 hear none. The motion is **APPROVED**. Next item.

45
46
47 **BOARD RESOLUTION NO. 273 S. 2024**

48
49 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
50 ***BOARD APPROVES THE REQUEST OF ENGR. NORALYN I. IDICA, BRANCH***
51 ***MANAGER OF THE NTA-VIGAN BRANCH OFFICE, TO SIGN FOR AND ON***
52 ***BEHALF OF THE SAID OFFICE IN THE MEMORANDUM OF AGREEMENT (MOA)***

1 **FOR SALARY LOAN FACILITY WITH THE LAND BANK OF THE PHILIPPINES**
2 **(LBP).**

3
4 **UNANIMOUSLY APPROVED....”**

5
6 **ATTY. OBUSAN:** Under Agenda (G), “Presentation and Update on Tobacco
7 **Acceptances as of August 15, 2024”.**

8
9 To report on the Summary of this agenda, may we recognize Mr.
10 Nestor C. Casela, Deputy Administrator for Operations. Sir.

11
12 **DAOP CASELA:** Thank you very much. Again, my pleasant afternoon to everyone.

13
14 In the absence of Attorney Ambros, I will be reporting the status
15 of Tobacco Acceptances for Crop Year 2023-2024, as of August
16 15, 2024.

17
18 There was a correction made with respect to the number of buying
19 stations who are still operating and who have ceased operation.

20
21 Per record, there were 34 total licenses issued for buying stations
22 for this trading operation. At present, 17 had ceased its operation
23 and 17 still on-going with its trading.

24
25 **USEC. SAVELLANO:** Yung 34 with notice to operate. Saan-saan naman ito? May mga
26 pangalan ba tayo nito?

27
28 **DAOP CASELA:** Basically, for the native and batek, it's in Region II. I don't have
29 the specific names, but I will request Atty. Ambros to provide it
30 next time.

31
32 **USEC. SAVELLANO:** And you also mentioned with notice to cease its operation, 17?
33 Bakit?

34
35 **DAOP CASELA:** Tumigil lang po. They are dealing with Virginia and Burley type.
36 So, they've ceased trading already. And these buying stations are
37 situated basically in Region I.

38
39 The remaining buying stations are the Native and Batek type.

40
41 In this table, we can see the purchase commitment for 2024 and
42 the actual acceptance as of August 15. It can be gleaned that for
43 2024 purchase commitment, for Virginia, there is a total of 19.3
44 million kilos; as of August 15, there is an accumulation of only
45 16.77 million kilos or percentage accomplishment of only 86.87%.
46 But according to the report of Atty. Ambros yesterday, there are
47 still other reports coming from the provinces. It's expected that
48 there will still be increase in the next cut-off.
49 But for Burley, we noticed here that we already exceeded the
50 target of and the percentage accomplishment is now at 102.57%.
51 The purchase commitment is 7.6 million kilos, and the actual
52 acceptance as of August 15 is 7.8 million kilos.

53
54 Now, with the Batek, the NAB or the Native Broadleaf, this is under
55 ULPI, who are planting this type of tobacco, including the Cigar
56 Filler and Traditional. Comparing the purchase commitment to

1 that of the actual acceptances to date, we exceeded already the
2 purchase commitment by more than 5 million kilos.
3

4 The average floor price, we can see there that for all types of
5 tobacco, the average floor price is PhP70.86. The average buying
6 price for all types is PhP114.66. This is very noticeable because
7 we all know that there is a price bonanza for our tobacco farmers
8 this year.
9

10 This is a comparison of tobacco acceptances performance report
11 between same time of last year and same time of this year in
12 terms of volume and value. For Virginia, for last year, there was a
13 total acceptance of 13.8 million kilos. To date, we exceeded that
14 volume already by almost 2.8 million kilos. So, there is a
15 difference of an increase of about 21.10%.
16

17 For Burley and Native types, we both exceeded the total volume
18 for this year.
19

20 The total volume for 2023, is 36.6 million kilos as compared to
21 present volume for all types of tobacco which is 42.88 million kilos,
22 or there is an increase in volume difference of 17.17%. So, mas
23 malaki ang volume natin this year as compared to last year. In
24 terms of value, mas malaki din for 2024.
25

26 This is about the average buying price for last year and for this
27 year. For Virginia, the average buying price last year was
28 PhP80.65, while this year, it's PhP92.89 for an increase of
29 PhP12.24 per kilo.
30

31 This could be attributed to the result of the tripartite conference.
32 And of course, the perk up of prices, prices of our WTDs who
33 bought the tobacco from our farmers.
34

35 For Burley, it's negative or decrease of PhP1.62. And for Native,
36 there is an increase of PhP13.26.
37

38 So average buying price for the three tobacco types last year was
39 PhP99.03, and for this year, it is PhP106.99, or a difference or an
40 increment or increase of PhP7.96.
41

42 This is the comparative volume, value and the average buying
43 buying price by branch offices as of August 15, 2024. Now for
44 Virginia, it is noticeable that La Union has the highest average
45 price per kilo, which is PhP107.58.
46

47 The lowest is in Abra, PhP78.3. But according to Atty. Ambros
48 yesterday, this will significantly change once all reports on the
49 acceptances are submitted. But overall, the average buying
50 price is PhP92.89 per kilo.
51

52 For Burley, Cagayan has the highest average buying price of
53 PhP91.30, and the lowest is Pangasinan at PhP72.17.
54

55 **USEC. SAVELLANO:** How come?
56

1 **DAOP CASELA:** According to Atty. Ambros yesterday, Pangasinan, is yet to submit
2 all of its tobacco acceptances report.
3

4 **DIR. PADAYAO:** The lower grades are the ones being sold right now.
5

6 **DAOP CASELA:** And we all know that for the higher grades, it will entail higher
7 prices, Sir.
8

9 For the Native, as we can see, Mindanao has the average buying
10 price at PhP364.70.
11

12 **USEC. SAVELLANO:** That's why we should plant there.
13

14 **DAOP CASELA:** That's why our floor price is also high because of the Native type
15 over there. The volume is steadily increasing because practically
16 they plant twice a year.
17

18 **DIR. PADAYAO:** As long as there is water supply.
19

20 **DAOP CASELA:** Now, they're about to harvest again. And after that, they try to stalk
21 cut. They maintain two ratoons.
22

23 Actually, Atty. Ambros was wondering why the volume is
24 increasing. I told him, it is because practically they plant twice a
25 year and also, they practice *rapogi*, which increases the volume
26 significantly.
27

28 **USEC. SAVELLANO:** No, but it's still the price. Is that the reason? It's confusing kasi
29 napakataas ng average buying price sa Mindanao. Ano reason?
30

31 **DAOP CASELA:** Sir, we can consider that as one of the reasons, I mean, it's
32 associated also to that of the keen competition. And there is also
33 the demand factor.
34

35 **USEC. SAVELLANO:** What's the produce here? Saan ginagamit itong Native-
36 Batek/Morada type.
37

38 **DAOP CASELA:** For chewing, Sir. Domestic consumption only.
39

40 **USEC. SAVELLANO:** We don't have market for export?
41

42 **DAOP CASELA:** No record as to export, but there is, according to the buyers we
43 talked with from Mindanao, there is big demand in Visayas, for
44 this. That's why they come here as far as they want to buy lower
45 prices, and they mix it with the higher prices.
46

47 And no need to explain for the motive for that. Of course, if you
48 know that it's cheaper, the profit will increase per kilo.
49

50 **USEC. SAVELLANO:** But how much is their cost of production, for this PhP364.70?
51

52 **DAOP CASELA:** Here, based in our profitability study, Sir, it's high. It reaches about
53 PhP150,000 per hectare.
54

55 **DIR. PADAYAO:** Brought about by the high labor cost.
56

57 **USEC. SAVELLANO:** In terms of income? How much?

1
2 **DAOP CASELA:** Sir, it's about PhP80,000.00 to PhP100,000.00 per hectare. It's
3 big.
4
5 **USEC. SAVELLANO:** But in Virginia, how much is their cost of production?
6
7 **DIR. PADAYAO:** More expensive?
8
9 **USEC. SAVELLANO:** PhP100,000.00 to PhP120,000.00?
10
11 **DAOP CASELA:** Yes, sir. But based on the initial report on the profitability study,
12 the calculation of labor cost is too high. That's why we came to
13 some suggestion that it should be uniform; I mean the
14 determination of labor cost should be uniform for all areas.
15
16 The profitability study, Sir, that is the study on the cost of
17 production per hectare, will be initially presented next in the
18 coming weeks. For us to know the cost of production per type and
19 subtype and the level of production. With the purpose of
20 establishing a data which NTA could use during the tripartite
21 conference, which among others, the usual controversy during
22 tripartite conference is the agreement on the determination of cost
23 of production.
24
25 **USEC. SAVELLANO:** So that's where we are going to base the price?
26
27 **DIR. PADAYAO:** Last year, I think, it reached PhP500.
28
29 **DAOP CASELA:** When we went to Mindanao, Sir, to observe, because the
30 marketing procedure there is very crude. For example, they
31 determine the highest bidder and the lowest bidder, and also,
32 there is only one entrance and one exit.
33
34 That's why our people there are controlling the documentation
35 because of that system. The *viajeros* cannot go out if he cannot
36 get clearance from the office of NTA and after paying the R&R.
37 Also, that's where the farmers cooperatives earn.
38
39 We were surprised in our meeting when we went there with Sir
40 Ben two weeks ago. Their associations have money as much as
41 PhP1 million.
42
43 You should also appreciate, the unity of the farmers there. One
44 year ago, there was no assistance given to them. Now, they're all
45 there. It's about the distribution of the PhP13 million grant for our
46 farmers receiving PhP6,000.00 pesos per farmer recipient. Our
47 Administrator, Ma'am Bel is there right now to give this cash grant
48 to the tobacco farmers. Likewise, LGUs are very supportive in this
49 activity.
50
51 Moving on, for the Native Broadleaf or NAB, the volume is really
52 getting bigger. This year, it's now 7.3 million kilos reported in
53 Isabela.
54
55 **USEC. SAVELLANO:** Last year?
56
57 **DAOP CASELA:** Last year, it's a little bit lower than 7 million. It's getting bigger.

1 For the Native Cigar Filler, the average buying price for in Isabela
2 is at PhP60.44, while in Cagayan, it is at PhP 63.75. But their
3 trading is still ongoing.
4

5 The comparative grade distribution by branch office, this was the
6 controversy yesterday. As can be gleaned from the tables shown.
7

8 For Virginia, everybody was wondering why Abra, Ilocos Norte,
9 and Vigan didn't document any single leaf of F1 and F2 grades of
10 tobacco. And if you further analyze the data, the volume for rejects
11 is so huge. So maybe, and I'm saying maybe, that could be, I
12 mean, the volume for F1, F2 might have fall under the reject
13 category. That's why the reject is so high. And there were lots of
14 insinuations regarding this, the reasons why it's like that. And
15 more importantly, when it's like this, that we see, the terms of
16 quality seem to be low because the reject is high.
17

18 The percentage of higher grades or quality is much lesser. If you
19 try to analyze deeper, sabi na namin, ano yung use ng technical
20 assistance ng NTA? Ano na yung use ng mga ayuda ng mga
21 LGUs? So, we agreed yesterday that there will be further analysis
22 as to the documentation as well as in the process of documenting
23 this tobacco produced from farmers.
24

25 But to consider also, ULPI buys about 85% of the total volume of
26 tobacco and they're practicing this digitalizing.
27

28 **USEC. SAVELLANO:** Meron mas malaki yung production ng AA. Pinaka-marami yung
29 La Union, ano reason dito?
30

31 **DAOP CASELA:** Alam nyo po Sir, sa La Union, doon ang mga Wholesale Tobacco
32 Dealers or WTDs nandoon lahat, ULPI, Transmanila, among
33 others. At saka, you cannot strictly say, yung ganyang quality po,
34 nang-gagaling exclusively sa La Union.
35

36 **USEC. SAVELLANO:** Sa paano ba yung registration? Kasi sa La Union, the reported
37 AA is 743,105.50 kilos because of the WTDs? Pero saan yun
38 galing? Different provinces?
39

40 **DAOP CASELA:** I, for one would say that the volume will still be reconciled after the
41 end of the trading season.
42

43 **DIR. PADAYAO:** Hindi pa kasi reconciled yun, Sir. Considering that in La Union,
44 doon talaga pumupunta lahat ng tobacco.
45

46 **USEC. SAVELLANO:** Pero the thing is, the bulk of the funds from R.A.s 7171 and 8240,
47 nasa Ilocos di ba? Pero in the production of AA, iba ang reflected
48 data.
49

50 **DAOP CASELA:** Hindi kasi, Sir. Kaya sabi ko po, I for one would believe na yung
51 high grade, you cannot solely attribute that quality to the
52 production of La Union alone because there are also tobacco
53 coming from other provinces.
54

55 **USEC. SAVELLANO:** So how can you reconcile that? Para alam natin kung saan, Ilocos
56 or La Union? Kasi AA, bakit La Union ang malaki? E di ba number
57 one producer ng Virginia, ay Ilocos?

1 **DAOP CASELA:** Pero sir, based on acceptances, hindi naman yun lahat production
2 ng La Union. May nanggaling sa other provinces?
3

4 **USEC SAVELLANO:** Kaya nga, so can we have another report na yung malalaman
5 natin kung saan-saan talaga ito nang-galing?
6

7 **DAOP CASELA:** Sir, once we are through with all the reports coming in, that's the
8 time we can finalize. And once it is finalized, that will now be used
9 as the data to certify the volume of production per each province.
10

11 **USEC SAVELLANO:** So ongoing na ginagawa na yan?
12

13 **DAOP CASELA:** Yes, Sir. Moving on, this is the comparative grade distribution by
14 branch office for the Burley type.
15
16 I mean, parang it approximates the actual grade distribution. Only
17 6.16% is recorded as Reject.
18

19 **USEC. SAVELLANO:** Pero sa Vigan, wala talaga Burley?
20

21 **DAOP CASELA:** Wala sir. Wala. These are the only provinces that produces
22 burley. Ma'am Nora, meron ba kayo documented na Burley?
23

24 **ENGR. IDICA:** Yes po. We have burley dito po sa 1st District. Kaya lang po yung
25 TCGS natin, tied up with TMI, yung PIV po, na-record po sa La
26 Union. And then yung mga ULPI naman po is sa Candon.
27

28 **USEC. SAVELLANO:** Dapat iayos natin ito.
29

30 **ENGR. IDICA:** Kasi wala po burley station dito ang ULPI. And yung TMI po, yung
31 burley station natin, ang recording is centralized.
32

33 **USEC. SAVELLANO:** But are they going to give us yung for 1st District of Ilocos? Maayos
34 yung records eventually?
35

36 **DAOP CASELA:** Yes sir.
37

38 **ENGR. IDICA:** Naka-PIV po sa mga farmers din natin kung saan nanggaling
39 yung tobacco. That's what we're going to reconcile in the end.
40

41 **DAOP CASELA:** That volume produced by 1st District will now be attributed to the
42 1st District after reconciliation.
43

44 **ENGR. IDICA:** In fact, po, I have already requested the record from the Ilocos
45 Norte branch offices where the produce of 1st District are sold.
46 Like Candon branch, La Union branch and Ilocos Norte branch
47 offices po.
48
49 Sinend na po nila pero hindi pa po namin na-consolidate ito. Pero
50 yung nandyan na po sa record ng regulation, na-record na ng La
51 Union po.
52

53 **DAOP CASELA:** There is an existing policy agreement among our Branch
54 Managers that in terms of recording in and out of the respective
55 area, they have to report it to branch correspondents. Gaya ng
56 Batac, maraming pumapasok galing Ilocos Sur. Then after trading

1 operations nagre-reconcile, hinihingi ng Vigan ang volume na na-
2 accept ng Ilocos Norte and vice versa. Ganoon po.
3
4 There will be a final reconciliation as to the volume per type and
5 subtype. And as I mentioned, this will be the basis for the
6 certification of NTA as to the volume of acceptance and share to
7 excise taxes per municipality per province with respect to the
8 compliance of RA 7171 and 8240.
9
10 Moving on, for the Native type and sub-types, pero dito kasi yung
11 L1, L2, I think it's justifiable, it's reasonable. I mean the level
12 percentage is reasonable. Next.
13
14 Ito na po yung last slide. This is the final analysis with respect to
15 the data presented. Yung high grade po is 74.85%, the medium
16 grade is 11.63%, and low grade is 3.56%, and reject is 9.96%.
17 The GCG target is 83% for high and medium grade combined.
18
19 So NTA is pasado dito sa scorecard ng GCG as to the present
20 grade distribution. Kasi ang commitment natin eh 83%, so we
21 exceeded it already at 86.48%.
22
23 **DIR. PADAYAO:** Sana yung mga madagdag Sir ay hindi na sa lower grade. Para
24 ma-maintain yun. Hindi ito ma-pull down yun.
25
26 **USEC. SAVELLANO:** With all of this, how are you going to attain yung commitment
27 natin kay Presidente, that we're going to increase production
28 by 20%?
29
30 **DAOP CASELA:** Well sir, when I discuss about CBAP and TCGS, I relayed to the
31 other Members of the Governing Board, the existence of PSAC. I
32 mentioned to them that PSAC is an advisory council offering
33 services to the President with respect to the basic economies of
34 the country and the corresponding issues and challenges per
35 business.
36
37 Kaya nasabi ko sa kanila, we are experiencing this high price
38 because China being the biggest producer of tobacco, reduces
39 significantly their production volume. Kaya internationally
40 nangailangan ng tobacco. Kaya everybody is buying as many
41 tobaccos as possible.
42
43 **USEC. SAVELLANO:** Anyway, I think that will be our next topic as one of the agenda in
44 our next Board Meeting. How are we going to attain our
45 commitments?
46
47 **DAOP CASELA:** Yes Sir, kasi I mentioned to them also that for the next 5 years we
48 have to increase the area. The target or objective is how to
49 increase local tobacco production by 75% and double export by
50 2028. So that is the concern of PSAC on tobacco.
51
52 **USEC. SAVELLANO:** Also include in the agenda, the supposedly report of Atty. Ambros
53 regarding the NTA's role as regulatory agency.
54
55 **ATTY. OBUSAN:** Noted, Sir.
56
57

1 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the next
2 Regular Board Meeting, tentatively it is calendared on 13
3 September 2024, Friday at 9:30 AM.
4

5 The Committee Meeting will be on 12 September 2024, Thursday,
6 at 9:00 am, at NTA Board Room, 11th floor, Upper Class Tower,
7 Quezon Ave., Quezon City.
8

9 **USEC. SAVELLANO:** Okay. Next.

10
11 **ATTY. OBUSAN:** Next item, is adjournment, Mister Chair.

12
13 **USEC SAVELLANO:** There's a motion?

14
15 **DIR. SERNA:** Mister Chair. I move for the adjournment of the meeting.


16
17 **DIR. GUZMAN:** I second the motion.

18
19 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
20 **SO, ORDERED.**

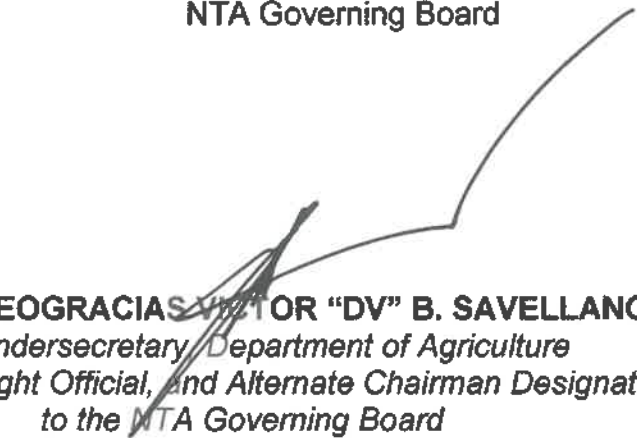
21
22 **ATTY. OBUSAN:** That concludes our 132nd Special Meeting of the NTA Governing
23 Board. To all the online participants, thank you for your
24 attendance and participation. Magandang hapon po sa lahat.
25
26

27 Note: THE MEETING WAS ADJOURNED AT EXACTLY 03:30 PM.
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGLIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLARD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector

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OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY-EIGHT (178th) REGULAR BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
13 SEPTEMBER 2024 (09:30 AM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO
Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. NESTOR C. CASELA - Deputy Administrator for Operations
Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

1
2
3
4 **ATTY. OBUSAN:** Good afternoon, everyone. For the 178th Regular Meeting of the
5 NTA Governing Board, please welcome the Honorable
6 Undersecretary of the Department of Agriculture & NTA Oversight
7 Official/Alternate Chairman-Designate Deogracias Victor "DV" B.
8 Savellano. May we request you Sir to please call to order the
9 meeting.

I. CALL TO ORDER

10
11
12
13 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
14 *meeting to order at 09:50 AM.*

15
16 **USEC. SAVELLANO:** The 178th Regular Meeting of the NTA Governing Board is called
17 to order. Mister Secretary? Who's going to lead the opening
18 prayer?
19

II. OPENING PRAYER

20
21
22 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*

23
24 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
25 quorum?
26

27 **ATTY. OBUSAN:** Thank you, Mister Chair.

28
29 For the 178th Regular Meeting of the NTA Governing Board, we
30 have of course, the Presiding Officer, Honorable Undersecretary
31 of the Department of Agriculture & NTA Oversight Official/
32 Alternate Chairman-Designate, Deogracias Victor "DV" B.
33 Savellano. *Good morning, Sir.*

34
35 We are also joined by the Vice-Chairman and Administrator &
36 CEO, the Honorable Belinda S. Sanchez, *Good morning, Ma'am.*

37
38 We also have the members of the NTA Governing Board, Hon. Dir.
39 Ray A. Elaydo, representing the Tobacco Manufacturing Sector;
40 *Good morning, Sir.*

41
42 Honorable Director Gerry Virgilio V. Guzman, representing
43 Tobacco Farmers sector. *Good morning, sir.*

44
45 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
46 Traders/Exporters Sector; *Good morning, Sir.*

47
48 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
49 Sector; *Good morning, Sir, and*

50
51 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
52 Farmers Sector; *Good morning, Ma'am.*

53
54 Also present here at the NTA Boardroom and joining us are:

55
56 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
57 *morning, Sir DAOP.*

1 Mr. Benedicto M. Savellano, our Deputy Administrator for Support
2 Services. *Good morning, Sir DASS.*

3
4 We are also joined by Attorney Rohbert A. Ambros, our Manager
5 for Regulations Department. *Good morning, Atty.*

6
7 Joining us also online are the Department Managers and Branch
8 Managers, and OICs of the Central Office and Branch offices.

9
10 As such, Mister Chair, we have a Quorum.

11
12 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
13 Confirmation, Adoption, and Consideration in our Agenda.

14
15 **ATTY. OBUSAN:** Mister Chair, for our first agenda, Agenda (A), the request for
16 "Approval of the Agenda of the 178th Regular Meeting of the
17 NTA Governing Board, held today, 13 September 2024 at 09:30
18 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
19 Quezon Avenue, Quezon City".

20
21 **USEC. SAVELLANO:** What's the pleasure of the body?

22
23 **DIR. SERNA:** Honorable Chair, I moved for the approval of the Agenda of the
24 178th Regular Meeting of the NTA Governing Board, held today, 13
25 September 2024, at this time, at the NTA Boardroom, 11th Floor,
26 Upper Class Tower, Quezon Avenue, Quezon City.

27
28 **DIR. ELAYDO:** I second the motion.

29
30 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
31 none. Then the motion is APPROVED. Can we go to the next item?
32
33

34 **BOARD RESOLUTION NO. 274 S. 2024**

35
36 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
37 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 178th REGULAR***
38 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 13 SEPTEMBER 2024, AT***
39 ***09:30 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
40 ***QUEZON AVE., QUEZON CITY.***

41
42 ***UNANIMOUSLY APPROVED...."***

43
44
45 **ATTY. OBUSAN:** Mister Chair, under Agenda (B), the request for "Approval of the
46 Minutes of the 132nd Special Meeting of the NTA Governing
47 Board, held on 30 August 2024, at 2:00 PM, at the NTA
48 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
49 Quezon City".

50
51 **DIR. PADAYAO:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
52 the 132nd Special Meeting of the NTA Governing Board, held on 30
53 August 2024, at 2:00 PM, at the NTA Boardroom, 11th Floor,
54 Upper Class Tower, Quezon Avenue, Quezon City.

1 **DIR. GUZMAN:** I second the motion.

2
3 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
4 none, then the motion is APPROVED. Next item.
5
6

7 **BOARD RESOLUTION NO. 275 S. 2024**

8
9 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
10 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 132ND SPECIAL***
11 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 30 AUGUST 2024, AT***
12 ***2:00 PM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
13 ***QUEZON AVE. QUEZON CITY.***
14

15 ***UNANIMOUSLY APPROVED...."***

16
17
18 **ATTY. OBUSAN:** Next agenda, Mister Chair, under Agenda (C), the "Request for
19 Issuance of a Board Resolution Authorizing Administrator
20 and CEO Belinda S. Sanchez to Sign For And On Behalf Of
21 the National Tobacco Administration (NTA) In The Usufruct
22 Agreement With The Philippine Red Cross (PRC)-Abra
23 Chapter, Represented by its Board Chairman, Cresencio J.
24 Calina Regarding the Portion of NTA Abra Real Property
25 Located At Corners Taft-Washington Street, Zone 6,
26 Bangued, Abra".
27

28 To report on the Summary of this agenda, may we recognize
29 Honorable Director Gerry Virgilio V. Guzman, Chairperson,
30 Committee on Legal Matter and Properties. Sir.
31

32 **DIR. GUZMAN:** Good morning, Mister Chair and to everyone present here today,
33 this is the Summary Report of Discussion and Recommendations
34 for this Agenda.
35

- 36 • The Resource Person, Deputy Administrator for Support Services
37 (DASS) Benedicto M. Savellano made the request then turned it
38 over to the Board Secretary, Atty. Obusan to discuss the Usufruct
39 Agreement.
40
41 • Atty. Obusan established the timeline that led to the drafting of the
42 proposed usufruct agreement. In a Committee Meeting held on
43 July 9, 2024, representatives from the Philippine Red Cross
44 (PRC) – Abra Chapter appeared before the Board and manifests
45 its intention to enter into such agreement with the NTA.
46
47 • The Asset and Inventory Management (AIM) Committee headed
48 by DASS Savellano then informed the Board that PRC Abra had
49 already complied with the requirements imposed upon them by
50 his committee.
51

52 These Includes:

- 53
54 1. Letter of Recommendation from Abra Governor.

2. To submit a proposal that will satisfy both sides, the NTA-Abra and PRC-Abra for land utilization.
3. To derive recommendation from DASS and his team for land utilization.
4. Personally appear before the Board to deliver their request.

- The Board then approved in principle the request by PRC Abra subject to the drafting, finalization and approval of the Usufruct Agreement, hence this request.
- As of the moment, PRC Abra is occupying 604 square meters out of the total land area of 1,761 square meters owned by the NTA. Based on the Usufruct Agreement, it will limit the area occupied by PRC to 289.20 square meters and allowing NTA to recoup the remaining 314.80 square meters.
- The term will be for 25 years and will be binding upon the parties thereto and their successors-in-interest.
- The Usufruct Agreement discussed in details the obligations of both parties as stated.
- Yours truly, recommended the inclusion of the of the proposed land utilization/development plan and become a vital part of the agreement and that PRC Abra to strictly comply with it. Atty. Obusan committed to revise the agreement accordingly to include the recommendation.
- After the signing of the Usufruct Agreement, immediate commencement of land-securing activities by the NTA and the construction of the PRC Abra office will follow.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of this agenda. Thank you very much!

38 **DIR. SERNA:**

I second the motion.

40 **USEC. SAVELLANO:**

There's a motion. Seconded. Any discussion, or objection? I hear none. Just an observation, and at the same time a suggestion, can we indicate a specific timeline on when PRC Abra should commence the land securing activities and the supposed construction of its new Chapter office. Pag-aralan ninyo, kayo ang mga abogado, as an added protection on the interest of NTA in the property mentioned. Meron ba tayo pictures so that we can visualize the real situation or status of the property?

49 **ATTY. OBUSAN:**

This is duly noted, Mister Chair. I can add another provision indicating the specific timeline within which, the PRC Abra Chapter should commence these activities as mentioned, otherwise, failure to do so can be used as a valid ground for the pre-termination of the Usufruct Agreement and will lead to the subsequent turnover of the said portion to NTA without the need for a Demand or Court Order. Thank you.

1 **USEC. SAVELLANO:** What are we going to do with the recovered area? Explore the
2 option of converting it into commercial stalls to be rented out so
3 that it will generate additional income for NTA.
4

5 **DASS SAVELLANO:** After knocking down the old building of the PRC, the recovered
6 area will be used by the NTA for its future land development plans,
7 but in the meantime, it will be used as parking space for the NTA
8 and its guests.
9

10 *(Engr. Abraham C. Dela Peña, OIC of the GSPD proceeded to*
11 *show pictures of the subject NTA property in Bangued, Abra using*
12 *Google Map.)*
13

14 **USEC. SAVELLANO:** Any other discussion? Hearing none, then the motion is approved.
15 Can we now go to the next item?
16
17

18 **BOARD RESOLUTION NO. 276, S. 2024**

19
20 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
21 ***GOVERNING BOARD AUTHORIZES ADMINISTRATOR AND CEO BELINDA S.***
22 ***SANCHEZ TO SIGN FOR AND ON BEHALF OF THE NATIONAL TOBACCO***
23 ***ADMINISTRATION IN THE USUFRUCT AGREEMENT WITH THE PHILIPPINE RED***
24 ***CROSS-ABRA CHAPTER, REPRESENTED BY ITS BOARD CHAIRMAN,***
25 ***CRESENCIO J. CALINA REGARDING THE PORTION OF NTA ABRA REAL***
26 ***PROPERTY LOCATED AT CORNERS TAFT-WASHINGTON STREET, ZONE 6,***
27 ***BANGUED, ABRA.***
28

29 ***UNANIMOUSLY APPROVED....”***
30
31

32 **ATTY. OBUSAN:** Mister Chair, under **Agenda (D)**, we have, request for “**Approval**
33 **of the Implementing Guidelines for the Integrated Farming**
34 **and Other Income Generating Activities Project-Tobacco**
35 **Contract Growing System (IFOIGAP-TCGS) for CY 2024-**
36 **2025”.**
37

38 To report on the Summary of this agenda, may we recognize
39 Honorable Director Luzviminda U. Padayao, Chairperson,
40 Committee on Research and Extension. Ma’am.
41

42 **DIR. PADAYAO:** Good morning, Mister Chair and to everyone present here today,
43 this is the Summary Report of Discussion and Recommendations
44 for this Agenda.
45

- 46 • The Resource Person, Deputy Administrator for Operations
47 (DAOP) Nestor C. Casela presented the agenda.
48
- 49 • NTA has adopted the Integrated Farming and Other Income
50 Generating Activities Project-Tobacco Contract Growing System
51 (IFOIGAP-TCGS) to increase tobacco farmer’s productivity and
52 income level. The project provides production assistance, post-
53 harvest facilities, and marketing scheme assistance to farmers
54 who are members of the block farm under the Tobacco Contract

1 Growing System to augment the production support extended by
2 the Buyer Firms and the LGUs. Buying stations, field canvassers,
3 and viajeros participating in the project requires compliance with
4 Good Agricultural Practices (GAP) and Agricultural Labor
5 Practices (ALP) to ensure crop integrity and reduce health
6 hazards. Registered Tobacco Farmers Associations and
7 Cooperatives may also participate in the project for special
8 purposes.
9

- 10 • To ensure the attainment of the objectives and the smooth and
11 orderly implementation of the project in the light of auditing,
12 accounting, and legal requirements, the following
13 policies/guidelines are hereby requested effective CY 2024-2025
14 and every year thereafter, unless amended or revised.

- 15 • The following are the salient features of the Implementing
16 Guidelines:
17

18
19 1. Criteria for Site Selection
20

21 Criteria for site selection include access to good quality irrigation
22 water, sufficient land area (at least 20 hectares per block farm),
23 suitable soil structure and drainage, and no incidence of tobacco
24 diseases in the past two years.
25

26 2. Qualifications of Farmer Cooperator (FC) or Block Farm Member
27 (BFM)
28

29 Farmers who wish to participate must meet certain qualifications,
30 including being a tobacco farmer with a minimum area of 0.25
31 hectare, adopting prescribed production technology, providing
32 labor and equipment, and not being closely related to the
33 Extension Worker assisting them within the 2nd degree of
34 consanguinity or affinity.

35 They must have paid in full the amount of production assistance
36 availed from the previous crop year with the certification from the
37 Branch Accountant. However, if the non-payment of the
38 production assistance was caused by force majeure, the FC shall
39 apply for the restructuring of his/her past due production
40 assistance and execute another promissory note indicating
41 therein the new schedule of payment for a period not exceeding
42 two years;

43 3. Participating Tobacco Buyer Firm (BF) / Tobacco Farmers
44 Associations and Cooperatives (TFACs)
45

46 The BF must have an appropriate License to Buy Tobacco issued
47 by the NTA for the current trading year. Provided, further, that the
48 TFAC shall issue the corresponding Certificate of Purchase
49 (COP) and pay the Research and Regulation (R&R) and Service
50 Fees.
51

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.

4. Production Assistance

The production assistance shall be provided “in cash” and “in kind” directly to farmer cooperators. The cash portion shall include costs for land preparation, seedlings, gas and oil, and 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.

5. Production Subsidy

FCs who shall plant Virginia, Burley, and Native tobacco, shall be qualified to avail production assistance, and shall be granted the following subsidies.

- a. 40% subsidy.
- b. Likewise, 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.

6. Imposition of Administrative Charges and Services Fee (NTA Financed)

- a. The production assistance, net of subsidy, shall be subject to an administrative charge of 2% per annum to be paid from the proceeds of the sale of tobacco in accordance with the specified schedules. A one-time service fee of 1% shall be collected upon availment, based on the gross amount availed.
- b. Except in the case of TFACs, there shall be a service fee to be paid by the participating Buyer Firm (BF) and registered field representatives who earlier agreed to pay the said fee to the NTA is categorized as follows:

Type of Assistance	Service Fee
1.Full assistance by NTA (Technical Assistance, Farm Inputs and Cash Portion provided)	Php 1.00/kg
2.Combination of Assistance (cash or farm inputs from BF/LGU or NTA and NTA Technical Assistance)	Php 0.50/kg

3.NTA providing Technical Assistance Only	Php0.30/kg
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- The project also includes provisions for recruitment, registration, and application for production assistance, as well as monitoring and documentation of project progress. Violations of project guidelines can result in sanctions or blacklisting of individuals or organizations involved. Mitigating measures are in place for fortuitous events, and a National Project Management Team oversees the implementation of the project.
- In accordance with the GCG targets of the Agency which are based on historical performance, the target yield in kilograms per hectare for CY 2024-2025 for the different tobacco types/subtypes are as follows:

Tobacco type/subtype	Yield, kg/ha
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

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- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. SERNA: I second the motion.

USEC. SAVELLANO: There is a motion, duly seconded. Just a clarification, what about the farmers in Mindanao, are they included here? Kasama ba sila dito sa TCGS? Kasi wala naming Buyer Firms doon, di ba?

DIR. PADAYAO: Yes, Sir. They will selling their local produce to the Tobacco Farmers Associations and Cooperatives or the so called TFACs, who have secured appropriate License to Buy Tobacco issued by the NTA for the current trading year. Provided, further, that they

1 shall issue the corresponding Certificate of Purchase (COP) and
2 pay the Research and Regulation (R&R) and Service Fees.
3
4 **DAOP CASELA:** There is a special provision on the Implementing Guidelines for
5 the tobacco farmers in Mindanao because in that area, there are
6 no traders or buying stations. So, the TFACS will serve as the
7 marketing field for the local tobacco farmers.
8
9 **USEC. SAVELLANO:** From your experience, is this, okay? How's the collection or the
10 payment?
11
12 **DAOP CASELA:** Okay naman po. Their payment and collection system are very
13 efficient. Isa lang po kasi ang pasukan at labasan sa lugar ng
14 bentahan ng tabako.
15
16 **USEC. SAVELLANO:** Incorporated na dito sa Implementing Guidelines ang lahat ng
17 kailangan?
18
19 **DAOP CASELA:** Sir, before we agreed on this, there was a series of consultations
20 made by the Technical Working Group. Just the other week, this
21 was presented to our Branch Managers, and they approved the
22 provisions written here.
23
24 For the 2023-2024 for NTA's exposure, that is about almost
25 PhP150 million. We have a collection rate of about 80% and still
26 projected to increase because the trading for Native tobacco is
27 still on-going.
28
29 In terms of the delivery of tobacco produce, the farmers are
30 complying with this because it is very specific in the Implementing
31 Guidelines that if they will avail of the 40% subsidy, they have to
32 deliver the stipulated volume based on their area planted to
33 tobacco.
34
35 **USEC. SAVELLANO:** Okay. So, 80% collection? Even for Mindanao?
36
37 **DAOP CASELA:** More or less, Sir. For Mindanao, the trading is scheduled for next
38 month.
39
40 **USEC. SAVELLANO:** This is the first time that we're going to implement this is in
41 Mindanao?
42
43 **USEC. SAVELLANO:** Who is going to monitor this?
44
45 **DIR. PADAYAO:** We have a team stationed in Mindanao, Sir.
46
47 **DAOP CASELA:** We augmented them lately with two regular field personnel. But
48 still, we cannot fully provide services to the number of farmers.
49 That's why we only limit, just to be more effective, we limit the
50 operations in Misamis Oriental and a part of Maguindanao.
51
52 **USEC. SAVELLANO:** I heard Maguindanao, they're also planting now?
53
54 **DAOP CASELA:** Yes, Sir. As evidenced by the report, the volume of production
55 based on the certification by NTA is nearing 4 million kilos already
56 for the whole of Mindanao.

1 **USEC. SAVELLANO:** But from what I heard, the quality of soil in Maguindanao is not as
2 good as in Misamis Oriental, tama ba?
3

4 **DAOP CASELA:** Yes, sir.
5

6 **USEC. SAVELLANO:** We need to have an in-depth study, or soil analysis for the whole
7 country, so that we can pinpoint where tobacco is best suited. Do
8 you have this data?
9

10 **DAOP CASELA:** At the moment, none Sir. But the initial activity prior to the planting
11 of tobacco, is to make a soil analysis of the location.
12

13 **USEC. SAVELLANO:** Who encourages the province of Maguindanao to plant tobacco?
14 Or is it on their own volition?
15

16 **ADMIN. SANCHEZ:** They approached us, and we brought them here for technical
17 assistance and training.
18

19 **USEC. SAVELLANO:** But after planting, during harvesting, where will they sell it? I think
20 that's their main problem now.
21

22 **DAOP CASELA:** During the last tobacco summit held there, that was one of the
23 major concerns of the LGUs. That is why, we came up with the
24 provision for the Tobacco Farmers Associations and Cooperatives
25 or the so called TFACs
26

27 **USEC. SAVELLANO:** What will happen if they don't have buyers of their tobacco?
28

29 **DAOP CASELA:** There are also viajeros there, Sir, though it is hard to depend fully
30 on them.
31

32 **USEC. SAVELLANO:** How about the quality?
33

34 **DAOP CASELA:** In terms of quality, the quality in Misamis Oriental is better, when
35 compared to the local produce in Pangasinan, La Union, and
36 Cagayan. Some viajeros, they come here in Luzon to buy tobacco
37 at a lower price then sell it at a higher price in Mindanao. But
38 according to the end-users who use it, Misamis Oriental's tobacco
39 is really better.
40

41 **USEC. SAVELLANO:** My concern now is like this, the provincial government, they're
42 engaged in planting tobacco. In terms of their market, how can
43 NTA help in selling the tobacco produce of Maguindanao?
44

45 **DIR. PADAYAO:** In the event that there's an increase in the number of tobacco
46 farmers?
47

48 **DAOP CASELA:** Sir, I suggest that we should increase also our manpower and
49 workforce so that we can immediately provide assistance for
50 them, just like what we did in Misamis Oriental.
51

52 **USEC. SAVELLANO:** Because based on the information that I have gathered; they
53 really want to plant tobacco. The problem is, where will they sell
54 it?
55

56 **DAOP CASELA:** On the marketing side, there are a lot of viajeros. In fact, a lot of
57 them applied for permits to buy tobacco.

1 **USEC. SAVELLANO:** But with regards to the viajeros, do we have a way or means to
2 control them?
3

4 **ATTY. AMBROS:** Sir, we have instituted regulations for them to comply and follow.
5

6 **USEC. SAVELLANO:** Next time, can you report on that so that we can study the market
7 possibilities or opportunities for them. Because it will be
8 discouraging if they don't have a market, meaning they cannot
9 take advantage of the high floor price. If that is the case, they
10 might be discouraged to expand.
11

12 **ATTY. AMBROS:** Okay, Sir.
13

14 **DAOP CASELA:** In terms of prices, in the report of Atty. Ambros before, the
15 average price of Native Batek Morada is at PhP303.22, it is high
16 because of the high price in Mindanao. The average buying price
17 in Mindanao is PhP364.70.
18

19 **USEC. SAVELLANO:** So anyway, in our next meeting, can you brief us on that? These
20 are the things that we have to address. Anything else?
21

22 **DIR. PADAYAO:** Sir, I have a suggestion yesterday, because the existing R&R fees
23 is 60 centavos per kilo. Can we increase it to at least PhP1.00 per
24 kilo? Para naman madagdagan din yung income natin.
25

26 **USEC. SAVELLANO:** Who is in charge of this? Reviewing the current fees?
27

28 **DAOP CASELA:** Mr. Chair, the Regulations Department has made a proposal for
29 the increase of fees for NTA in all of the regulatory requirements.
30 This is subject also for possible increase, the R&R which Director
31 Luz mentioned, kasama po ito dito. Ongoing na po ang
32 discussions patungkol dito ng Technical Working Group.
33

34 **USEC. SAVELLANO:** During our next meeting, can you present also kung ano na pwede
35 nating increase dito sa mga regulatory fees?
36

37 **ATTY. AMBROS:** With the permission of the Honorable Chair, Sir, as of now, naka-
38 create na po natin yung Revision of Fees Committee, and we are
39 reviewing yung mga existing regulatory fees natin. Ang initial draft
40 na pag-usapan namin is we will increase that by 50%. Para kung
41 merong negotiation with the concerned stakeholders, pwede
42 kaming bumaba hanggang sa 25% increase.
43

44 **USEC. SAVELLANO:** May hearing pa naman yan, diba?
45

46 **ATTY. AMBROS:** May consultation pa po.
47

48 **USEC. SAVELLANO:** Anyway, before the consultation with the stakeholders, can you
49 submit also to this body yung proposal, para alam natin?
50

51 **ATTY. AMBROS:** Definitely, Sir. We will be seeking approval of the Governing
52 Board regarding the Proposed Increase of the NTA's Regulatory
53 Fees.
54

55 **USEC. SAVELLANO:** Okay. Any more discussion on this agendat? Since it had been
56 moved and seconded, then the motion is **APPROVED**. Next item.
57

1 **BOARD RESOLUTION NO. 277, S. 2024**

2
3 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
4 ***GOVERNING BOARD APPROVES THE IMPLEMENTING GUIDELINES FOR THE***
5 ***INTEGRATED FARMING AND OTHER INCOME GENERATING ACTIVITIES***
6 ***PROJECT-TOBACCO CONTRACT GROWING SYSTEM (IFOIGAP-TCGS) FOR CY***
7 ***2024-2025.***

8
9 ***UNANIMOUSLY APPROVED...."***

10
11 **ATTY. OBUSAN:** Mister Chair, under **Agenda(E)**, is the "Presentation/Briefing on
12 the Regulatory Jurisdiction of the National Tobacco Administration
13 and Collaborative Governance as a means of Curbing Illicit
14 Tobacco Trade".

15
16 May we recognize Atty. Rohbert A. Ambros, Manager,
17 Regulations Department, to render his report on this agenda.

18
19 **ATTY. AMBROS:** Good morning to the Honorable Chairperson and the Members of
20 the Governing Board.

21
22 For my first presentation, I'll give you the legal basis on why NTA
23 have the regulatory authority over tobacco.

24
25 The mother law that was issued was Act No. 2613, regulating the
26 tobacco industry. This power was jointly undertaken by the
27 Bureau of Agriculture and the Collector of Internal Revenue. So
28 surprisingly, wala pa tayo dyan. Wala pa kasing mga tobacco
29 agencies during that time. The authority to regulate was granted
30 to the Director of Agriculture and the Collector of Internal
31 Revenue.

32
33 Then Republic Act No. 1135 in 1954. This was the first tobacco
34 law establishing the Philippine Tobacco Administration (PTA).
35 The regulatory authority was concentrated only to native type of
36 tobacco.

37
38 Again, succeeding law amending Republic Act 1135 is R.A. 2233.
39 So aside from the PTA, meron din syang board. Just like now,
40 meron tayong Governing Board. Every administration, meron
41 syang supervising board. That's the Native Tobacco Classification
42 Council.

43
44 The next legal basis we have is Republic Act No. 2265. Ito naman,
45 it created the Philippine Virginia Tobacco Administration (PVTA)
46 sometime in 1959.

47
48 Then Executive Order No. 331 was also issued. Nag-create din
49 sya ng Philippine Virginia Tobacco Board, similar to the Native
50 Tobacco Classification Council.

51
52 Then in 1978, ito na yung ating Presidential Decree No. 1481. Ito
53 yung Mother Law of All Rules and Regulations. This was issued
54 by no other than former President Ferdinand Marcos. Yung mga

1 existing regulations natin, dyan po nakakabit sya. Yung authority
2 natin to issue rules and regulations was based on 1481.
3

4 Then came Executive Orders 116 and 245 in 1987, which were
5 later law. So yung E.O. 116 actually was the merger of the eight
6 tobacco agencies. And then later in July 1987, yung E.O. 245, yan
7 na yung creation ng National Tobacco Administration. Yan na po
8 yung charter ng NTA.
9

10 **USEC. SAVELLANO:**

11 Were you able to made an inventory of all the real properties of
12 NTA as a result of this merger. If I remember it correctly, itong
13 current DAR office ay pag-aari ng PTA or PVTA, please check on
14 this. Maybe it is still under our name. Tayo naman ang gagawa ng
15 Usufruct Agreement with DAR.

16 **DASS SAVELLANO:**

17 Actually, Sir, the AIM Committee is conducting an inventory of all
18 our properties all over the Philippines. We will also go to Sultan
19 Kudarat and Misamis Oriental. We already conducted inventory in
20 Isabela, Cagayan.

21 **USEC. SAVELLANO:**

22 Can you submit that report in our next meeting?

23 **DASS SAVELLANO:**

24 We're just finishing, Sir. We will try our best, best effort.

25 **ATTY. AMBROS:**

26 Moving on. Then there are other similar or related issuances. Ito
27 yung DBM Approved Rationalization Plan of 2007. In-expand kasi
28 ng DBM yung authority ng NTA. Not only service-oriented, nag-
29 dagdag na sya ng mga economic activities, yung income
30 generating activities such as the tobacco dust plant, mga ganyan.
31 And other related functions of the NTA.

32 Next, NTA Rules and Regulations Governing the Trading &
33 Redrying of Locally Grown Leaf Tobacco, Manufacturing and
34 Processing of Tobacco Products and Import and Export of Leaf
35 Tobacco and Tobacco Products, ito na yung mga existing rules
36 natin, which we are currently implementing.
37

38 Next, yung OGCC Opinion No. 114 (2004) and OGCC No. 159,
39 Series of 2022 are confirmation na ang NTA can validly regulate
40 the tobacco industry.
41

42 Sa OGCC opinion no. 114, kasi during that time, this was the first
43 year that we implemented the export and import rules. Medyo
44 nagulat yung mga tobacco industry bakit ang NTA nagre-regulate
45 ng import-export. When in fact they were used to PTA or the PVTA
46 previously, local trading lang ang nire-regulate nilang dalawa.
47

48 Nagulat sila why we are already covering import and export of
49 tobacco. So yung ating regulatory power was not given to us in a
50 silver spoon but it came with legal challenges. Actually, may case
51 ito, to support it.
52

53 Nag-file sila ng quo warranto to question NTA's authority,
54 questioning the implementation of NTA's import and export rules.
55 So yung importers and exporters, ayaw nila ma-regulate.
56 According to the Opinion of the OGCC, they confirmed that the
57 NTA is authorized to regulate the import and export of tobacco.

1 Ang authority natin covers tobacco leaf and tobacco products
2 based on this OGCC opinion.
3

4 Then most recently in 2022, yung mga operators and
5 manufacturers within the economic and free port zones. Sabi kasi
6 nila, free port zones and economic zones are a separate territory
7 of the country. So hindi dapat applicable yung mga local laws
8 within the zone, including yung commodity clearances that we are
9 currently issuing and enforcing.
10

11 Sabi naman ng OGCC, since this is an administrative requirement
12 and it involves yung tobacco kasi may health aspect kasi sya. We
13 can implement our requirement within the economic and free port
14 zones. So, tuloy pa rin tayo sa pag-issue ng mga commodity
15 clearances within or outside the economic and free port zones.
16

17 Going back, Act 2613 was implemented by the Bureau of
18 Agriculture and the Commission of Internal Revenue. This was
19 the mother law that was issued na nire-regulate na nila yung mga
20 planters, and even those involved in tobacco trading. Wala pa po
21 dito yung import and export.
22

23 Of course, the reason why the Internal Revenue was
24 implementing this Act was there was already fees that are being
25 collected in the trading of tobacco. Ito na po yung ating authority
26 on why we are classifying and grading the tobacco.
27

28 Sa R.A. 1135, pati yung export po, dito nila nakita yung exact
29 same word. Yung OGCC opinion, ito po ang naging basis nila.
30 Kaya na-confirm na kahit export or import ng tobacco, it is covered
31 within our regulatory authority.
32

33 Sa R.A. 2233, that was the creation of the Native Tobacco
34 Classification Council. Sila yung governing body over the native
35 tobacco type and before the creation of PVTA. So ganoon din
36 yung function nila, supervise and control the classification and
37 grading of leaf tobacco, including export nandiyan din.
38

39 Sa R.A. 2265, it established the Philippine Virginia Tobacco
40 Administration (PVTA), it empowers the PVTA to prescribe rules
41 and regulations governing the grading, classifying, and inspecting
42 of Virginia tobacco.
43

44 Sa E.O. 331, ito yung Philippine Virginia Tobacco Board, primarily
45 to Study and Recommend Systems or Standards of Classification
46 and Grading of Flue-Cured Tobacco. It was only a study or
47 recommendatory body pagdating sa standardization and
48 classification ng flu cured tobacco. The implementing agency pa
49 rin is the PVTA.
50

51 Ito yung sinasabi ko sa inyo na may Other Rules and Regulations
52 with respect to the local trading.
53

54 No other than the President of the Philippines signed Presidential
55 Decree No. 1481 in 1979. It granted the following powers to the
56 PVTA Inspectors, among others. They can enter into premises or
57 any conveyances that they believe contains tobacco. They can

1 inspect that. If they cannot produce those requirements required,
2 they have the authority to detain it. So those were the powers
3 granted to the PVTA inspectors before.
4

5 Under E.O. No. 116 and 245, na-retain natin yung enforcement
6 on Rules and Regulations, pero pagdating lang sa production,
7 standardization, classification, grading and trading. Dito rin
8 nadagdag yung tobacco products.
9

10 I'm not saying this already repealed P.D. 1481. Doon kasi sa una
11 may police power pero dito sa E.O. 245, administrative sanction
12 na lang yung pwede natin i-impose. So yun yung ating kailangan
13 i-resolve.
14

15 Would that extend to tobacco products? Kasi yung P.D. 1481
16 specifically sa tobacco leaf lang ang covered nito. Kasi ang police
17 power should be specifically granted by law. So yun po ang isang
18 issue.
19

20 If ever we will be requesting for a resolution on this issue, we will
21 lodge that before the Secretary of the DOJ to confirm kung yung
22 P.D. 1481 ay pwede pa din natin implement? Kung ito ay covered,
23 pwede natin extend yung authority over tobacco products?
24

25 So ito po yung dalawang issue na dapat i-resolve ni Secretary ng
26 DOJ. With the specific provision that we can only impose
27 administrative sanctions. Ano ba yung components ng
28 administrative sanctions na pwede natin ipataw? That only
29 involves either suspension or revocation ng licenses and permits,
30 or kung minor violation lang baka fines lang po siya.
31

32 **USEC. SAVELLANO:** So, can you draft a letter on this? Tanungin na natin ito sa DOJ.

33 **ATTY. AMBROS:** Yes, Sir. I will just coordinate with Atty. Obusan.
34
35

36 Let's continue. Pending itong legal issue, merong naisip si Mister
37 Chair, Honorable Usec DV Savellano na alternative. Ito po yung
38 susunod ko na report, collaborative undertaking with the
39 Philippine Coast Guard.
40

41 Collaborative Governance is a participatory approach to decision-
42 making and problem-solving by bringing together various sectors,
43 including government agencies and other stakeholders, working
44 together in a cooperative manner to identify common goals, share
45 resources and responsibilities, and develop and implement
46 policies, programs, or initiatives aimed at addressing complex
47 societal challenges or achieving mutually beneficial outcomes.
48

49 With this principle ito po yung naisip ni Usec DV na alternative
50 natin habang hindi pa natin re-resolve yung legal issue.
51

52 Sa Rationale for Adopting Collaborative Governance, NTA has
53 administrative regulatory powers but have no police power. So
54 that is our strength, meron tayong administrative regulatory
55 power; and meron tayong threat, wala tayong police power.
56

1 Pero meron tayong opportunity, merong mga other government
2 agencies na willing naman to help us without need for further
3 legislative action, we just need to coordinate with existing law
4 enforcement agencies. Yung weakness natin is insufficient fund.
5 Wala tayong intelligence fund.
6

7 Bawal na daw ang intelligence fund ngayon according to the
8 Congress except for the Office of the President and yung mga law
9 enforcement agencies. Parang border control lang rin tayo, so we
10 are not allowed to ask for intelligence fund.
11

12 In order for PCG to help us, syempre we should provide their
13 administrative or overhead expenses. Just like syempre may mga
14 allowance din dapat, may mga pang-gasolina para mabilis yung
15 sasakyan na makahabol, especially if we say Philippine Coast
16 Guard, mga boats yan. There must be gasoline for their motorized
17 boats. Medyo malaki rin ang funding na kailangan natin dito,
18 pareho natin gagamitin, NTA and PCG together.
19

20 Hindi kasi pwede yung they are using their own and we are using
21 our own. Mas mahirap yung coordination especially if there are
22 intelligence information and we have to act immediately. Ang hirap
23 naman na pupunta tayo sa office nila. If we have our own office to
24 maintain, dun nakalagay na lahat ng mga kailangan. We will just
25 let the Heads of Agencies to issue the Mission Order.
26

27 Under Proposed Collaborative Undertaking, pwede po nating
28 ride-on sa negotiation ng DA and PCG for the apprehension of
29 smuggled agri-fishery products itong tobacco leaf and tobacco
30 products. Technically the agreement is a quadrilateral agreement
31 with the secretaries of both Department of Agriculture and
32 Department of Transportation being the supervising heads of the
33 NTA and PCG. Among the advantages are PCG has existing
34 police powers and has sufficient manpower and equipment.
35 The Salient Features of the MOA to be drafted is that it
36 strengthens linkages, enhance coordination, and develop new
37 skills and expertise. Meron silang intelligence expertise pero tayo
38 meron tayong technical expertise with respect to tobacco. If we
39 will share that expertise together, mas mapapa-igting ang curbing
40 ng illicit tobacco trade.
41

42 What are the responsibilities of the NTA?
43

- 44 1. Will lend support in the investigation and enforcement of rules
45 and regulations.
- 46 2. Define the specific tasks/functions, duties and responsibilities
47 of the duly authorized/ personnel of the PCG.
- 48 3. Conduct capacity-building activities or trainings to the
49 authorized personnel of PCG.
- 50 4. Effect necessary adjustments in its systems and processes to
51 accommodate the effective implementation of this joint
52 undertaking;
- 53 5. Conduct regular monitoring of the performance of the
54 authorized personnel of PCG.
- 55 6. Issue appropriate internal administrative measures necessary
56 for the full implementation of this agreement. These are

1 internal administrative measures, mga pro-forma na lang ng
2 MOA yan. If there are other tasks that may be directed by the
3 Secretary or the OP, we will do that for them.

- 4 7. Provide regular updates and status reports.
- 5 8. Submit report to the Secretary of the Department of Agriculture
6 and the Office of the President; and
- 7 9. Perform such other tasks as may be directed.

8
9 What are the responsibilities of the PCG?

- 10 1. Lead in the conduct of investigation, intelligence gathering and
11 enforce laws involving illicit tobacco trading.
- 12 2. Perform such other tasks as may be directed by the Secretary
13 of the Department of Transportation, Secretary of the
14 Department of Agriculture and the NTA Administrator; and
- 15 3. Retain disciplinary jurisdiction for offenses committed by
16 Coast Guard personnel in the performance of their duties and
17 responsibilities.
18

19
20 Since yung budget for 2025 is ongoing na po ang hearing, baka
21 hindi na natin maibasok yung MOO for this collaborative
22 undertaking. Baka sa 2026 na po natin ito maisasama sa budget.
23 Yung specific fund allocated for this activity, kanya-kanyang
24 expense muna. So PCG will spend for their own and NTA will
25 spend for our own.
26

27 This shall, however, not prevent either Party, subject to
28 compliance with government budget, accounting and auditing
29 rules and regulations, from providing appropriate financial support
30 or other resources that are necessary in the implementation of this
31 MOA.
32

33 Usually, yung agreement with both government agencies, wala
34 siyang specific effectivity. They are envisioned to be implemented
35 perpetually to combat illicit trade of tobacco.
36

37 One-year muna yung pinalagay ni Usec DV and then it can be
38 pre-terminated provided there is at least 30-day prior written
39 notice on the following grounds:
40

- 41 1. Non-accomplishment or non-performance of duties and
42 undertakings.
- 43 2. Delay or breach of obligations; and
- 44 3. Evidence of non-commitment.
45

46 For example, may joint operation tapos bigla yung sinasabi natin
47 na smuggler is nakatunog and then we found out na sila yung nag-
48 leak. We can terminate the agreement based on that ground.
49

50 Moving forward ano bang kailangan natin gawin? Of course, the
51 MOA is still a working draft so the Honorable Members of the
52 Governing Board can still make their comment and suggestion
53 and that will be included on the revised draft. Once the MOA will
54 be signed, idadaan natin po ito sa Board for ratification.
55 Considered ratified na po siya kapag during the consultation


1 **DIR. GUZMAN:** I second the motion.
2
3 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
4 **SO, ORDERED.**
5
6 **ATTY. OBUSAN:** That concludes our 178th Regular Meeting of the NTA Governing
7 Board. To all the online participants, thank you for your
8 attendance and participation. Magandang umaga po sa lahat.
9

10
11 Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:25 AM.
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector

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OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND THIRTY-THIRD (133RD) SPECIAL BOARD MEETING
 OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
 11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
 27 SEPTEMBER 2024 (02:00 PM)**

PRESENT:

- Hon. DEOGRACIAS VICTOR B. SAVELLANO** - **Undersecretary/Department of Agriculture & NTA Oversight Official / Alternate Chairman Designate**
- Adm. BELINDA S. SANCHEZ** - **Vice-Chairman of the Board / Administrator & CEO**
- Dir. JESSIE PAT M. SERNA** - **Member, Tobacco Traders/Exporters Sector**
- Dir. RAY A. ELAYDO** - **Member, Tobacco Manufacturing Sector**
- Dir. WILLORD L. REYES** - **Member, Tobacco Farmers Sector**
- Dir. LUZVIMINDA U. PADAYAO** - **Member, Tobacco Farmers Sector**
- Dir. GERRY VIRGILIO V. GUZMAN** - **Member, Tobacco Farmers Sector**

OTHERS PRESENT:

- Mr. NESTOR C. CASELA** - **Deputy Administrator for Operations**
- Mr. BENEDICTO M. SAVELLANO** - **Deputy Administrator for Support Services**
- Atty. GORGONIO G. OBUSAN III** - **Board Secretary V**
- Mrs. MAYLYN FLORES-MIZAL** - **Administrative Assistant III/ Secretary II (J.O.)**
- Mr. JERICHO V. BALMACEDA** - **Administrative Aide Clerk III (J.O.)**

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

1 **MINUTES OF THE MEETING**

2
3 **ATTY. OBUSAN:** Good afternoon, everyone. For the 133rd Special Meeting of the
4 NTA Governing Board, please welcome the Presiding Officer,
5 Honorable Undersecretary of the Department of Agriculture & NTA
6 Oversight Official/Alternate Chairman-Designate, Deogracias
7 Victor "DV" B. Savellano. May we request you Sir to please call to
8 order the meeting.
9

10 **I. CALL TO ORDER**

11
12 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
13 *meeting to order at 02:05 PM.*
14

15 **USEC. SAVELLANO:** The 133rd Special Meeting of the NTA Governing Board is called
16 to order. Mister Secretary, kindly lead the opening prayer.
17

18 **II. OPENING PRAYER**

19
20 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*

21
22 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
23 quorum?
24

25 **ATTY. OBUSAN:** Thank you, Mister Chair.
26

27 For the 133rd Special Meeting of the NTA Governing Board, we
28 have of course, the Presiding Officer, Honorable Undersecretary
29 of the Department of Agriculture & NTA Oversight Official/
30 Alternate Chairman-Designate, Deogracias Victor "DV" B.
31 Savellano. *Good afternoon, Sir.*
32

33 We are also joined online by the Vice-Chairman and Administrator
34 & CEO, the Honorable Belinda S. Sanchez, *Good afternoon,*
35 *Ma'am.*
36

37 We also have the members of the NTA Governing Board,
38

39 Honorable Dir. Ray A. Elaydo, representing the Tobacco
40 Manufacturing Sector; *Good afternoon, Sir.*
41

42 Honorable Director Gerry Virgilio V. Guzman, representing
43 Tobacco Farmers sector. *Good afternoon, sir.*
44

45 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
46 Traders/Exporters Sector; *Good afternoon, Sir.*
47

48 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
49 Sector; *Good afternoon, Sir, and*
50

51 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
52 Farmers Sector; *Good afternoon, Ma'am.*
53

54 Also present here at the NTA Boardroom and joining us are:
55

56 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
57 *afternoon, Sir DAOP.*

1 Mr. Benedicto M. Savellano, Deputy Administrator for Operations.
2 *Good afternoon, Sir DASS.*

3
4 Finally, joining us also online are the Department Managers and
5 Branch Managers, OICs from the Central and Branch offices.
6

7 As such, Mister Chair, we have a Quorum.

8
9 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
10 Confirmation, Adoption, and Consideration in our Agenda.

11
12 **ATTY. OBUSAN:** Mister. Chair, for our first agenda, Agenda (A), the request for
13 "Approval of the Agenda of the 133rd Special Meeting of the
14 NTA Governing Board, held today, 27 September 2024 at 02:00
15 PM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
16 Quezon Avenue, Quezon City".

17
18 **USEC. SAVELLANO:** What's the pleasure of the body?

19
20 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
21 133rd Special Meeting of the NTA Governing Board, held today, 27
22 September 2024, at this time, at the NTA Boardroom, 11th Floor,
23 Upper Class Tower, Quezon Avenue, Quezon City.

24
25 **DIR. SERNA:** I second the motion.

26
27 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
28 none. Then the motion is APPROVED. Can we go to the next item?
29
30

31 **BOARD RESOLUTION NO. 278 S. 2024**

32
33 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING
34 BOARD APPROVES THE AGENDA OF THE 133RD SPECIAL MEETING OF THE NTA
35 GOVERNING BOARD, HELD ON 27 SEPTEMBER 2024, AT 02:00 PM, AT THE NTA
36 BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE., QUEZON
37 CITY.***

38
39 ***UNANIMOUSLY APPROVED...."***

40
41 **ATTY. OBUSAN:** Mr. Chair, under Agenda (B), the request for "Approval of the
42 Minutes of the 178th Regular Meeting of the NTA Governing
43 Board, held on 13 September 2024, at 09:30 AM, at the NTA
44 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
45 Quezon City".

46
47 **DIR. GUZMAN:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
48 the 178th Regular Meeting of the NTA Governing Board, held on 13
49 September 2024, at 09:30 AM, at the NTA Boardroom, 11th Floor,
50 Upper Class Tower, Quezon Avenue, Quezon City, subject to
51 submission of amendments, if any, within five (5) days from today.

52
53 **DIR. ELAYDO:** I second the motion.
54

1 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
2 none, then the motion is **APPROVED**. Next item.
3
4

5 **BOARD RESOLUTION NO. 279 S. 2024**
6

7 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
8 ***BOARD APPROVES THE MINUTES OF THE 178TH REGULAR MEETING OF THE***
9 ***NTA GOVERNING BOARD, HELD ON 13 SEPTEMBER 2024, AT 09:30 AM, AT THE***
10 ***NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE.***
11 ***QUEZON CITY.***
12

13 ***UNANIMOUSLY APPROVED...."***
14

15 **ATTY. OBUSAN:** Next agenda, Mister Chair, under "**Agenda (C)**, the request for
16 "**Approval of the Budget Amounting to Php902,275.00 for the**
17 **Conduct of Annual Seminar Workshop on Enhancing**
18 **Extensionists' Capabilities (ASWEEC) on October 15-17,**
19 **2024 in JLP Resort, Paoay, Ilocos Norte".**
20

21 To report on the Summary of this agenda, may we recognize
22 Honorable Director Willord L. Reyes, Member, Committee on
23 Research and Extension. Sir.
24

25 **DIR. REYES:** Good afternoon, Mister Chair and to everyone present here today,
26 this is the Summary Report of Discussion and Recommendations
27 for this Agenda.
28

- 29 • The request was made by Mr. Nestor C. Casela, Deputy
30 Administrator for Operations.
31
- 32 • The General Objective of the Annual Seminar Workshop for
33 Enhancing Extensionists' Capabilities (ASWEEC) is to equip
34 extension workers with the necessary skills, knowledge, and
35 values to effectively support tobacco farmers in improving their
36 productivity, adopting sustainable tobacco production
37 technologies, and enhance the professionalism and effectiveness
38 of extensionists in delivering services that align with the NTA's
39 mission of developing the tobacco industry.
40
- 41 • Specific Objectives include the following:
42
 - 43 1. Equip extensionists with updated knowledge, best practices
44 and recommended tobacco production technologies from
45 seedling production to tobacco seed production.
 - 46 2. Ensure extension workers can guide farmers through the
47 entire tobacco production cycle.
 - 48 3. Instill the importance of professional value among
49 extensionist, including integrity, accountability, commitment
50 and respect.
 - 51 4. Encourage extensionists to adopt values-driven approach to
52 their work.
 - 53 5. Improve communication and teaching skills.

6. Build the characteristics of a good extension worker.

- By setting the above specific objectives, the seminar-workshop will ensure the extensionists are well-prepared or 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.
- The participants for the training should be the newly promoted Extension Workers and Job Contract Extension Workers and Staff at the Central Office.
- The amount requested is for 103 participants, and includes expenses for the fare, meals, snacks, lodging, honoraria, per diem, and supplies.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. SERNA:

I second the motion.

USEC. SAVELLANO:

There's a motion. Seconded. Any discussion, or objection? I hear none. I have just one concern.

Can you clarify, what do you mean by extension workers?

DAOP CASELA:

Yes. Under the TCGS or Tobacco Contract Growing System, Sir, there are three components. We have the technical assistance, marketing assistance, and the financial assistance. These extension workers were the ones that provide technical and marketing assistance to the farmer cooperators.

USEC. SAVELLANO:

So, this is only for tobacco? How about other livelihoods? Because planting of tobacco is seasonal, right? These extension workers, after the tobacco season, what do they do? You should give them other roles too.

DAOP CASELA:

They also assists and monitors the farmer cooperators when they plant other crops such as rice or vegetables and also, they help out in other NTA livelihood projects.

USEC. SAVELLANO:

How many are they in total?

DAOP CASELA:

We have a total of 169, Sir. But the main purpose of this annual seminar and for this undertaking, this will be exclusively for the newly hired technicians, job orders or regular, and those who are newly promoted.

Also, on the concept of providing knowledge for all employees about NTA and about the tobacco industry and the commodity flow. New employees from Central Office are invited to join also.

1 The main purpose here is to provide opportunities and chances
2 for the new employees to know about technologies.

3
4 The seminar teaches these extension workers on how to conduct
5 meetings with the farmers, on how to behave in front of these
6 farmers. Many say there are social considerations here, like
7 values formation, Sir.
8

9 **USEC. SAVELLANO:** One last question, you have mentioned earlier, on the commodity
10 flow, and that they're also given opportunity to be knowledgeable
11 on the conduct of other extension activities like what you have
12 said, other projects?
13

14 **DAOP CASELA:** Yes, sir.

15
16 **USEC. SAVELLANO:** That's why I'm interested because from the DA livestock, from our
17 group, someone from us can talk about other programs that we
18 can offer to the tobacco farmers, at least, this will be an additional
19 income for them.
20

21 Can you include someone from the DA to become one of the
22 resource speakers in the conduct of the seminar? Just send an
23 invitation and course it through my office.
24

25 **DAOP CASELA:** Okay, Sir, we will do that.

26
27 **USEC. SAVELLANO:** Okay, anything else? If there is none, the previous motion that
28 was seconded is hereby APPROVED. Next item.
29
30

31 **BOARD RESOLUTION NO. 280, S. 2024**

32
33 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
34 ***BOARD APPROVES THE BUDGET AMOUNTING TO PhP 902,275.00 FOR THE***
35 ***CONDUCT OF ANNUAL SEMINAR WORKSHOP ON ENHANCING***
36 ***EXTENSIONISTS' CAPABILITIES (ASWEEC) ON OCTOBER 15-17, 2024 IN JLP***
37 ***RESORT, PAOAY, ILOCOS NORTE.***
38

39 ***UNANIMOUSLY APPROVED...."***
40

41 **ATTY. OBUSAN:** Mr. Chair, under Agenda (D), we have, request for "Approval of
42 the Amendment to the PhP122,459,269.35 Approved Budget
43 for the Integrated Farming and other Income Generating
44 Activities Project-Tobacco Contract Growing System
45 (IFOIGAP-TCGS), for Calendar Year (CY) 2024-2025, for the
46 Material and Cash Inputs Components, as Follows:
47 PhP62,155,008.00 (Material Input) and PhP60,304,261.35
48 (Cash Input) for the Same Total Amount of
49 PhP122,459,269.35".
50

51 To report on the Summary of this agenda, may we recognize
52 Honorable Director Luzviminda U. Padayao, Chairperson,
53 Committee on Research and Extension. Ma'am.
54

1 **DIR. PADAYAO:** Good afternoon, Mister Chair and to everyone present here today,
2 this is the Summary Report of Discussion and Recommendations
3 for this Agenda.
4
5 • The request was made by Mr. Nestor C. Casela, Deputy
6 Administrator for Operations.
7
8 • It can be recalled that the budget amounting to
9 PhP122,459,269.35 for the IFOIGAP-TCGS for Calendar Year
10 2024-2025 was already approved in 132nd Special Meeting of the
11 NTA Governing Board held on August 30, 2024.
12
13 • The current request for the amendment is brought about by the
14 changes in the breakdown of the Cash Component and the
15 Material Inputs, however, the total approved budget remains
16 unchanged.
17
18 • Cash Component changes from PhP51,549,200. to
19 PhP60,304,261.35.
20
21 • Material Inputs changes from PhP70,910,069.35 to
22 PhP62,155,008.00.
23
24 • Among the reasons cited for the change in the breakdown are the
25 following:
26
27 1. Some Branch Offices utilized their inventory of fertilizers.
28 2. Due to LGU's intervention in giving out assistance to the
29 farmers.
30 3. Prices of Material Inputs have significantly decreased.
31
32 • If the request for the amendment will be approved, the Terms of
33 Reference (TOR) for the Supply of the Material Inputs will be
34 published in PhilGEPS next week and it is projected that the
35 winning bidder will be able to deliver the inputs by November 15,
36 at the latest.
37
38 • This subject matter having been thoroughly discussed during the
39 Committee Meeting, and with a Motion to Approve, which was
40 duly seconded. I respectfully move for the approval of the agenda.
41 Thank you very much!

42 **DIR. SERNA:** I second the motion.

43
44 **USEC. SAVELLANO:** There's a motion. Seconded. Any discussion, objection, or
45 clarification on the matter? I just have some clarifications.
46
47 Can the cash inputs be used for fertilizers?
48

49 **DAOP CASELA:** No, Sir. Usually, for the cash component, this will cover cost of
50 seedlings, gas and oil, land preparation, repair of curing barn, and
51 labor expenses. Those are the expense items for the cash
52 component. While the material inputs would be the fertilizers and
53 pesticides and suckercides, and soil conditioners.

1 **USEC. SAVELLANO:** Seedlings, gas, land prep, labor? How much do they receive in
2 total?
3
4 **DAOP CASELA:** Sir, because of the limited funds that we have, initially we
5 allocated PhP10,000.00 per hectare for the cash portion. But
6 because of the utilization or use of the inventories, the savings
7 from the material inputs was diverted or relegated to the cash
8 portion, increasing it now to about PhP12,000.00 per hectare.
9
10 **USEC. SAVELLANO:** So PhP12,000.00 per hectare? Is it sufficient?
11
12 **DAOP CASELA:** It's not sufficient, Sir. The actual cost of production is on the
13 average, PhP80,000.00 per hectare. It varies in the different type
14 and subtype, but it ranges from PhP80,000.00 to PhP100,000.00
15 per hectare.
16
17 That's why we invite the participation or counterpart from the
18 LGUs and the traders. For the LGUs, they usually augment the
19 material inputs, such as giving out of fertilizers. On the other hand,
20 the traders augment the cash portion.
21
22 **USEC. SAVELLANO:** How about yung sa other areas, sa Mindanao?
23
24 **DAOP CASELA:** We already started giving assistance to them just recently, Sir.
25 Pero mas maliit sa PhP12,000.00 ang naibigay po natin.
26
27 **USEC. SAVELLANO:** Yun ang sinasabi ko, dapat may mga programa tayo sa mga lugar
28 na yan, para mas ma-encourage natin and mas makapag-expand
29 tayo. Tapos, mas maliit pa ang naibibigay natin na tulong.
30
31 Make a proposal that will equalize everything, para meron lahat
32 and parehas lahat ng tulong na natatanggap.
33
34 Anything else? If there is none, then the motion is **APPROVED.**
35 Next item.
36
37

38 **BOARD RESOLUTION NO. 281 S. 2024**

39
40 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
41 ***BOARD APPROVES THE AMENDMENT TO THE PhP 122,459,269.35 APPROVED***
42 ***BUDGET FOR THE INTEGRATED FARMING AND OTHER INCOME-GENERATING***
43 ***ACTIVITIES PROJECT-TOBACCO CONTRACT GROWING SYSTEM (IFOIGAP-***
44 ***TCGS), FOR CALENDAR YEAR (CY) 2024-2025, FOR THE MATERIAL AND CASH***
45 ***INPUT COMPONENTS, AS FOLLOWS:PhP 62,155,008.00 (MATERIAL INPUT)***
46 ***AND PhP60,304,261.35 (CASH INPUT), FOR THE SAME TOTAL AMOUNT OF PhP***
47 ***122,459,269.35***
48

49 ***UNANIMOUSLY APPROVED....”***

50
51 **ATTY. OBUSAN:** Next Agenda under Agenda (E), request for “Request for
52 Confirmation of the Approved Shortlisted Applicants to
53 Vacant Plantilla Positions”.

To report on the Summary of this agenda, may we recognize Honorable Director Jessie Pat M. Serna, Member, Committee on Nomination, Remuneration, And Personnel Administration. Sir.

DIR. SERNA:

Good afternoon, Mister Chair and to everyone present here today, this is the Summary Report of Discussion and Recommendations for this Agenda.

- The request was made by Mrs. Zenaida T. Arrojo, Manager, Administrative Department.
- The list of the shortlisted applicants was submitted before the Office of the Secretary of the Department of Agriculture, Hon. Francisco P. Tiu Laurel Jr. for his approval on August 27, 2024.
- On letter of reply dated September 20, 2024, Ms. Rosemarie Z. Go, Officer-in-Charge of the Personnel Division, conveyed that Secretary Tiu Laurel approved the list and corresponding instructions were issued to prepare for their respective appointments.
- All the applicants recommended by Hon. Administrator Belinda S. Sanchez were subsequently approved by Secretary Tiu Laurel.
- Following were the approved shortlisted applicants and their respective position.

NAME	POSITION
1. Michelle P. Nacpil	Human Resource Management Officer IV
2. Evangeline Y. Isip	Senior Tobacco Production & Regulation Officer

- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. ELAYDO:

I second the motion.

USEC. SAVELLANO:

There's a motion. Seconded. Any discussions on the matter? Hearing none, then the motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 282 S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD APPROVES THE CONFIRMATION OF THE APPROVED SHORTLISTED APPLICANTS TO VACANT PLANTILLA POSITIONS.

NAME	POSITION
1. Michelle P. Nacpil	Human Resource Management Officer IV
2. Evangeline Y. Isip	Senior Tobacco Production & Regulation Officer

UNANIMOUSLY APPROVED...."

1 **ATTY. OBUSAN:**

2 Next Agenda, Mr. Chair, Agenda (F) and Agenda (G), will be
3 discussed together as both pertains to official bank document and
4 a subsequent Omnibus Motion will be requested for its approval.
5 To report on the Summary of this agenda, may we recognize
6 Honorable Director Ray A. Elaydo, Chairperson, Committee on
7 Board Audit and Finance.

8 Under Agenda (F), the request for “**Issuance of a Board
9 Resolution Authorizing National Tobacco Administration
10 (NTA) to Enroll its Bank Accounts Under the Land Bank of the
11 Philippines (LBP) to the Electronic Modified Disbursement
12 System (eMDS).**”

13 Under Agenda (G), the request for “**Issuance of a Board
14 Resolution Authorizing National Tobacco Administration
15 (NTA) to Enroll its Bank Accounts Under the Land Bank of the
16 Philippines (LBP) to the Internet Banking Facility Known as
17 “weAccess”.**”

18
19
20 **DIR. ELAYDO:**

21 Good afternoon, Mister Chair and to everyone present here today,
22 this is the Summary Report of Discussion and Recommendations
23 for this Agenda.

- 24 • The request was made by Mr. Benedicto M. Savellano, Deputy
25 Administrator for Support Services, together with Ms. Milagros C.
26 Tiu, Manager of the Finance Department.
- 27
28 • This is in response to His Excellency, President Ferdinand R.
29 Marcos Jr.’s directive to all government agencies to digitalize all
30 public services and also in accordance to Executive Order No.
31 170 on Digital Payments for Government Disbursement and
32 Collections.
- 33
34 • Effective October 1, 2024, Landbank shall no longer process
35 manually, Modified Disbursement System (MDS) transactions,
36 instead, the concerned agencies are instructed to enroll and
37 process their own transactions via the Electronic Modified
38 Disbursement System or eMDS; hence this request.
- 39
40 • On the other hand, subscription to “weAccess” and the
41 corresponding modules will enable bank transactions such as,
42 fund transfer, bills payment, atm payroll, ACIC file upload, auto
43 debiting request, current account services.
- 44
45 • This subject matter having been thoroughly discussed during the
46 Committee Meeting, and with a Motion to Approve, which was
47 duly seconded. I respectfully move for the approval of the agenda.
48 Thank you very much!

49
50 **DIR. GUZMAN:**

I second the motion.

51
52 **USEC. SAVELLANO:**

53 There’s a motion. Seconded. Any discussions on the matter? I
54 hear none, then the motion is APPROVED. Next item.

1 **BOARD RESOLUTION NO. 283 S. 2024**

2
3 **"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING**
4 **BOARD AUTHORIZES THE NATIONAL TOBACCO ADMINISTRATION (NTA) TO**
5 **ENROLL ITS BANK ACCOUNTS UNDER THE LAND BANK OF THE PHILIPPINES**
6 **(LBP) TO THE ELECTRONIC MODIFIED DISBURSEMENT SYSTEM (eMDS).**

7
8 **UNANIMOUSLY APPROVED...."**
9

10
11 **BOARD RESOLUTION NO. 284, S. 2024**

12
13
14 **RESOLVED**, as it is hereby resolved, to authorize the following:

- 15
16 1. Subscribe to the Land Bank of the Philippines (LBP's) Internet Banking Facility known as "weAccess",
17 particularly the following modules:

18 *Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Auto Debiting Request, Current Account*
19 *Services (Checkbook Reorder)*

- 20
21
22 2. Enroll the following Deposit Accounts to the following modules:
23

Deposit Account Number	Module/s
LBP Regular Account # 0232-1035-90	Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Auto Debiting Request, Current Account Services
LBP IBCA Account # 0232-1138-80	Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Auto Debiting Request, Current Account Services
LBP Transshippers Account # 0232-1140-29	Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Current Account Services
LBP Payroll Account # 0232-1174-86	Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Current Account Services
LBP PACO Account # 0232-1141-50	Fund transfer, Bills payment, ACIC File Upload, Current Account Services

24
25
26 **RESOLVED, FURTHER**, to authorize the following officers/employees, to wit:

- 27
28 1. Ms. BELINDA S. SANCHEZ, Administrator and CEO, and MS. MILAGROS C. TIU, Department
29 Manager III, to execute/sign all documents necessary to subscribe to LBP's "weAccess";
30
31 2. To authorize the following to act as the "maker and/or authorizer" for the company's access to LBP's
32 Internet Banking Facility:
33

<u>Name / Position</u>	<u>Function</u>	<u>Signature</u>
a. BELINDA S. SANCHEZ	AUTHORIZER	_____
b. MILAGROS C. TIU	AUTHORIZER	_____
c. RUSSEL R. RUTAB	MAKER	_____
d. MERILENE V. SANSANO	MAKER	_____
e. MARJORIE ANN P. TABIJE	MAKER	_____

1 3. To authorize that any two of the following authorizers will approve all “weAccess” transactions:
2

Amount Range	Authorized User/s	Module/s
a. No Limit	BELINDA S. SANCHEZ MILAGROS C. TIU	Fund transfer, Bills payment, ATM Payroll, ACIC File Upload, Auto Debiting Request, Current Account Services

3
4 4. That the above-cited Board Resolution has not been amended/modified and/or superseded and is
5 therefore still in force and effect; and
6

7 5. That this certification is being issued to attest to the truth of the foregoing.
8

9 **IN WITNESS WHEREOF**, I have set my hand and affixed the seal of the Company in Quezon City, Philippines,
10 this 3rd day of October 2024.
11

12
13
14 **ATTY. GORGONIO G. OBUSAN III**
15 *Corporate Secretary*
16

17
18 **SUBSCRIBED AND SWORN** to before me this 3rd day of October 2024 in Quezon City, Philippines, affiant
19 exhibiting his SSS ID No. 33-7676724-9 issued on April 2022, at City of Manila.
20

21
22 _____
23 Notary Public

24 Doc. No. _____
25 Page No. _____
26 Book No. _____
27 Series of _____

28 **ATTY. OBUSAN:** Under **Agenda (H)**, the request for “**Request for Issuance of a**
29 **Board Resolution Approving the Continued Grant of Annual**
30 **Grocery Allowance Not Exceeding an Amount of**
31 **Php10,000.00 to NTA Employees Retroactive to Calendar**
32 **Year (CY) 2023”**.

33 To report on the Summary of this agenda, may we recognize Dir.
34 Gerry Virgilio V. Guzman, Chairperson, Committee on Legal
35 Matters and Properties. Sir.

36 **DIR GUZMAN:** Good afternoon, Mister Chair and to everyone present here today,
37 this is the Summary Report of Discussion and Recommendations
38 for this Agenda.
39

- 40 • The request was made by Atty. Obusan, our Board Secretary.
- 41
- 42 • According to him, last May 2, 2024, NTA received an Audit
43 Observation Memorandum No. 2024-04 (2023) from the
44 Commission on Audit (COA) regarding the distribution of grocery
45 packages each amounting to Php10,000. to 288 officers and
46 employees last December 2023. COA reminded that grant of
47 such incentive like grocery allowance must be approved and
48 authorized by the Office of the President.
49
- 50 • It can be recalled that NTA had been granting such grocery
51 allowance for such a long time, before the implementation of the
52 Compensation and Position Classification System (CPCS).

1 This grocery items, kahit ano? How much amount will be
2 disbursed?

3
4 **DASS SAVELLANO:** Good afternoon. With the permission of the Honorable Chair, that
5 will be for a total of three hundred fifty-three employees at
6 P10,000.00 each or PhP3,530,000.00 in total.

7
8 **USEC. SAVELLANO:** So that will be given uniformly to all of us, including the Job Order
9 hirees, regular employees and members of the Governing Board?

10
11 **DASS SAVELLANO:** Except for the Job Order hirees, Sir.

12
13 **USEC. SAVELLANO:** Hindi ba dapat kasama since sila yung maliliit ang sweldo,
14 tanggalan na lang ang mga Directors? Just kidding, anyway, it is
15 up for you to decide who to include.

16
17 We will just hope that this will be approved by the Office of the
18 President.

19
20 Okay, so any more discussion on the matter? If there is none, then
21 the motion is **APPROVED.** Next item.

22
23
24 **BOARD RESOLUTION NO. 285, S. 2024**

25
26 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING***
27 ***BOARD APPROVES THE CONTINUED GRANT OF ANNUAL GROCERY***
28 ***ALLOWANCE NOT EXCEEDING AN AMOUNT OF PhP 10,000.00 TO NTA***
29 ***OFFICIALS, EMPLOYEES, AND MEMBERS OF THE GOVERNING BOARD***
30 ***RETROACTIVE TO CALENDAR YEAR (CY) 2023.***

31
32 ***UNANIMOUSLY APPROVED....”***

33
34
35 **ATTY. OBUSAN:** Under **Agenda (I)**, the **“Presentation of Market Study on**
36 **Philippine Tobacco”**.

37
38 To make the presentation, Mister Chair, may we recognize Mrs.
39 Myrna O. Lozano, Manager, Industrial Research Department.

40
41 *(After Mrs. Lozano made the initial presentation, together with Engr. Renzo Reas, the*
42 *Governing Board decided to discontinue the presentation and instead set a special meeting*
43 *to discuss further the remaining three presentations on Market Study on Philippine Tobacco,*
44 *Briefer on Buying System of Viajeros, and Briefer on Export, Import, and Transshipment*
45 *Procedures of the National Tobacco Administration. It was agreed that the special meeting*
46 *will be scheduled on October 4, 2024 to give ample time to Atty. Ambros and Mrs. Lozano to*
47 *reconcile their data and respective reports.)*


48
49 **ATTY. OBUSAN:** On Other Matters, Mr. Chair, is the proposed schedule for the next
50 Regular Board Meeting, tentatively it is calendared on 11 October
51 2024, Friday at 9:30 AM.

52
53 The Committee Meeting will be on 10 October 2024, Thursday, at
54 9:00 am, at NTA Board Room, 11th floor, Upper Class Tower,
55 Quezon Ave., Quezon City.


1 **USEC. SAVELLANO:** Okay. Let's make it 2pm. I am still in Vietnam on that date but I
2 will be joining online.
3
4 **ATTY. OBUSAN:** Duly noted, Sir. Next item, is adjournment.
5
6 **USEC SAVELLANO:** There's a motion?
7
8 **DIR. SERNA:** Mister Chair. I move for the adjournment of the meeting.
9
10 **DIR. GUZMAN:** I second the motion.
11
12 **USEC SAVELLANO:** Seconded. The session is adjourned. Thank you.
13 **SO, ORDERED.**
14
15 **ATTY. OBUSAN:** That concludes our 133rd Special Meeting of the NTA Governing
16 Board. To all the online participants, thank you for your
17 attendance and participation. Magandang hapon po sa lahat.
18
19

20 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 03:15 PM.**
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector

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Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION
11th 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: 2016 QMS CERTIFIED



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND SEVENTY-NINTH (179th) REGULAR BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
22 OCTOBER 2024 (10:00 AM)**

PRESENT:

- Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of Agriculture & NTA Oversight Official / Alternate Chairman Designate**
- Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO**
- Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector**
- Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector**
- Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector**
- Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector**
- Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector**

OTHERS PRESENT:

- Mr. NESTOR C. CASELA - Deputy Administrator for Operations**
- Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services**
- Atty. GORGONIO G. OBUSAN III - Board Secretary V**
- Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/ Secretary II (JO)**
- Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)**

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

1
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4 **ATTY. OBUSAN:**

Good morning, everyone. For the 179th Regular Meeting of the NTA Governing Board, please welcome the Honorable Undersecretary of the Department of Agriculture & NTA Oversight Official/Alternate Chairman-Designate Deogracias Victor "DV" B. Savellano. May we request you Sir to please call to order the meeting.

10
11
12 **I. CALL TO ORDER**

13
14 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
15 *meeting to order at 10:05 AM.*

16
17 **USEC. SAVELLANO:**

The 179th Regular Meeting of the NTA Governing Board is called to order. Mister Secretary? Who's going to lead the opening prayer?

18
19
20
21 **II. OPENING PRAYER**

22
23 **ATTY. OBUSAN:**

(Led the Opening Prayer.)

24
25 **USEC. SAVELLANO:**

So, can we now go to the next item, the determination of the quorum?

26
27
28 **ATTY. OBUSAN:**

Thank you, Mister Chair.

29
30 For the 179th Regular Meeting of the NTA Governing Board, we
31 have of course, the Presiding Officer, Honorable Undersecretary
32 of the Department of Agriculture & NTA Oversight Official/
33 Alternate Chairman-Designate, Deogracias Victor "DV" B.
34 Savellano. *Good morning, Sir.*

35
36 We are also joined by the Vice-Chairman and Administrator &
37 CEO, the Honorable Belinda S. Sanchez, *Good morning, Ma'am.*

38
39 We also have the members of the NTA Governing Board, Hon. Dir.
40 Ray A. Elaydo, representing the Tobacco Manufacturing Sector;
41 *Good morning, Sir.*

42
43 Honorable Director Gerry Virgilio V. Guzman, representing
44 Tobacco Farmers sector. *Good morning, sir.*

45
46 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
47 Traders/Exporters Sector; *Good morning, Sir.*

48
49 Hon. Dir. Willford L. Reyes, representing the Tobacco Farmers
50 Sector; *Good morning, Sir; and*

51
52 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
53 Farmers Sector; *Good morning, Ma'am.*

54
55 Also present here at the NTA Boardroom and joining us are:
56

1 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
2 *morning, Sir DAOP.*

3
4 Mr. Benedicto M. Savellano, our Deputy Administrator for Support
5 Services. *Good morning, Sir DASS.*

6
7 Joining us also online are the Department Managers and Branch
8 Managers, and OICs of the Central Office and Branch offices.

9
10 As such, Mister Chair, we have a Quorum.

11
12 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
13 Confirmation, Adoption, and Consideration in our Agenda.

14
15 **ATTY. OBUSAN:** Mister Chair, for our first agenda, Agenda (A), the request for
16 "Approval of the Agenda of the 179th Regular Meeting of the
17 NTA Governing Board, held today, 22 October 2024 at 10:00
18 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
19 Quezon Avenue, Quezon City".

20
21 **USEC. SAVELLANO:** What's the pleasure of the body?

22
23 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
24 179th Regular Meeting of the NTA Governing Board, held today, 22
25 October 2024, at this time, at the NTA Boardroom, 11th Floor,
26 Upper Class Tower, Quezon Avenue, Quezon City.

27
28 **DIR. ELAYDO:** I second the motion.

29
30 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
31 none. Then the motion is APPROVED. Can we go to the next item?
32

33
34 **BOARD RESOLUTION NO. 286 S. 2024**

35
36 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
37 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 179th REGULAR***
38 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 22 OCTOBER 2024, AT***
39 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
40 ***QUEZON AVE., QUEZON CITY.***

41
42 ***UNANIMOUSLY APPROVED...."***

43
44
45 **ATTY. OBUSAN:** Mister Chair, under Agenda (B), the request for "Approval of the
46 Minutes of the 133rd Special Meeting of the NTA Governing
47 Board, held on 27 September 2024, at 2:00 PM, at the NTA
48 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
49 Quezon City".

50
51 **DIR. SERNA:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
52 the 133rd Special Meeting of the NTA Governing Board, held on 27
53 September 2024, at 2:00 PM, at the NTA Boardroom, 11th Floor,

1 Upper Class Tower, Quezon Avenue, Quezon City, subject to any
2 amendments, five (5) days from now.

3
4 **DIR. PADAYAO:** I second the motion.

5
6 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
7 none, then the motion is APPROVED. Next item.
8

9
10 **BOARD RESOLUTION NO. 287 S. 2024**

11
12 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
13 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 133RD SPECIAL***
14 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 27 SEPTEMBER 2024,***
15 ***AT 2:00 PM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
16 ***QUEZON AVE. QUEZON CITY.***

17
18 ***UNANIMOUSLY APPROVED...."***

19
20
21 **ATTY. OBUSAN:** Next agenda, Mister Chair, on Other Matters, Mr. Chair, is the
22 proposed schedule of our next board meeting, the 180th Regular
23 Meeting of the NTA Governing Board, tentatively scheduled on
24 November 6, 2024, Wednesday at 10:00 AM.

25
26 **USEC. SAVELLANO:** November 6, at 10:00 AM. Okay.

27
28 **DIR SERNA:** On Other Matters, Honorable Chair, with your permission?

29
30 **USEC. SAVELLANO:** Other matters? Yes, go ahead.

31
32 **DIR. SERNA:** I just want to be clarified, I would like to refer this, my query, to Sir
33 DAOP. With regards to our TCGS material input components, if it
34 has been already awarded to the winning bidder? Because it was
35 stated here last time, during our last Board Meeting, that the
36 delivery date at the latest will be on November 15. I am just asking
37 this because I just want to avoid a repetition of what had happened
38 before, in the previous two years wherein the delivery was late.

39
40 **DAOP CASELA:** Good morning, everyone, again. Thank you very much for your
41 question, Sir Jessie, regarding the delivery of farm inputs for the
42 implementation of the TCGS for CY 2024-2025.

43
44 According to the Bids and Awards Committee (BAC), they
45 conducted the opening of the biddings yesterday, though I'm not
46 aware of who was the winning bidder. In the Terms of Reference
47 (TOR) given to the prospective bidders, I emphatically made a
48 request that the farm inputs be delivered on or before November
49 15. There is also a part of the agreement that for the basal
50 fertilizer, it will be delivered not later than November 7. It was
51 agreed into by the winning bidder.
52

1 **DIR. SERNA:** So, there is an assurance that there will be a timely delivery of the
2 farm inputs needed by farmers to comply with, of course, with the
3 technology on the production of tobacco? Thank you.
4
5 **DAOP CASELA:** Yes, Director.
6
7 **USEC. SAVELLANO:** What kind of fertilizer are we talking about?
8
9 **DAOP CASELA:** Sir, 10-18-24, NPK, basal fertilizer. That is for immediate
10 application once the tobacco seeding is being transplanted.
11
12 **USEC. SAVELLANO:** What are the requirements if you're going to bid? Do they provide
13 samples of the fertilizer? How about the winning bidder, does it
14 have a demo farm where they have tried this fertilizer? Just to
15 ensure that this fertilizer is effective.
16
17 **DAOP CASELA:** This fertilizer has been recommended and have undergone
18 protocol research. It is also certified by the Fertilizer and Pesticide
19 Authority (FPA) and has passed the standards of the Certified
20 Pesticide Applicator (CPA).
21
22 **USEC. SAVELLANO:** So, the question of Director Serna, about the delivery? Why was
23 it delayed? Because if you cannot deliver on time, then it's just a
24 waste of money. Those are the things that we have to include in
25 the Terms of Reference.
26
27 **DAOP CASELA:** Yes, Sir. This is included in the TOR. We are aware also of the
28 proper utilization of the fund and that it has to be prepared up to
29 the end of the year. This is to ensure that we can fully utilize the
30 funds.
31
32 **USEC. SAVELLANO:** It was mentioned that there were issues before?
33
34 **DAOP CASELA:** Yes, Sir. There were some suppliers who were not able to comply
35 with the agreed TOR. These suppliers were blacklisted as a result
36 and were also subjected to penalties in the process.
37
38 **USEC. SAVELLANO:** I think those are the things that we have to bring out in the Board.
39
40 May we please have the Terms and Conditions given to the
41 bidders for the farm inputs as established by BAC?
42
43 **ATTY. OBUSAN:** Mister Chair, may we recognize Mrs. Zenaida T. Arrojo and Atty.
44 Rohbert A. Ambros, they are the Chairperson and Vice-
45 Chairperson of the Bids and Awards Committee (BAC)
46 respectively, to give us an update regarding this subject matter.
47
48 **MRS. ARROJO:** Good morning, everyone, to Honorable Usec DV Savellano and
49 to the Members of the Governing Board. On the farm inputs, we
50 have only one bidder. An evaluation of our technical people is
51 scheduled to be done today, Mister Chair.
52
53 **DIR. SERNA:** Is this the same winning bidder in 2022, LEADS Agri? The one
54 that was not able to deliver on time the farm inputs?
55
56 **MRS. ARROJO:** No, Director.
57

1 **USEC. SAVELLANO:** That's why I'm asking, what are the procedures for blacklisting?
2
3 **ATTY. AMBROS:** Sir, if I may, a hearing is conducted before a particular company
4 is blacklisted. During this hearing, and based on the reasons given
5 by the company on the delay of the delivery, whether or not it was
6 justified. If it's not, a corresponding penalty is instead imposed
7 against the company.
8
9 **USEC. SAVELLANO:** How much? Maybe it's too cheap. We have to check our policies
10 on this.
11
12 **ATTY. AMBROS:** There's a specific percentage of penalty. With regard to LEADS
13 Agri, if my memory serves me right, it is around PhP300,000.00.
14
15 **USEC. SAVELLANO:** How much is the contract price? How much will it deliver?
16
17 **ATTY. AMBROS:** Around PhP10,000,000.00.
18
19 **DAOP CASELA:** Sir, these are the Terms of Reference being provided by the BAC
20 to the bidder.
21
22 One requirement is that there should be a post-qualification to be
23 conducted. In the post-qualification, a sample of all the fertilizers
24 needed should be gathered and subjected to analysis. It complies
25 with the NPK requirements.
26
27 **USEC. SAVELLANO:** What do they do in the post-qualification?
28
29 **DAOP CASELA:** There were technical specs provided by the TWG. During the
30 post-qualification, the TWG will check if they are compliant with
31 the technical specs provided.
32
33 **USEC. SAVELLANO:** What I mean in the application, do they have demo farms to test
34 that? Like in the D.A., they have rice, they have demo farms to
35 study if the yield increases.
36
37 **DAOP CASELA:** Actually, sir, these fertilizers that we purchase have already
38 undergone the protocol research. That's why they are
39 recommending these fertilizers.
40
41 **USEC. SAVELLANO:** Yes, but the thing is, in the application, if you have demo farm,
42 you can see the actual results.
43
44 **DAOP CASELA:** We don't have that. Under the supervision of NTA, the technology
45 for production of tobacco, that has been established and that has
46 been always reviewed every year, with the inclusion of new
47 findings and research. The technology is changing from time to
48 time based on the findings of our researchers in terms of the
49 adoption of technology.
50
51 **USEC. SAVELLANO:** With the winning bidder, have we tried it before? Or this is the first
52 time that it was used?
53
54 **DAOP CASELA:** No, Sir. It was already used last year.
55

1 **USEC. SAVELLANO:** Okay, so from last year, what happened to the fertilizers? Are
2 there no complaints? Did the yield and quality get better?
3 Because, what I'm saying, it is on a case-to-case basis.
4
5 So next time, those are the Terms of Reference that must be put
6 so that we can be sure.
7
8 **DAOP CASELA:** Sir, from what I've been hearing, not really complaints, but
9 comparisons of the basal fertilizers. Both are 10-18-24, but they
10 have different base. What we are recommending is the nitrate-
11 based, the other type is di-ammonium phosphate.
12
13 **USEC. SAVELLANO:** What is good for the requirements of the buyers?
14
15 **DAOP CASELA:** We are recommending the nitrate-based type.
16
17 **USEC. SAVELLANO:** I just want to know, what will produce a higher yield and better
18 quality, so that the farmers will earn a lot. The traders will also be
19 happy because of the quality that they bought.
20
21 **DAOP CASELA:** Sir, to further verify the efficacy of both of the fertilizers, I
22 requested for a comparative efficacy test between the two
23 fertilizers, which will be conducted in this coming crop season.
24
25 **USEC. SAVELLANO:** So, the tobacco that we produce from this fertilizer, our traders will
26 be happy because of the quality?
27
28 **DAOP CASELA:** Yes, Sir. Also, the tobacco farmers will be happy because their
29 sales will be higher. This has been evidenced by the high yield or
30 production this year, per hectare basis. Aside from that, in terms
31 of quality, there is also significant increase in quality.
32
33 **USEC. SAVELLANO:** Have they already invented a fertilizer that will increase the quality
34 and number of the leaves? Because if the leaves increase, the
35 farmers will earn more.
36
37 **DAOP CASELA:** Not yet, Sir. The varieties are of inherent qualities.
38
39 Aside from that, Sir, because of the incidence of pests and
40 diseases, we are coming up also with how we can improve our
41 varieties. Because as observed by our researchers, the varieties
42 that we are using are getting older.
43
44 Also, in our requirement for pesticides, it depends on the type of
45 pest that we are targeting. That is why, for a particular pest, the
46 corresponding pesticide will be used. The reason why we have a
47 variety of pesticides being recommended is so that we will avoid
48 the development of resistance of the insects to that particular
49 pesticide.
50
51 **USEC. SAVELLANO:** Anyway, we are just asking in Terms of Reference, or post-
52 qualification, if there are demo farms, or even after harvest, what
53 are the studies that they conducted? Are these fertilizers
54 effective?
55
56 **DAOP CASELA:** Yes, Sir.
57

1 **DIR. REYES:** With the permission of Mister Chair, sana po ma-consider din
2 natin na palitan na yung varieties na itinatanim natin, tulad po ng
3 sabi ni Sir DAOP, matagal na natin itong ginagamit. The
4 technology is leaning on the use of new variety so that the yield
5 will be better, and the quality of tobacco will be better.
6

7 **DAOP CASELA:** I agree with you, Director. That is why there is now an imported or
8 hybrid seed in which we are going to try and test its adaptability.
9 This is open-pollinated.
10

11 One problem is the high incidence of proliferation of the bacterial
12 wilt for Virginia-type tobacco.
13

14 **USEC. SAVELLANO:** That is for Virginia only, how about the Native type?
15

16 **DAOP CASELA:** There is no encountered problem yet for Native type tobacco.
17
18 That is the reason why we are testing hybrid varieties of Virginia.
19 The limiting factor for hybrid varieties is that you can only use it
20 for one planting season.
21

22 **USEC. SAVELLANO:** We cannot produce hybrid seeds for that? We cannot include it in
23 our seed production? We have our research unit; can they do
24 that? Is there a possibility that we can develop our own hybrid
25 seed?
26

27 **DAOP CASELA:** Manager Johnny, can you provide us further information regarding
28 our hybridization program? That's being queried by Honorable
29 Usec DV Savellano.
30

31 **ENGR. MALOOM:** Good morning to everyone. Yes, Sir DAOP we have an ongoing
32 program for this. I guess the best person to answer the query is
33 Ma'am Vangie Cabigan.
34

35 **DAOP CASELA:** Okay. Ma'am Vangie, one main problem of our farmers right now
36 is, it's being observed that what we are utilizing now are old seed
37 varieties.
38
39 Do you have a particular study with respect to the improvement of
40 our varieties, specifically the flue-cured tobacco types?
41

42 **MRS. CABIGAN:** Good morning to the Honorable Chair and to the Members of the
43 Governing Board. Yes, we do have a proposal for this coming
44 season for variety improvement, and we have already started it.
45 We have contacted a seed company in the USA, and we have
46 chosen flue-cured varieties. These are open-pollinated varieties
47 and hybrids, which are specifically resistant to bacterial wilt.
48
49 We are finalizing now and securing the import permit so that the
50 supplier could send to us the seeds that we have purchased via
51 mail. We will plant them this coming tobacco season, and
52 compare them in a variety trial.
53
54 It would be done both in Ilocos Sur, specifically in San Juan, where
55 there has been a case of bacterial wilt infestation, and also here
56 in Ilocos Norte and lastly in our experimental field.
57

1 With regards to the sustainability of using both hybrids, what we
2 will be doing if it proves that it is better to use hybrid varieties is
3 that we will have to purchase the seeds each time that we will
4 have them reused by our farmers.
5

6 **DAOP CASELA:** The question, I mean, can we develop also our own so that we
7 won't just buy from abroad?
8

9 **MRS. CABIGAN:** Yes, Sir, we can also do that. We can make processes and
10 evaluate them, but we will still have to determine if it will be
11 feasible. If we will be able to produce enough seeds for a particular
12 area.
13

14 If it will be feasible, and I was thinking, maybe it will be feasible
15 because one seed module will be enough to plant, I'm not really
16 sure how many hectares, but I think, we can do that. That would
17 be manual cross-pollination to produce our seed requirement.
18

19 Maybe this could be done by our Job Order personnel, or it can
20 also be done by farmers. We will just do the cross-pollination. So,
21 that is how we will be producing our own hybrids.
22

23 **USEC. SAVELLANO:** Okay. So, at least we have a direction. So, I think we should
24 support that program.
25

26 **DAOP CASELA:** Yes, Sir. Actually, the imported seeds that Ma'am Vangie is
27 saying, the documents for importation is being undertaken now,
28 and there are documents being required by BPI in which we are
29 complying with them. We expect that these imported seeds will be
30 on hand, maybe within the next few days, so that it will be on time
31 before the coming tobacco season and will be available for trials.
32

33 What she is saying, the improvement of the variety hybridization
34 program, this would entail crossing the imported varieties we
35 purchased with the certain local varieties we have, then that will
36 be subject to trial to determine, first is, its resistance to a particular
37 disease, also in terms of yield level, and the quality requirements.
38 Then, we will determine the resistance of the variety in terms of
39 the different diseases.
40

41 **DIR. PADAYAO:** Sir, with your permission, Ma'am Vangie, if you have to conduct
42 or say, characterize the imported varieties now, do we have,
43 already the material, the one that we will have to cross it with? Do
44 you have in mind what local variety we're going to cross it with?
45 So that, hand in hand, we can have two, at the same time, so that
46 we can also try to cross both, the imported and the existing ones.
47

48 **MRS. CABIGAN:** Yes, Ma'am. All of the varieties that we import, we can use them
49 as parents, we can use them to cross with our existing varieties in
50 our germplasm collection. One variety in mind is the RHP11,
51 which is resistant to bacterial wilt.
52

53 We can use that in crossing with our other varieties too, because
54 we have not yet done that in the past. We can actually utilize our
55 own germplasm in trying to come up with resistant varieties that
56 we need. We can also use our recommended varieties, like the

1 K326, the NC2326, cross it with them as these are resistant
2 varieties. So, we can do that.
3
4 If our aim only, for example, in the K326, if it is not bacterial
5 resistant, we just cross it with one that has bacterial resistance,
6 and then we back-cross several times until it stabilizes. So, in
7 effect, we still get the K326 characteristic plus the resistance that
8 we added.
9
10 Although we have to understand that it will not be quick, it will take
11 several years to stabilize the characteristic. What I'm thinking is,
12 while we are characterizing the imported ones, hand in hand, we
13 have to prepare, to save time, to expedite the process. Thank you.
14
15 **DAOP CASELA:** In the study of the hybridization program and research, that is
16 crossing established varieties, cross types, cross with imported
17 ones, we have to study that. All we have to do is to train a
18 Research Assistant who will do the cross-pollination.
19
20 **USEC. SAVELLANO:** Okay. Any more questions? So, can we now go back to the query
21 on the Terms of Reference?
22
23 **MRS. ARROJO:** Actually Sir, for the Technical Specs provided by our TWG, for
24 every fertilizer, they have complete certification. Aside from that,
25 for other requirements, there should be a Certificate of
26 Registration of Fertilizer with the FPA and Certificate of Chemical
27 Analysis by any of the FPA-accredited laboratories.
28
29 They will be providing a sample or 1 kilo of the product for
30 confirmatory analysis. All of those are included in the Technical
31 Specs.
32
33 **USEC. SAVELLANO:** Again, my question is do they have demo farms and had tested
34 this fertilizer, and what happened? Is it good?
35
36 **DAOP CASELA:** Usually, Sir, after the trading operation or the conclusion of the
37 buying season, we usually receive feedbacks from farmers as to
38 the effect of the utilization of the given fertilizers. Not only from the
39 farmers, but also from our research. We are doing something like
40 that. Because before the application of that fertilizer, our research
41 should have a recommendation that this is good so they can bid
42 and purchase for that.
43
44 **USEC. SAVELLANO:** Because we will buy and apply it then, we need to check if it's
45 good or not. What I'm saying is, suppliers should have a demo
46 farm to check all those fertilizers to ensure that this is good, right?
47 There should be no exception. It's sad to say, that they don't have
48 it.
49
50 **DAOP CASELA:** That is the reason why we have protocol research, Sir. That's what
51 I am trying to say earlier.
52
53 We have the plan that for each Branch Office, we will come up
54 with a demonstration farm in which case all technologies are
55 supposed to be taken there for further verification of all the
56 technologies.
57

1 For this tobacco season, we cannot do that.
2
3 **USEC. SAVELLANO:** But for the next tobacco season, can we set that as one of the
4 guidelines?
5
6 **DAOP CASELA:** Yes, Sir. Provided there is a budget for that.
7 In our research trial for each product, there are companies who
8 want their product to be recommended to be used for the
9 upcoming tobacco season. It has to undergo the protocol research
10 first.
11
12 If the test result will be very good or efficient, the corresponding
13 certificate of efficiency will be provided by NTA to that particular
14 company. That company will secure, based on the NTA
15 Certification, will also secure Certification from the FPA.
16
17 What I'm saying is with our technology recommendation for the
18 production of tobacco that has been established a long time ago,
19 but from time to time, by virtue of the updating of our technology
20 which is done on a yearly basis, this is in collaboration with the
21 researchers on the products used material inputs for tobacco
22 production.
23
24 This has been tested prior to its recommendation, Sir.
25
26 **USEC. SAVELLANO:** Tested where? In the protocol research, but not used in the
27 plants? Or in the plant itself?
28
29 **DAOP CASELA:** In the plant itself, Sir. It had been done.
30
31 **USEC. SAVELLANO:** Okay na tayo kung tested naman na pala.
32
33 **DAOP CASELA:** Another thing, Sir, we observed in the purchase of farm inputs this
34 year, as compared to last year, there was a significant reduction
35 in the price. There was a reduction of almost PhP4 million, from
36 the ABC.
37
38 The 10-18-24 fertilizer, last year, this was the price of the LGUs,
39 it was almost PhP6,000.00, but for this year it was only PhP4,950.
40 It was considerably reduced.
41
42 **USEC. SAVELLANO:** So, the LGUs from your monitor, they're also using this?
43
44 **DAOP CASELA:** Yes, sir.
45
46 One thing peculiar with our recommendations is that whatever
47 recommendations in terms of technology adoption to LGUs, they
48 are following it strictly.
49
50 **USEC. SAVELLANO:** For one farmer, per hectare, how many are they giving?
51
52 **DAOP CASELA:** It depends, Sir, on the tobacco type.
53
54 For Virginia, it has a requirement of 4 bags of 10-18-24, 2 bags of
55 21-0-0 and 1 bag of 0-0-50.
56
57 **USEC. SAVELLANO:** So, with this, our quality is getting better?

1 **DAOP CASELA:** Yes Sir, in all municipalities. It's very evident that in terms of sub-
2 type, the improved flavor, the topping, or the removal of the topical
3 portion of the tobacco and this is done to increase significantly the
4 nicotine level of the tobacco.
5 With the increase in volume and kind of fertilizer, you're going to
6 improve the nicotine content, in the process. For each type and
7 sub-type of tobacco, there is corresponding recommendation as
8 to the kind and volume of fertilizer to be used.
9

10 **USEC. SAVELLANO:** Okay. The most important thing is to increase the quality and the
11 yield.
12

13 **DAOP CASELA:** Yes, Sir.
14

15 **DIR. REYES:** May I add? Because during the ASWEEC, the package of
16 technology was discussed and the primary concern is the timely
17 application of the basal fertilizer. In order not to delay or the growth
18 of the tobacco plants will be good, the basal fertilizer should be
19 applied at the right time. We need to apply it at the right time.
20

21 **DAOP CASELA:** Yes, Director. Actually, it was included in the bid supplement that
22 the basal will be delivered earlier.
23
24 We specified that the target date for its delivery is on November
25 7. It is the priority. The winning bidder is given 30 days to deliver
26 all the inputs.
27

28 **USEC. SAVELLANO:** What else? Can we now go to the next item?
29

30 **ATTY. OBUSAN:** That will be all Mister Chair, the next item is for adjournment
31 already.
32

33 **USEC SAVELLANO:** There's a motion?
34

35 **DIR. SERNA:** Since there are no other matters to discuss, Mister Chair, I move
36 for the adjournment of this meeting.
37


38 **DIR. GUZMAN:** I second the motion.
39

40 **USEC SAVELLANO:** There's a motion, duly seconded. Then the meeting is adjourned.
41 **SO, ORDERED.**
42


43 **ATTY. OBUSAN:** That concludes our 179th Regular Meeting of the NTA Governing
44 Board. To all the online participants, thank you for your
45 attendance and participation. Magandang umaga po sa lahat.
46
47

48 **Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:00 AM.**
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


FOR:
Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector

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OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND EIGHTIETH (180th) REGULAR BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
06 NOVEMBER 2024 (10:00 AM)**

PRESENT:

Adm. BELINDA S. SANCHEZ	-	Vice-Chair of the Board and Administrator & CEO
Dir. JESSIE PAT M. SERNA	-	Member, Tobacco Traders/Exporters Sector
Dir. WILLORD L. REYES	-	Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO	-	Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN	-	Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. NESTOR C. CASELA	-	Deputy Administrator for Operations
Mrs. MAYLYN FLORES-MIZAL	-	Administrative Assistant III/ Secretary II (JO)
Mr. JERICHO V. BALMACEDA	-	Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Dir. RAY A. ELAYDO	-	Member, Tobacco Manufacturing Sector
Department and Branch Managers / OICs - NTA Central Office and Branch Offices		

MINUTES OF THE MEETING

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4 **ATTY. OBUSAN:**

Good morning, everyone. Upon the instructions of Hon. Usec. Deogracias Victor "DV" B. Savellano, our very own Administrator & CEO, and Vice-Chairperson, Ma'am Bel will be presiding today's Board Meeting. Let us proceed, for the 180th Regular Meeting of the NTA Governing Board, Ma'am, may we request you to please call to order the meeting.

10
11
12 **I. CALL TO ORDER**

13
14 *The Honorable Administrator & CEO and Vice-Chairperson, "Belinda S. Sanchez",*
15 *Presiding Officer, called the meeting to order at 11:15 AM.*

16
17 **ADMIN. SANCHEZ:**

The 180th Regular Meeting of the NTA Governing Board is called to order. Mister Secretary, please lead the opening prayer.

18
19
20 **II. OPENING PRAYER**

21
22
23 **ATTY. OBUSAN:**

(Led the Opening Prayer.)

24
25 **ADMIN. SANCHEZ:**

Can we now go to the next item, the determination of the quorum?

26
27 **ATTY. OBUSAN:**

Thank you, Madam Chair.

28
29 For the 180th Regular Meeting of the NTA Governing Board, we
30 have of course, the Presiding Officer, Honorable Administrator &
31 CEO and Vice-Chairperson, Belinda S. Sanchez. *Good morning,*
32 *Ma'am.*

33
34 We also have the members of the NTA Governing Board,
35 Honorable Director Gerry Virgilio V. Guzman, representing
36 Tobacco Farmers Sector. *Good morning, Sir.*

37
38 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
39 Traders/Exporters Sector. *Good morning, Sir.*

40
41 Hon. Dir. Willford L. Reyes, representing the Tobacco Farmers
42 Sector. *Good morning, Sir.*

43
44 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
45 Farmers Sector. *Good morning, Ma'am; and*

46
47 Joining us online via virtual platform is Hon. Dir. Ray A. Elaydo,
48 representing the Tobacco Manufacturing Sector; *Good morning,*
49 *Sir.*

50
51 Also present here at the NTA Boardroom and joining us is:

52
53 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
54 *morning, Sir DAOP.*
55

1 Likewise, joining us also online are the Department Managers and
2 Branch Managers, and OICs of the Central Office and Branch
3 Offices.
4

5 As such, Madam Chair, we have a Quorum.
6

7 **ADMIN. SANCHEZ:** So, since there's a quorum, we now go to the Approval,
8 Confirmation, Adoption, and Consideration in our Agenda.
9

10 **ATTY. OBUSAN:** Madam Chair, for our first agenda, Agenda (A), the request for
11 "Approval of the Agenda of the 180th Regular Meeting of the
12 NTA Governing Board, held today, 6 November 2024 at 10:00
13 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
14 Quezon Avenue, Quezon City".
15

16 **ADMIN. SANCHEZ:** What's the pleasure of the body?
17

18 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
19 180th Regular Meeting of the NTA Governing Board, held today, 06
20 November 2024, at this time, at the NTA Boardroom, 11th Floor,
21 Upper Class Tower, Quezon Avenue, Quezon City.
22

23 **DIR. GUZMAN:** I second the motion.
24

25 **ADMIN. SANCHEZ:** There's a motion, seconded. Any discussion, or objection? I hear
26 none. Then the motion is APPROVED. Can we go to the next item?
27
28

29 **BOARD RESOLUTION NO. 288 S. 2024**

30
31 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
32 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 180th REGULAR***
33 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 06 NOVEMBER 2024, AT***
34 ***10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,***
35 ***QUEZON AVE., QUEZON CITY.***
36

37 ***UNANIMOUSLY APPROVED...."***
38

39
40 **ATTY. OBUSAN:** Madam Chair, under Agenda (B), the request for "Approval of
41 the Minutes of the 179th Regular Meeting of the NTA Governing
42 Board, held on 22 October 2024, at 10:00 AM, at the NTA
43 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
44 Quezon City".
45

46 **DIR. SERNA:** Madam Chair, I respectfully move for the "Approval of the Minutes
47 of the 179th Regular Meeting of the NTA Governing Board, held on
48 22 October 2024, at 10:00 AM, at the NTA Boardroom, 11th Floor,
49 Upper Class Tower, Quezon Avenue, Quezon City, subject to any
50 amendments, five (5) days from now.
51

52 **DIR. GUZMAN:** I second the motion.
53

1 **ADMIN SANCHEZ:** There's a motion, seconded. Any discussion, or objection? I hear
2 none, then the motion is APPROVED. Next item.
3
4

5 **BOARD RESOLUTION NO. 289 S. 2024**

6
7 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
8 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 179th REGULAR***
9 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 22 OCTOBER 2024, AT***
10 ***10:00 AM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
11 ***QUEZON AVE. QUEZON CITY.***

12 ***UNANIMOUSLY APPROVED...."***

13
14
15
16 **ATTY. OBUSAN:** Madam Chair, under Agenda (C), the request for "Approval of
17 the Calendar Year 2025 Performance Scorecard for the
18 National Tobacco Administration".

19
20 To report on this agenda, may we recognize Hon. Dir. Gerry
21 Virgilio V. Guzman, Member, Committee on Corporate
22 Governance. Go ahead Sir.

23
24 **DIR. GUZMAN:** The Resource Person, Deputy Administrator for Operations
25 (DAOP) Nestor C. Casela made the necessary introduction then
26 turned it over to Mrs. Fortuna C. Benosa, Manager of the
27 Corporate Planning Department to discuss further the agenda.

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- According to Mrs. Benosa, the Governance Commission for GOCCs (GCG) issued Memorandum Circular (M.C.) No. 2024-01 providing for the Performance Evaluation System (PES) for the GOCC Sector.
 - The PES sets the process of appraising the accomplishments of GOCCs in a given fiscal year based on set performance criteria, targets, and weights.
 - Using the Performance Scorecard as a governance and management tool, it aims to facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of the GOCC.
 - Further, GCG Memorandum Circular (M.C.) No. 2024-01 integrates the Disaster Risk Reduction and Management (DRRM) and Gender Equity, Disability, and Social Inclusion (GEDSI) in the Performance Evaluation System.
 - Among the requirements provided in GCG M.C. No. 2024-01 is the submission of the Board Resolution approving the Charter Statement and Strategy Map, proposed Performance Scorecard, and other documentary requirements for consideration of the GCG, hence this request.

- The Board Resolution shall also include the names and respective designations of the GOCC's official representatives to the technical panel who are duly authorized to provide the GCG all necessary information relevant and material to the measures and targets in the GOCC's proposed Performance Scorecard. She also identified the officers who will comprise the NTA technical panel.
- Lastly, Mrs. Benosa submitted to the Governing Board and requests for approval the proposed Performance Targets for CY 2025 as stated in the attachments.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. SERNA: I second the motion.

ADMIN SANCHEZ: There's a motion, seconded. Any discussion, or objection? I hear none, then the motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 290 S. 2024

APPROVING THE CY 2025 PERFORMANCE SCORECARD FOR THE NATIONAL TOBACCO ADMINISTRATION (NTA)

WHEREAS, the Governance Commission for GOCCs (GCG) issued GCG Memorandum Circular (M.C.) No. 2024-01 providing for the Performance Evaluation System (PES) for the GOCC Sector;

WHEREAS, among the requirements provided in GCG M.C. No. 2024-01 is the submission of the Board Resolution approving the Charter Statement and Strategy Map, proposed Performance Scorecard, and other documentary requirements for consideration of the GCG;

WHEREAS, the Board Resolution shall include the names and respective designations of the GOCC's official representatives to the technical panel who are duly authorized to provide the GCG all necessary information relevant and material to the measures and targets in the GOCC's proposed Performance Scorecard;

WHEREAS, the Management has submitted to the Board for approval the proposed Performance Targets for CY 2025 and all documentary requirements under GCG M.C. No. 2024-01;

WHEREAS, the Management has also identified the officers who will comprise the NTA technical panel;

NOW BE IT RESOLVED, that the Governing Board hereby **APPROVES** the following:

- 1 1. The NTA CY 2025 proposed performance scorecard and all other documents as
 2 required under GCG M.C. No. 2024-01, and its submission to the GCG;
- 3 2. Authorization of the following officers and employees to constitute the NTA Technical
 4 Panel to provide the GCG with all necessary information relevant and material to the
 5 measures and targets in the proposed performance scorecard:

NAME	Position/ Designation
1. Nestor C. Casela	Deputy Administrator for Operations
2. Benedicto M. Savellano	Deputy Administrator for Support Services
3. Atty. Rohbert A. Ambros	Department Manager III, Regulations Dept.
4. Dinah E. Pichay	Department Manager III, Internal Audit Dept.
5. Fortuna C. Benosa	Department Manager III, Corporate Planning Dept. (CPD)
6. Myrna O. Lozano	Department Manager III, Industrial Research Dept.
7. Zenaida T. Arrojo	Department Manager III, Administrative Services Dept.
8. Milagros C. Tiu	Department Manager III, Finance Department
9. Juanito M. Maloom	Department Manager III, Farm Technology Services Dept.
10. Neyo E. Valdez	Division Chief III, PPED-CPD

- 6
- 7 3. Authorization of the **Administrator and CEO**, or upon his/her written authority, a duly
 8 authorized representative, to take such steps, sign all documents and papers, and perform such
 9 acts as may be necessary to carry out and implement the foregoing authority;
- 10 4. Authorization of the Administrator and CEO to represent NTA during the Performance Target
 11 Conference (PTC) for the setting of the final performance targets of the GOCC.


DONE, this 6th day of **November 2024**, in Quezon City, Philippines, with Administrator & CEO, Hon. Belinda S. Sanchez presiding the board meeting as Vice-Chairperson of the Governing Board upon the instructions of the Alternate Chairman Designate, Hon. Deogracias Victor B. Savellano, who is attending another engagement. Hon. Ray A. Elaydo, joined the meeting online via virtual platform.

UNANIMOUSLY APPROVED...."

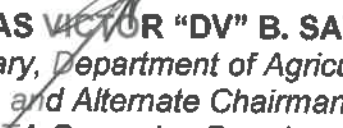
- 12
- 13 **ATTY. OBUSAN:** Next agenda, Madam Chair, on Other Matters, is the proposed
 14 schedule of our next board meeting, the 134th Special Meeting of
 15 the NTA Governing Board, tentatively scheduled on November
 16 22, 2024, Friday at 10:00 AM. The Joint Board Committee
 17 Meeting will be on November 21, 2024 at 9:00 AM. This was
 18 already relayed to the Executive Assistant of Hon. Usec. DV
 19 Savellano.
- 20 **ADMIN. SANCHEZ:** Okay. Anything else?
- 21
- 22 **DIR SERNA:** On Other Matters, Madam Chair, with your permission?
- 23
- 24 **ADMIN. SANCHEZ:** Yes, go ahead Sir Jessie.

1 **DIR. SERNA:** I just want to ask Sir DAOP, because last time, he promised that
2 all materials inputs particularly the fertilizers will be delivered by
3 November 15, 2024 to the tobacco farmers, ito pa din po ba ang
4 ating timeline?
5
6 **DAOP CASELA:** Good morning, everyone, again. Yes, Sir Jessie. Although there
7 were some delays brought about by typhoon Kristine, wherein we
8 have 3 days of work suspension, everything is still on time as
9 scheduled. The post qualification was done already last October
10 30, if I am not mistaken. We expect that the delivery of fertilizers
11 to the respective branch offices will be completed by November
12 15 as promised. Thank you.
13
14 **DIR. SERNA:** It is good to hear this, Sir DAOP. Thank you.
15
16 **ADMIN. SANCHEZ:** Okay, anything else?
17
18 **ATTY. OBUSAN:** Next item, is adjournment, Madam Chair.
19
20 **ADMIN. SANCHEZ:** There's a motion?
21
22 **DIR. GUZMAN:** Madam Chair, I move for the adjournment of the meeting.
23
24 **DIR. REYES:** I second the motion.
25
26 **ADMIN. SANCHEZ:** There was a motion, duly seconded, this meeting is hereby
27 adjourned. Thank you.
28
29 **SO, ORDERED.**
30
31 **ATTY. OBUSAN:** That concludes our 180th Regular Meeting of the NTA Governing
32 Board. To all the online participants, thank you for your
33 attendance and participation. Magandang umaga po sa ating
34 lahat.
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37 **Note:** THE MEETING WAS ADJOURNED AT EXACTLY 12:25 PM.
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND THIRTY-FOURTH (134th) SPECIAL BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
22 NOVEMBER 2024 (10:00 AM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO
Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
Atty. ROHBERT A. AMBROS - Manager, Regulations Department
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

MINUTES OF THE MEETING

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4 **ATTY. OBUSAN:** Good afternoon, everyone. For the 134th Special Meeting of the
5 NTA Governing Board, please welcome the Honorable
6 Undersecretary of the Department of Agriculture & NTA Oversight
7 Official/Alternate Chairman-Designate Deogracias Victor "DV" B.
8 Savellano. May we request you Sir to please call to order the
9 meeting.

I. CALL TO ORDER

10
11
12
13 *The Honorable Deogracias Victor "DV" B. Savellano, Presiding Officer, called the*
14 *meeting to order at 01:00 PM.*

15
16 *(The meeting was originally scheduled at 10:00 AM but was moved to 12:30 PM upon*
17 *the request of the Alternate-Chairman Designate.)*

18
19 **USEC. SAVELLANO:** The 134th Regular Meeting of the NTA Governing Board is called
20 to order. Mister Secretary? Who's going to lead the opening
21 prayer?
22

II. OPENING PRAYER

23
24
25 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*

26
27 **USEC. SAVELLANO:** So, can we now go to the next item, the determination of the
28 quorum?
29

30 **ATTY. OBUSAN:** Thank you, Mister Chair.

31
32 For the 134th Regular Meeting of the NTA Governing Board, we
33 have of course, the Presiding Officer, Honorable Undersecretary
34 of the Department of Agriculture & NTA Oversight Official/
35 Alternate Chairman-Designate, Deogracias Victor "DV" B.
36 Savellano. *Good afternoon, Sir.*

37
38 We are also joined by the Vice-Chairman and Administrator &
39 CEO, the Honorable Belinda S. Sanchez, *Good afternoon, Ma'am.*

40
41 We also have the members of the NTA Governing Board, Hon. Dir.
42 Ray A. Elaydo, representing the Tobacco Manufacturing Sector;
43 *Good afternoon, Sir.*

44
45 Honorable Director Gerry Virgilio V. Guzman, representing
46 Tobacco Farmers sector. *Good afternoon, sir.*

47
48 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
49 Traders/Exporters Sector; *Good afternoon, Sir.*

50
51 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
52 Sector; *Good afternoon, Sir; and*

53
54 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
55 Farmers Sector; *Good afternoon, Ma'am.*

56
57 Also present here at the NTA Boardroom and joining us are:

1 Mr. Benedicto M. Savellano, our Deputy Administrator for Support
2 Services. *Good afternoon, Sir DASS.*

3
4 Atty. Rohbert A. Ambros, Manager of the Regulations Department.
5 *Good afternoon, Atty Bob.*

6
7 Also joining us also online are the Department Managers and
8 Branch Managers, and OICs of the Central Office and Branch
9 offices.

10
11 As such, Mister Chair, we have a Quorum.

12
13 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
14 Confirmation, Adoption, and Consideration in our Agenda.

15
16 **ATTY. OBUSAN:** Mister Chair, for our first agenda, Agenda (A), the request for
17 "Approval of the Agenda of the 134th Special Meeting of the
18 NTA Governing Board, held today, 22 November 2024 at 10:00
19 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
20 Quezon Avenue, Quezon City".

21
22 **USEC. SAVELLANO:** What's the pleasure of the body?

23
24 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
25 134th Special Meeting of the NTA Governing Board, held today, 22
26 November 2024, at this time, at the NTA Boardroom, 11th Floor,
27 Upper Class Tower, Quezon Avenue, Quezon City.

28
29 **DIR. SERNA:** I second the motion.

30
31 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
32 none. Then the motion is APPROVED. Can we go to the next item?
33

34
35 **BOARD RESOLUTION NO. 290 S. 2024**

36
37 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
38 ***GOVERNING BOARD APPROVES THE AGENDA OF THE 134th SPECIAL MEETING***
39 ***OF THE NTA GOVERNING BOARD, HELD ON 22 NOVEMBER 2024, AT 10:00 AM,***
40 ***AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER, QUEZON AVE.,***
41 ***QUEZON CITY.***

42
43 ***UNANIMOUSLY APPROVED...."***

44
45
46 **ATTY. OBUSAN:** Mister Chair, under Agenda (B), the request for "Approval of the
47 **Minutes of the 180th Regular Meeting of the NTA Governing**
48 **Board, held on 06 November 2024, at 10:00 AM, at the NTA**
49 **Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,**
50 **Quezon City".**

51
52 **DIR. SERNA:** Mr. Chair, I respectfully move for the "Approval of the Minutes of
53 the 180th Regular Meeting of the NTA Governing Board, held on 06
54 November 2024, at 10:00 AM, at the NTA Boardroom, 11th Floor,

1 Upper Class Tower, Quezon Avenue, Quezon City, subject to any
2 amendments, five (5) days from now.

3
4 **DIR. ELAYDO:** I second the motion.

5
6 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
7 none, then the motion is APPROVED. Next item.
8
9

10 **BOARD RESOLUTION NO. 291 S. 2024**

11
12 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
13 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 180th REGULAR***
14 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 06 NOVEMBER 2024, AT***
15 ***10:00 AM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
16 ***QUEZON AVE. QUEZON CITY.***

17
18 ***UNANIMOUSLY APPROVED...."***
19

20
21 **ATTY. OBUSAN:** Mister Chair, under Agenda (C), the request for "Issuance of a
22 **Board Resolution Authorizing Dr. Giovanni B. Palabay/Mr.**
23 **Nicolas Mendoza for the Closure of the Following Land Bank**
24 **Accounts Maintained At San Fernando, La Union Branch:**

25
26 **1. Interest Bearing Current Account (IBCA) 000-020-0000-**
27 **0202025862**

28 *(A similar bank account will be opened at LBP Bauang, La Union*
29 *Branch Office.)*

30
31 **2. Current Account 000-252-0000-2522103449 (For Mindanao**
32 **Projects Account)**

33 *(Remaining balance to be returned to NTA Central Office.)*

34 To render his report on this matter, may we recognize Dir. Ray A.
35 Elaydo, Chairperson, Committee on Board Audit and Finance.
36

37 **DIR. ELAYDO:** The Resource Person, Deputy Administrator for Support Services
38 (DASS), Benedicto M. Savellano, made the necessary introduction
39 then turned it over to Ms. Milagros C. Tiu, Manager of the Finance
40 Department to discuss further the agenda.
41

- 42
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- According to Ms. Tiu, the said bank accounts were opened when the NTA branch office was still located in San Fernando, La Union. It had since transferred to Bauang, La Union.
 - For every bank transaction made under the above-mentioned accounts in Land Bank of the Philippines (LBP) branch office in Bauang, NTA is being charged with a service fee since it is being considered as an interbranch transaction.
 - To avoid paying this service fee, closure of these bank accounts is recommended, and a subsequent opening of the similar Interest-Bearing Current Account (IBCA) be made in LBP Bauang La Union, hence this request.

- On the other hand, the current account originally opened in 2019 intended for Mindanao pilot projects is no longer needed and had since been dormant. Funds intended for Mindanao is being handled by the Farm Technology and Services Department in Ilocos Norte and they have their own bank account for this. Hence, the request is for the permanent closure and the remaining balance amounting to PhP 368,944.57 be returned to NTA Central Office immediately.
- Under this agenda, two (2) Board Resolutions will be issued, one for the closure of the mentioned bank accounts; and another for the opening of a similar Interest-Bearing Current Account (IBCA) in Bauang, La Union.
- The opening of the IBCA will be made early next year after the conclusion of the handing out of the TCGS grant.
- This subject matter having been thoroughly discussed during the Committee Meeting, and with a Motion to Approve, which was duly seconded. I respectfully move for the approval of the agenda. Thank you very much!

DIR. GUZMAN: I second the motion.

USEC. SAVELLANO: There's a motion, seconded. Any discussion, or objection? I hear none, then the motion is **APPROVED**. Next item.

BOARD RESOLUTION NO. 292, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD AUTHORIZES DR. GIOVANNI B. PALABAY / MR. NICOLAS MENDOZA TO FACILITATE THE CLOSURE OF THE FOLLOWING NTA LAND BANK ACCOUNTS MAINTAINED AT LBP SAN FERNANDO, LA UNION BRANCH OFFICE:

- 1. INTEREST BEARING ACCOUNT (IBCA) 0202025862***
- 2. CURRENT ACCOUNT 2522103449***

UNANIMOUSLY APPROVED...."

BOARD RESOLUTION NO. 293, S. 2024

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA GOVERNING BOARD AUTHORIZES DR. GIOVANNI B. PALABAY / MR. NICOLAS MENDOZA TO FACILITATE THE OPENING OF THE FOLLOWING NTA LAND BANK ACCOUNT AT LBP BAUANG, LA UNION BRANCH OFFICE:

- 1. INTEREST BEARING ACCOUNT (IBCA)***

UNANIMOUSLY APPROVED...."

1 **ATTY. OBUSAN:**

Mister Chair, under **Agenda (D)**, 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”.

To render her report on this matter, may we recognize Dir. Luzviminda U. Padayao, Chairperson, Committee on Research and Extension.

10 **DIR. PADAYAO:**

The Resource Person, Mrs. Fortuna C. Benosa, Manager of the Corporate Planning Department presented the agenda.

- According to Mrs. Benosa, 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, during yesterday’s discussion, 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.

- 1 • This subject matter having been thoroughly discussed during the
2 Committee Meeting, and with a Motion to Approve, which was duly
3 seconded. I respectfully move for the approval of the agenda.
4 Thank you very much!

5
6 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I
7 have only one question.

8
9 What happens if there's a tobacco farmer, who is not able to get
10 it because of political reasons, hindi ka-alyado ni Mayor? Let us
11 be realistic, because that's one of the problems.

12
13 **DIR. PADAYAO:** So long as validated naman po yung area planted and pasok sa
14 criteria ng recipients, tiyak po na kasama ito sa list of entitled
15 farmer-cooperators na submitted by the branch offices.

16
17 **USEC. SAVELLANO:** So, all of our registered tobacco farmers got it? Who certified this
18 list?

19
20 **DIR. PADAYAO:** Yes, Sir. The list came from the respective branch offices.

21
22 **USEC. SAVELLANO:** How about those who are interested to plant tobacco but not under
23 TCGS, what's the incentive for them? What is the intervention of
24 the NTA if there's something like that? Because we're
25 encouraging farmers to plant tobacco. Can they go directly to the
26 NTA if they're interested to plant tobacco?

27
28 **DASS SAVELLANO:** With the permission of Mister Chair. Yes, they can go directly to
29 NTA. We also give a subsidy. May iba pa pong mga programa anf
30 NTA para sa kanila.

31
32 **USEC. SAVELLANO:** That is what I am saying. Mabuti naman kung ganon. Any more
33 discussion on the matter? Since there's no more discussions, then
34 the motion is **APPROVED**. Next item.

35
36
37 **BOARD RESOLUTION NO. 294, S. 2024**

38
39 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
40 ***GOVERNING BOARD APPROVES THE IMPLEMENTING GUIDELINES (IG)***
41 ***FOR THE TOBACCO FARMERS' PRODUCTION GRANT FOR CROP YEAR***
42 ***2024-2025***

43
44 ***UNANIMOUSLY APPROVED...."***

45
46 **ATTY. OBUSAN:** Mister Chair, under **Agenda (E)**, the **"Presentation on the Action**
47 **Plan for the Promotion of Locally-Grown Leaf Tobacco and**
48 **Reduction of Importation of Unmanufactured Tobacco"**.

49
50 To render his report on this matter, may we recognize Atty. Rohbert
51 A. Ambros, Manager, Regulations Department, together with Mrs.
52 Myrna O. Lozano, Manager of Internal Research Department, and

1 Engineer Johnny Maloom of the FTSD, who are both joining us
2 online.
3

4 **USEC. SAVELLANO:** Atty. Ambros is recognized.
5

6 **ATTY. AMBROS:** Thank you, Mister Chair, with regards to my presentation for today,
7 this is in connection with the instruction of the Honorable Chair for
8 the NTA to formulate an Action Plan to promote the demand of
9 locally grown leaf tobacco. The Operations group, particularly the
10 Industrial Research Department, the Farm Technology and
11 Services Department, and the Regulations Department, drafted an
12 Action Plan, and we have listed certain Programs, Activities, and
13 Projects for the implementation of our objective to increase the
14 production of locally grown leaf tobacco.
15

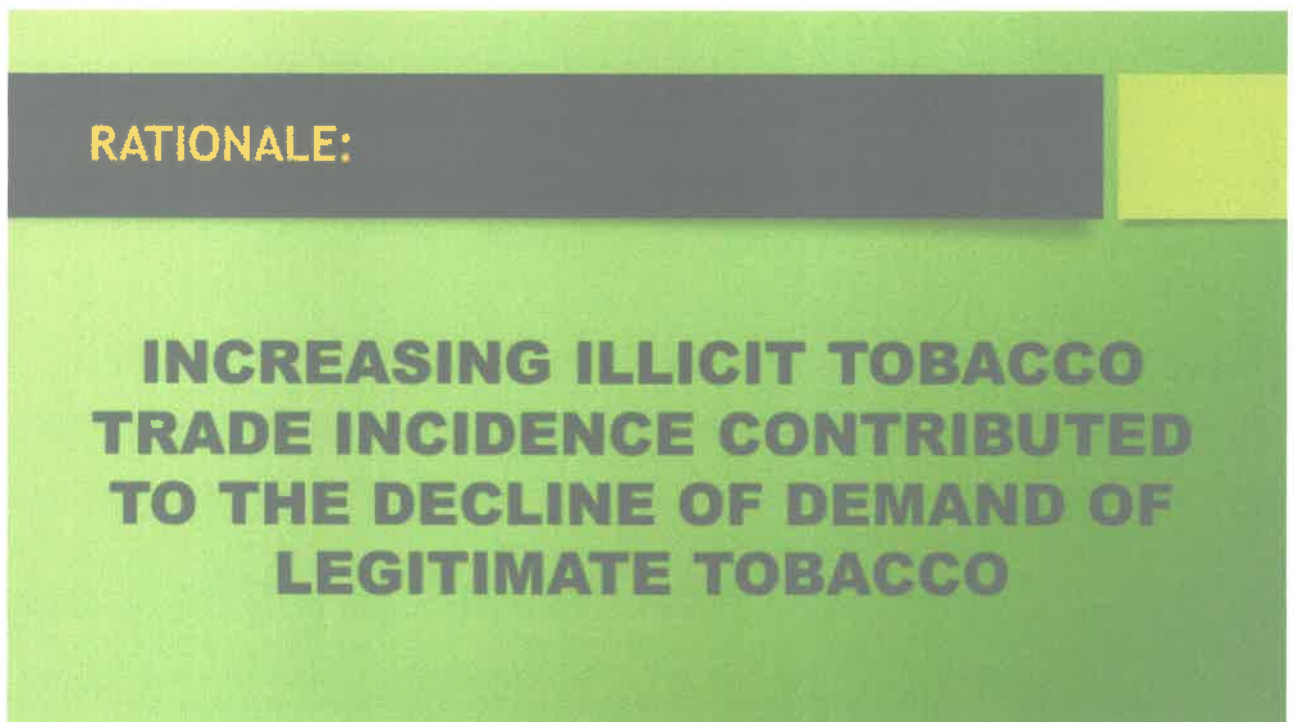
16 For our Rationale for formulating this Action Plan, I'd like to start
17 with the economic significance of the tobacco industry to the
18 Philippine economy. The industry shares 1% of the gross domestic
19 product for 2023, and it comprises 6% of the total tax collection for
20 2023. The total collection for excise tax on tobacco in 2023 was
21 132 billion.
22

23 This 132 billion were distributed to, of course, the majority of the
24 collection went to the Universal Health Care, that's 52%, 25% to
25 the National Government and the BIR, 16% to the Local
26 Government Units under RAs 7171 and 8240, and the rest, the
27 remaining 7%, or 9.7 billion, was credited to the special account
28 under the general fund for the NTA pursuant to RA 4155.
29

30 **USEC. SAVELLANO:** Where is this 132 billion in your presentation?
31

32 **ATTY. AMBROS:** Actually, Mr. Chair, it's stated in the write-up of our Action Plan. I
33 will make another slide for the distribution of the 132 billion excise
34 tax.
35

36 This is the summary of the presentation.
37



INCREASING EXCISE TAX RATES ON CIGARETTES

	1997	2005	2020	2021	2022	2023	2024
Excise Rate/Pack (in pesos)	<u>1.00</u>	<u>2.72</u>	<u>45.00</u>	<u>50.00</u>	<u>55.00</u>	<u>60.00</u>	<u>63.00</u>

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

ILLEGAL INCIDENCE BY REGION AS OF Q4 2023 (%)

LUZON 8.0%
Pangasinan 12.8%
Zambales 19.3%
Bataan 58.2%
Nueva Ecija 18.5%
Pampanga 18.0%
Paloilan 5.8%

MINDANAO 45%
Zamboanga Sibugay 87.5%
Comisarado del Sur 77.8%
Mindanao Occidental 72.3%
Maguindanao del Sur 68.0%
Maguindanao del Norte 66.5%
Sarangani 60.0%

Illicit cigarettes are sold at **Php3.00-4.00/stick** vs. **Php5.55** per stick for legal, tax-paid volumes.

VISAYAS 1%
Guimaras 1.0%
Negros Occidental 1.3%
Biliran 0.9%
Southern Leyte 0.7%

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.

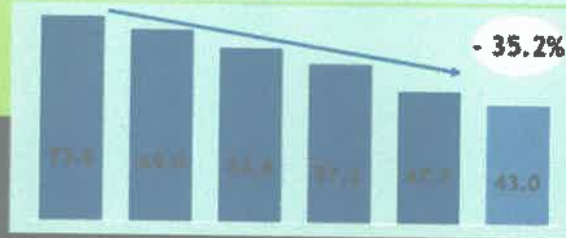
RATIONALE:

Government tobacco excise tax collections dropped for the first time in 2022 and projections on downward trend (in billion pesos)

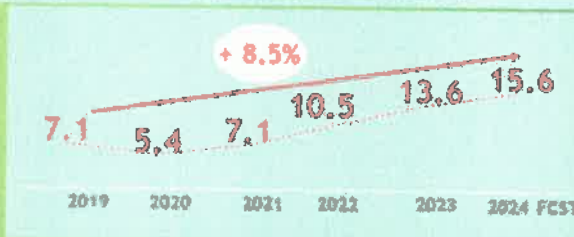


Legal volume is downward, while illicit is upward

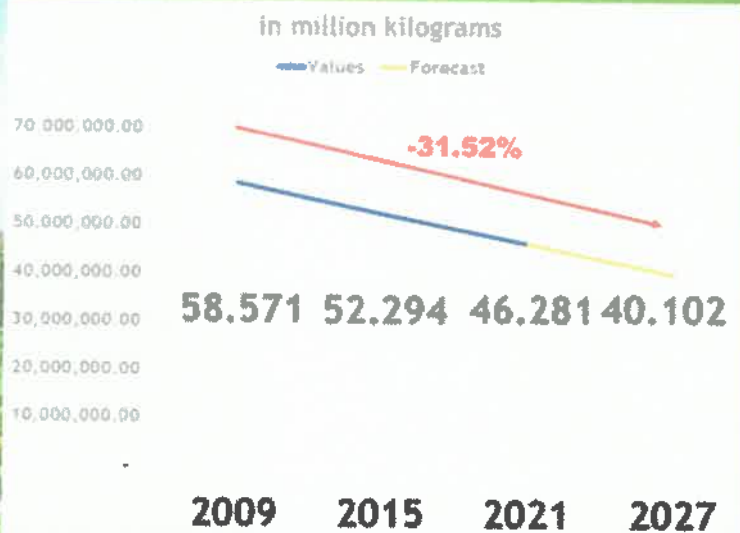
Legal cigarette volumes have dropped by 35.2% since 2019 (in billion sticks)



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:

1. **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;**
2. **Explore further characterization of imported unmanufactured tobacco with scientific basis to substantiate the comparability of locally grown leaf tobacco with imported tobacco;**
3. **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**
4. **Propose other options to deter the proliferation of illicit trade of tobacco to protect the Philippine tobacco industry.**

SWOT ANALYSIS:

STRENGTH:

- a. Possesses regulatory power
- b. Coordinating agency under RA 12022
- c. NTA procedures were made part of the processing system of BOC, BIR 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.
- d. Utilization of funds under RA 4155
- e. Capability of technical personnel can be enhanced through appropriate trainings
- f. 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/LGUs 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: a. complete physiological, chemical and topological analysis; b. system of production; c. fertilization and pesticide requirements; d. grading and classification system; and e. cost analysis.	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 9752 (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	<ul style="list-style-type: none"> a. Strengthen existing coordination with the BOC, BIR, PEZA, Freeport Zones, PNP & NSI; 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;	a. System of determining DPI in collaboration with the DA;	January 2025	a. IRD & RD
	b. Establish system of information gathering and protection of intelligence information on illicit tobacco trade	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 PAPs 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-

1 **During the course of the discussion, the following points were raised:**

- 2 a. *The economic zones should strictly guard the flow of goods to prevent illicit*
3 *tobacco from going out of these zones without paying the necessary fees and*
4 *taxes.*
5
6 b. *Extremely high incidence of illicit tobacco trade in Mindanao.*
7
8 c. *China is one of the biggest producers of tobacco, but in the recent years, the*
9 *volume of their produce decreased, partly because the quality of leaves became*
10 *thinner.*
11
12 d. *NTA as the main regulatory body of tobacco, should identify, recommend, and*
13 *implement measures as may be permitted by law to be able to increase the*
14 *demand of local tobacco.*
15
16 e. *NTA should explore the further characterization of imported tobacco to be a*
17 *scientific basis to substantiate the comparability of our locally grown leaf tobacco*
18 *as against imported ones. Lastly, to determine appropriate regulatory measures*
19 *as may be permitted to increase the purchases of domestic manufacturers and*
20 *minimize importation.*
21
22 f. *Since NTA don't have police power right now, for the meantime, NTA should*
23 *explore coordinating with other law enforcement agencies to curb illicit tobacco*
24 *trade.*
25
26 g. *NTA putting up its own rendering plant to destroy collected illicit tobacco products.*
27
28 h. *Under institution of Trade Remedies, since NTA cannot file its own petition to the*
29 *Secretary on behalf of the tobacco industry, NTA will just assist the tobacco*
30 *farmers in the drafting of their petition. They will state in their petition that they*
31 *are heavily affected by the importation, illicit trade, among others.*
32
33 i. *Regarding funding, NTA is banking on the Tobacco Fund (from R.A. 4155);*
34 *presentation to be made before the DBM regarding this Action Plan.*
35
36 j. *The presentation ended with the Alternate Chairman Designate, Usec DV*
37 *Savellano instructing Atty. Ambros to enhance his presentation based on the*
38 *discussions and present it before the Hon. Sec. Francisco P. Tiu Laurel Jr.*

39
40 **ATTY. OBUSAN:** Next agenda, Mister Chair, on Other Matters, Mr. Chair, is the
41 proposed schedule of our next board meeting, the 181st Regular
42 Meeting of the NTA Governing Board, tentatively scheduled on
43 December 3, 2024, Tuesday at 10:00 AM.
44

45 **USEC. SAVELLANO:** Let's make it December 4, 2024, Wednesday, same time.
46 Anything else?
47

48 **ATTY. OBUSAN:** Duly noted, Mister Chair. Next is adjournment.
49

50 **DIR. GUZMAN:** Mister Chair. I move for the adjournment of the meeting.
51

52 **DIR. ELAYDO:** I second the motion.
53


1 **USEC SAVELLANO:** There's a motion, duly seconded, then the meeting is adjourned.
2 Thank you. **SO, ORDERED.**

3
4 **ATTY. OBUSAN:** That concludes our 134th Special Meeting of the NTA Governing
5 Board. To all the online participants, thank you for your
6 attendance and participation. Magandang hapon po sa lahat.
7


8
9 Note: THE MEETING WAS ADJOURNED AT EXACTLY 02:35 PM.
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PREPARED AND CERTIFIED CORRECT:


ATTY. GORGONIO G. OBUSAN III
Board Secretary V
NTA Governing Board

ATTESTED:


Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO
Undersecretary, Department of Agriculture
NTA Oversight Official, and Alternate Chairman Designate
to the NTA Governing Board


Hon. GERRY VIRGILIO V. GUZMAN
Appointive Director, Tobacco Farmers Sector


Hon. WILLORD L. REYES
Appointive Director, Tobacco Farmers Sector


Hon. JESSIE PAT M. SERNA
Appointive Director, Tobacco Traders/Exporters Sector


Hon. LUZVIMINDA U. PADAYAO
Appointive Director, Tobacco Farmers Sector


Hon. RAY A. ELAYDO
Appointive Director, Tobacco Manufacturing Sector



OFFICE OF THE NTA GOVERNING BOARD

**ONE HUNDRED AND EIGHTY-FIRST (181ST) REGULAR BOARD MEETING
OF THE NTA GOVERNING BOARD, HELD AT THE NTA BOARD ROOM,
11TH FLOOR, UPPER CLASS TOWER, QUEZON AVENUE, QUEZON CITY
17 DECEMBER 2024 (10:00 AM)**

PRESENT:

**Hon. DEOGRACIAS VICTOR B. SAVELLANO - Undersecretary/Department of
Agriculture & NTA Oversight
Official / Alternate Chairman
Designate**

Adm. BELINDA S. SANCHEZ - Vice-Chair of the Board and Administrator & CEO
Dir. JESSIE PAT M. SERNA - Member, Tobacco Traders/Exporters Sector
Dir. RAY A. ELAYDO - Member, Tobacco Manufacturing Sector
Dir. WILLORD L. REYES - Member, Tobacco Farmers Sector
Dir. LUZVIMINDA U. PADAYAO - Member, Tobacco Farmers Sector
Dir. GERRY VIRGILIO V. GUZMAN - Member, Tobacco Farmers Sector

OTHERS PRESENT:

Mr. JERICHO B. NOGRALES - President, Philippine Tobacco Institute, Inc.
Mr. NESTOR C. CASELA - Deputy Administrator for Operations
Mr. BENEDICTO M. SAVELLANO - Deputy Administrator for Support Services
Atty. GORGONIO G. OBUSAN III - Board Secretary V
**Mrs. MAYLYN FLORES-MIZAL - Administrative Assistant III/
Secretary II (JO)**
Mr. JERICHO V. BALMACEDA - Administrative Aide Clerk III (JO)

THRU VIRTUAL PLATFORM/ONLINE:

Department and Branch Managers / OICs - NTA Central Office and Branch Offices

1 **MINUTES OF THE MEETING**

2
3
4 **ATTY. OBUSAN:** Good morning, everyone. For the 181st Regular Meeting of the
5 NTA Governing Board, please welcome the Honorable
6 Undersecretary of the Department of Agriculture & NTA Oversight
7 Official/Alternate Chairman-Designate Deogracias Victor “DV” B.
8 Savellano. May we request you Sir to please call to order the
9 meeting.

10
11
12 **I. CALL TO ORDER**

13
14 *The Honorable Deogracias Victor “DV” B. Savellano, Presiding Officer, called the*
15 *meeting to order at 10:25 AM.*

16
17 **USEC. SAVELLANO:** The 181st Regular Meeting of the NTA Governing Board is called
18 to order. Mister Secretary, please lead the opening prayer.

19
20 **II. OPENING PRAYER**

21
22 **ATTY. OBUSAN:** *(Led the Opening Prayer.)*

23
24 **USEC. SAVELLANO:** Can we now go to the next item, the determination of the quorum?

25
26 **ATTY. OBUSAN:** Thank you, Mister Chair.

27
28 For the 181st Regular Meeting of the NTA Governing Board, we
29 have of course, the Presiding Officer, Honorable Undersecretary
30 of the Department of Agriculture & NTA Oversight Official/
31 Alternate Chairman-Designate, Deogracias Victor “DV” B.
32 Savellano. *Good morning, Sir.*

33
34 We are also joined by the Vice-Chairman and Administrator &
35 CEO, Honorable Belinda S. Sanchez, *Good morning, Ma’am.*

36
37 We also have the members of the NTA Governing Board, Hon. Dir.
38 Ray A. Elaydo, representing the Tobacco Manufacturing Sector;
39 *Good morning, Sir.*

40
41 Honorable Director Gerry Virgilio V. Guzman, representing
42 Tobacco Farmers sector. *Good morning, Sir.*

43
44 Hon. Dir. Jessie Pat M. Serna, representing the Tobacco
45 Traders/Exporters Sector; *Good morning, Sir.*

46
47 Hon. Dir. Willord L. Reyes, representing the Tobacco Farmers
48 Sector; *Good morning, Sir; and*

49
50 Hon. Dir. Luzviminda U. Padayao, representing the Tobacco
51 Farmers Sector; *Good morning, Ma’am.*

52
53 Also present here at the NTA Boardroom and joining us are:

54
55 Mr. Nestor C. Casela, Deputy Administrator for Operations, *Good*
56 *morning, Sir DAOP.*

1 Mr. Benedicto M. Savellano, our Deputy Administrator for Support
2 Services. *Good morning, Sir DASS.*

3
4 Joining us today is our distinguished guest, Philippine Tobacco
5 Institute, Inc. President, and former Congressman, Mr. Jericho B.
6 Nograles. *Good morning, Sir and welcome to the National Tobacco
7 Administration.*

8
9 Also present online are the Department Managers and Branch
10 Managers, and OICs of the Central Office and Branch offices.

11
12 As such, Mister Chair, we have a Quorum.

13
14 **USEC. SAVELLANO:** So, since there's a quorum, we now go to the Approval,
15 Confirmation, Adoption, and Consideration in our Agenda.

16
17 **ATTY. OBUSAN:** Mister Chair, for our first agenda, **Agenda (A)**, the request for
18 “**Approval of the Agenda of the 181st Regular Meeting of the
19 NTA Governing Board, held today, 17 December 2024 at 10:00
20 AM, at the NTA Boardroom, 11th Floor, Upper Class Tower,
21 Quezon Avenue, Quezon City**”.

22
23 **USEC. SAVELLANO:** What's the pleasure of the body? Dir. Padayao?

24
25 **DIR. PADAYAO:** Honorable Chair, I moved for the approval of the Agenda of the
26 181st Regular Meeting of the NTA Governing Board, held today, 17
27 December 2024, at this time, at the NTA Boardroom, 11th Floor,
28 Upper Class Tower, Quezon Avenue, Quezon City.

29
30 **DIR. SERNA:** I second the motion.

31
32 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
33 none. Then the motion is **APPROVED**. Can we go to the next item?
34
35

36 **BOARD RESOLUTION NO. 295 S. 2024**

37
38 ***“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA
39 GOVERNING BOARD APPROVES THE AGENDA OF THE 181ST REGULAR
40 MEETING OF THE NTA GOVERNING BOARD, HELD ON 17 DECEMBER 2024, AT
41 10:00 AM, AT THE NTA BOARD ROOM, 11TH FLOOR UPPER CLASS TOWER,
42 QUEZON AVE., QUEZON CITY.***

43
44 ***UNANIMOUSLY APPROVED....”***

45
46
47 **ATTY. OBUSAN:** Mister Chair, under **Agenda (B)**, the request for “**Approval of the
48 Minutes of the 134th Special Meeting of the NTA Governing
49 Board, held on 22 November 2024, at 12:30 PM, at the NTA
50 Boardroom, 11th Floor, Upper Class Tower, Quezon Avenue,
51 Quezon City**”.

52
53 **DIR. SERNA:** Mister Chair, I respectfully move for the “Approval of the Minutes
54 of the 134th Special Meeting of the NTA Governing Board, held on

1 22 November 2024, at 12:30 PM, at the NTA Boardroom, 11th
2 Floor, Upper Class Tower, Quezon Avenue, Quezon City, subject
3 to any amendments, five (5) days from now.

4
5 **DIR. ELAYDO:** I second the motion.

6
7 **USEC. SAVELLANO:** There's a motion, seconded. Any discussion, or objection? I hear
8 none, then the motion is **APPROVED**. Next item.
9

10
11 **BOARD RESOLUTION NO. 296 S. 2024**

12
13 ***"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, THAT THE NTA***
14 ***GOVERNING BOARD APPROVES THE MINUTES OF THE 134TH SPECIAL***
15 ***MEETING OF THE NTA GOVERNING BOARD, HELD ON 22 NOVEMBER 2024, AT***
16 ***12:30 PM, AT THE NTA BOARD ROOM 11TH FLOOR UPPER CLASS TOWER,***
17 ***QUEZON AVE. QUEZON CITY.***

18
19 ***UNANIMOUSLY APPROVED...."***

20
21
22 **ATTY. OBUSAN:** Next agenda, Mister Chair, under **Agenda (C)**, the request for
23 **"Issuance of a Board Resolution Authorizing the Finance**
24 **Department to Transfer Restricted Funds in the Amount of**
25 **PhP 116,769,984.67 to the Bureau of Treasury".**

26
27 To render his report on this matter, may we recognize Dir. Ray A.
28 Elaydo, Chairperson, Committee on Board Audit and Finance.

29
30 **DIR. ELAYDO:** Good morning, Mister Chair. This is the summary report of
31 discussion and recommendation on this agenda.

- 32
33
- The Resource Person, Ms. Milagros C. Tiu, Manager, Finance Department, presented the agenda.
 - According to her, the restricted fund involved amounting to P116,769,984.67 was reflected in the Corporate Operating Budget of the NTA for the Fiscal Year 2024.
 - This is comprised of the following:
- 34
35
36
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41

1 **MR. NOGRALES:**

2 Thank you, Mr. Chairman, Madam Vice-Chairman, Honorable
3 Members of the Governing Board of the NTA, good morning. I am
4 Koko Nograles, and I am the new PTI President after Manong
5 Rudy, the late Rodolfo F. Salanga who previously sat also with the
6 NTA Governing Board some years ago. I'm very honored and
7 happy to be invited by my good friend, Chairman, Undersecretary
8 DV Savellano.

9 I'm here to formally introduce myself as the PTI President and
10 assure the NTA and its Governing Board that the PTI is here as a
11 partner for the NTA in whatever way that we can.

12
13 It is an exciting time, I believe, for the tobacco sector mainly
14 because there are many opportunities for the sector and the
15 economy and the industry despite the fact that we have many
16 challenges.

17
18 The PTI is actually gearing up in fighting the illicit trade in tobacco.
19 That's one of the challenges that was given to me by my Board of
20 Directors that we have to fight the illicit trade in tobacco in which I
21 responded to that call.

22
23 Next year will be exciting for the PTI and we will be requesting for
24 the help of the NTA. One of the requests, if I may since I'm already
25 here before you, are that in the newly passed law, the Anti-
26 Agricultural Economic Sabotage Act of 2024 which was passed in
27 September of this year, the import and smuggling of imported
28 tobacco products is now considered by law as economic sabotage
29 which is a non-bailable offense.

30
31 Recently there have been raids particularly in San Rafael,
32 Bulacan and in Nueva Ecija as well that yielded billions of pesos
33 of tobacco products that is domestically manufactured. Since it is
34 domestically manufactured, the common understanding of our law
35 enforcement agencies and our Department of Justice is that it is
36 not included in the Anti-Agricultural Economic Sabotage Act
37 because it is domestic and not smuggled.

38
39 What I would like to ask our Governing Board, our Chairman, Vice-
40 Chairperson is to allow the NTA to issue a negative certification
41 when it comes to leaf products. Currently the NTA has negative
42 certification of finished goods.

43
44 It always happens that our police ask for certification of products
45 that were raided and the NTA certifies that it did not pass the NTA
46 and that it was not allowed by the NTA. That is why our DOJ has
47 a case build-up. But I don't think there is a precedent nor a legal
48 hindrance for the NTA to issue a negative certification on leaves,
49 specifically on tobacco leaf.

50
51 So particularly, let's go back to the example of San Rafael,
52 Bulacan and Nueva Ecija as well. It is a domestically
53 manufactured illegal cigarette but it did not pass the NTA and the
54 leaves were not approved by the NTA. So, if there is a negative
55 certification, we can legally assume that these tobacco leaf that
56 did not pass to the NTA are imported, and therefore smuggled.

57

1 That is where we can help our tobacco farmers, our industry and
2 our DOJ in prosecuting illicit traders. I express my willingness and
3 the PTI's willingness to be a partner of the NTA.
4

5 **USEC. SAVELLANO:** So, you're asking us for negative certification?
6

7 **MR. NOGRALES:** Yes, Chairman. Because currently, meron ang NTA na existing na
8 negative certification for finished goods.
9

10 **USEC. SAVELLANO:** But this one is for leaves?
11

12 **MR. NOGRALES:** For leaves po. Baka papayagan po ng Board, kung papayag po si
13 Administrator.
14

15 **DAOP CASELA:** Good morning, Mister Chair and to Pres. Koko Nograles. Thank
16 you very much, Sir, for the PTI's concern on curbing the illicit trade
17 of tobacco. This is very important.
18

19 As you have said, there were certification already from NTA with
20 respect to the manufactured tobacco, but what is lacking is
21 seemingly the leaf. So, as I understand, leaf would mean the use
22 of local tobacco, locally produced tobacco for cigarette. And as
23 you can see, we are part of the TWG of the proposed bill for law
24 regarding this.
25

26 So, I think we can, NTA can do that, we can issue negative
27 certification for tobacco leaf. The predicament of NTA actually is
28 we don't have police power, and we're working towards that
29 direction, Sir.
30

31 **USEC. SAVELLANO:** But we don't need police power to issue this certification. Ito lang
32 naman hinihingi nila.
33

34 **DAOP CASELA:** Yes, we can do that, Sir.
35

36 We've been doing this, with the manufactured products. But this
37 one, unmanufactured leaf ang bibigyan ng certification. This is
38 within NTA's jurisdiction, both manufactured and unmanufactured.
39

40 This is a matter for both management and the Board to come up
41 with a policy with respect to this.
42

43 With this, we'll be able to curb down the smuggling. Kasi
44 magkakaroon na ng basis.
45

46 **MR. NOGRALES:** Yung nangyari kasi Mister Chair, let's use the San Rafael, Bulacan
47 case. So, it's PhP2.4 billion pesos worth of tobacco products that
48 was raided.
49

50 Ang na-file ng CIDG, DOJ, and BIR sa kanila ay human
51 smuggling, violation of intellectual property rights, tax evasion
52 charges, and then yung penalties ng tax evasion. Nung nakausap
53 ko po si General Torre ng CIDG, siya mismo yung nag-raid.
54

55 Sabi niya eh, domestic case ito at hindi ito pasok sa bagong batas.
56 Sabi ko, yung tobacco leaf, yung unmanufactured na yan, hindi
57 yan galing sa NTA. Tinawag ko na sa NTA ito para itanong. Hindi

1 iyan dumaan sa NTA. Tapos, sabi niya, well, kailangan, may
2 batas, kailangan may pinaghahawakan sila na nagsasabi na hindi
3 galing sa Pilipinas at hindi dumaan sa Pilipinas.
4
5 So nakausap ko po multiple lawyers. Ang tanong ko sa kanila,
6 pwede bang pag may negative certification ang NTA being the
7 regulatory agency, pwede bang legally ma-assume natin na hindi
8 domestic yung tobacco at imported yung tobacco? Ang sabi ng
9 mga abogado, actually 100% ng mga abogado na nakausap ko,
10 is yes, it can be legally assumed.
11
12 The only way to prove that it is not imported tobacco para
13 makaiwas sila sa economic sabotage, kasi po non-bailable
14 offense ito, ay ipakita nila kung saan nila ito binili. Mabibisto din,
15 yung domestic supplier.
16
17 Kung domestic lang ang supplier, mabibisto na hindi ito dumaan
18 sa NTA. In other words, panalo pa rin ang NTA on both cases.
19
20 **USEC. SAVELLANO:** President Koko Nograles, we'd just like to request you, can you
21 just put it in writing? Para we can have a basis for our action.
22
23 **MR. NOGRALES:** Yes, absolutely. The PTI would be more than happy to write to the
24 Governing Board.
25
26 If I may, Mister Chair, kasama po ang PTI sa nag-susuporta na
27 magkaroon ng police power ang NTA kung gusto ninyo.
28
29 **USEC. SAVELLANO:** Oh, that's good news. Pero that is for the next Congress to decide.
30
31 **DIR. PADAYAO:** Sir, If I may ask, what particular manufacturer is involved in the
32 San Rafael, Bulacan case?
33
34 **MR. NOGRALES:** Yung sa San Rafael, it's actually a sensitive case and please
35 forgive me kung hindi ko ito masabi sa Board right now. But
36 marami kasi, unfortunately, marami kasing political sensitivities
37 pagdating dito sa illicit trade.
38
39 Mahirap ding mag-nguso at saka mag-turo. So, in all practicality,
40 the best that we can do at this moment is to make it much more
41 difficult by making the law more specific. Kaya itong mga simple
42 suggestions such as allowing for negative certification, that will be
43 of big help. As to pointing the fingers, alam naman natin maraming
44 mga abogado ang mga ito. But at least we'll make it difficult.
45
46 But allow me to apprise the board on what a negative certification
47 for finished products says. This is an NTA document actually.
48
49 *So, it starts off with Certification and then it goes, To Whom It May*
50 *Concern. This is to certify that based on the official records of this*
51 *agency, the following blank cigarettes which were reported to*
52 *have been confiscated at Barangay so-and-so in the province of*
53 *so-and-so were not issued with any NTA import commodity*
54 *clearance and were not declared with this agency as registered*
55 *brands of legitimate local manufacturers and are therefore*
56 *considered as either illicit or smuggled cigarettes to it.*
57

1 *Tapos nakalista na lahat ng mga nahuli. And this is to certify*
2 *further that so-and-so aka so-and-so were not registered*
3 *importers of this agency. So that is for the finished products.*
4

5 So similarly, the way I imagine it, an unmanufactured leaf would
6 have 90% the same language and the same format. Ewan ko kung
7 ilan po mga ganito certification ang pinipinahan ni Administrator
8 sa isang buwan. Parami ng parami siguro, kada araw.
9

10 This kind of negative certification already legally exists within the
11 manufactured products. Kung meron din yan sa unmanufactured
12 leaf, mas madali na for our law enforcement agencies. At yung
13 loophole na tingin ng mga illicit traders, mapa-plug natin kahit
14 papaano yung loophole dyan.
15

16 **DIR. PADAYAO:**

17 From the product, or say tobacco, produced locally. So, the 85%
18 might be from abroad. And siguro may mga legal, may mga illegal,
19 maybe that comprises the imported ones.

20 Or are those materials not bought here in the locality? We might
21 have to determine anong volume yung bought legally and yung
22 illegally?
23

24 **MR. NOGRALES:**

25 Thank you, Madam Board Member.

26 In both cases, domestic produced and imported tobacco,
27 kailangan pa rin ng papeles from NTA. Ang threshold naman is
28 PhP 10M worth of illicit leaf. Sabihin natin na PhP15M yung nahuli,
29 maski na 15% yan, meron pa rin PhP85M yung na-smuggled in.
30

31 Pasok pa rin sya dun sa batas and that sends a strong signal. The
32 only loophole na mahahanap ng illicit domestic manufacturers is
33 if less than PhP 10M yung kanilang leaf, which is not even worth
34 one machine. So that effectively creates a strong warning na may
35 bagong prosecution.
36

37 Since mabagal naman umikot yung wheels of justice natin,
38 mabubulok sila sa detention facility na non-bailable. So basta, and
39 since huli naman sya, hindi na kailangan ng intent, huli ka. Mala-
40 prohibita sya period, whether it's illegal or not.
41

42 Pag nalabas po yan ng NTA, to be honest Ma'am, it is one step
43 closer in proving that the NTA is capable of police power. Kasi
44 pinu-punuan nyo na yung kakulangan ng batas, kinukuha nyo
45 yung ownership. Once you take ownership of something, yun na
46 yun.
47

48 So, it's easier to argue, and our good chairman Usec DV and
49 myself being former members of Congress, alam namin na kapag
50 all bases covered na, hindi na dinidebate yun, ibinibigay na. If you
51 really want that police power, then take ownership of all the laws
52 that protect the industry and the economy.
53

54 I think it was, if I'm not mistaken, sa France nga binaligtad naman
55 nila yung taxation. Binababa nila yung taxation for tobacco and
56 others. It's a dynamic and challenging time for the industry, but I

1 think it's good opportunities for our farmers. I really think so. Thank
2 you.

3

4 **USEC. SAVELLANO:** Okay, so we'll just wait for the letter of the good PTI President,
5 and then from there we can discuss it and take action on it.

6

7 **MR. NOGRALES:** Thank you, Mister Chair.

8

9 **USEC. SAVELLANO:** Any more questions?

10

11 **DIR. PADAYAO:** How many members does PTI have at the moment?

12

13 **MR. NOGRALES:** The PTI is composed of Philip Morris, Fortune Tobacco, Japan
14 Tobacco, Asian Manufacturing Corporation, which is under Japan
15 Tobacco also, Anglo-American Cigar, Trans Manila, and
16 Universal Leaf. I think that's it. We're on both the farmers and the
17 manufacturers and industry side.

18

19 **DIR. PADAYAO:** If I may ask, ilang pa yung mga manufacturers na hindi kasama
20 sa PTI?

21

22 **MR. NOGRALES:** Actually, hindi po ako sigurado kung ilan sa ngayon ang hindi
23 kabilang sa amin, because there are some very small
24 manufacturers licensed by the BIR and others na hindi po sila nag-
25 signify ng intent to join us. Or kung nag-signify sila ng intent, hindi
26 pa nila ipinapasa yung mga requirements nila to be part of the
27 Tobacco Institute. Currently, I'm happy to report to you that the
28 Tobacco Institute is engaging with a lot of academic institutions to
29 create more studies for the tobacco industry.

30

31 **DIR. PADAYAO:** So, if they're not yet member of the institute, are they beneficiaries
32 to the good things that the institute will come out later?

33

34 **MR. NOGRALES:** The way that we see ourselves, Ma'am, is that the PTI works for
35 the totality. It's from the studies curbing also lahat ng mga
36 misinformation coming from those who are against the tobacco
37 industry and economy. For example, one of the favorite
38 statements of the tobacco control advocates is that the cost to the
39 healthcare of the Philippines annually is Php 880 billion.

40

41 Ang sinasabi nila yan ang cost sa healthcare ng Philippines na
42 may tobacco. Nung niresearch po namin yung basis po, walang
43 direct study to prove it. Pero sinasabi po nila ito sa Kongreso.

44

45 So, all of these we're gearing up for, especially for the COP next
46 year, and every single possible misinformation against the
47 tobacco industry. Whether you're a member or not of the PTI,
48 kami, we believe that we're working not just for the industry and
49 farmers itself, but for the Philippines. Make sure that information
50 is correct.

51

52 Being the President of the PTI, we have stated a while ago that
53 we're going to help the farmers.

54

55 **DIR. PADAYAO:** As a member of the Board representing the farmers, how about
56 increasing the volume of tobacco that will be bought by the
57 members of the PTI? I mean the tobacco being produced locally?

1 **MR. NOGRALES:** Honestly, hindi pa namin na-discuss yan. That's why, I am here
2 with you all, today. I was there with the ITGA in North Carolina last
3 month and we were talking about the future of the tobacco industry
4 and the farmers and the support for the farmers. I'm studying it
5 closely. In fact, one of the things that I want to happen as PTI
6 President is to develop more areas in the Philippines that are
7 suitable for tobacco farming.
8
9 Recently I've been talking to a lot of members of Congress, letting
10 them know that, you know, we should consider increasing tobacco
11 farming talaga in the Philippines. We have very good products.
12 We just need to support it. So, personally, if you ask me, asking
13 the markets and the industry to buy and have a floor percentage
14 of the products, that's kind of against the economic aspects of
15 supply and demand.
16
17 I am more a believer of increasing the quality of the output, which
18 we have very good quality, and it sells itself. It sells itself when the
19 quality is good. And usually, the quality is good when the input is
20 good.
21
22 So, Ma'am, I believe that we don't need to force anything. I believe
23 what we have to do is to improve it.
24
25 **USEC. SAVELLANO:** Anymore? Since there's no more questions, I would like to thank
26 President Koko Nograles for coming over and explaining the
27 whole role of PTI.
28
29 Since they want to collaborate and cooperate with the NTA, sa
30 tingin ko mas maganda yung future of the tobacco industry.
31
32 **MR. NOGRALES:** Thank you, Mister Chair, and to the Members of the Governing
33 Board.
34
35 **ATTY. OBUSAN:** Mister Chair, may we recognize Atty. Rohbert A. Ambros,
36 Manager of the Regulations Department, in connection to the
37 issuance of the negative certification, as requested by the PTI
38 President himself.
39
40 **ATTY. AMBROS:** Good morning, everyone. Just for the information of the
41 Honorable Members of the Board, we have been issuing negative
42 certifications as a result of requests coming from the Philippine
43 National Police and the Bureau of Customs, wherein they were
44 able to confiscate undocumented tobacco products. They were
45 asking us to certify if those seized manufactured products have
46 secured the necessary clearances from the NTA.
47
48 It can be done also, sir, even if for unmanufactured ones, such as
49 the tobacco leaf.
50
51 **USEC. SAVELLANO:** That's the request coming from the PTI?
52
53 **ATTY. AMBROS:** Yes. What we only require from the PTI is a request identifying the
54 name of the possessor of that commodity, and the description of
55 the unmanufactured tobacco, and the place where it was
56 discovered. Based on these informations, we will be issuing a
57 negative certification. Thank you.

1
2 **USEC. SAVELLANO:** The PTI will request it from us?
3
4 **ATTY. AMBROS:** Yes, because they have the personality to represent the local
5 manufacturers, which are PTI members.
6
7 For example, recently, we were informed that the tobacco
8 products found in that raided warehouse in Nueva Ecija were
9 tobacco products of JTI. JTI is part of the Philippine Tobacco
10 Institute, so the PTI can request for a negative certification.
11
12 But if ever there was no specific brand found in that raided
13 warehouse, then it will be the law enforcement agency that will
14 ask for the certification.
15
16 **USEC SAVELLANO:** So long as there's an offended party?
17
18 **ATTY. AMBROS:** Yes, sir.
19
20 **USEC. SAVELLANO:** Okay, anymore? Next item.
21
22 **ATTY. OBUSAN:** On other matters, Mister Chair, is the schedule of our first board
23 meeting for next year. Tentatively, it is scheduled on January 14,
24 Tuesday at 10:00 AM, here at the NTA, subject of course to your
25 concurrence.
26
27 **USEC. SAVELLANO:** Okay.
28
29 Our agenda is the PTI request on the issuance negative
30 certification, we will issue the necessary Board Resolution in
31 relation to this based on the formal letter of request from the PTI.
32
33 Also, the report of the concerned Department Managers on the
34 under-utilization of the approved budget for their respective
35 project proposals.
36
37 **ATTY. OBUSAN:** With that, Mister Chair, there are no more agendas scheduled for
38 today, next is the adjournment.
39
40 **DIR. GUZMAN:** Mister Chair, since there's no more matter to be taken up, I move
41 for adjournment of today's Board Meeting.
42
43 **DIR. SERNA:** I second the motion.
44
45 **USEC SAVELLANO:** There's a motion, duly seconded. Acting upon it, the meeting is
46 adjourned. **SO, ORDERED.**
47
48 On behalf of the NTA Administrator, we would like to invite the PTI
49 President to attend Christmas party tonight at 6:00 PM, here at
50 the Upper Class Tower. Merry Christmas everyone!
51
52 **MR. NOGRALES:** It is an honor Mister Chair, to be invited. I will be back later to
53 attend it. Thank you, all.
54
55 **ATTY. OBUSAN:** That concludes our 181st Regular Meeting of the NTA Governing
56 Board. To all the online participants, thank you for your
57 attendance and participation. Magandang umaga po sa lahat.

1 Note: THE MEETING WAS ADJOURNED AT EXACTLY 11:40 AM.
2
3

4 **PREPARED AND CERTIFIED CORRECT:**
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6
7

8 **ATTY. GORGONIO G. OBUSAN III**
9 *Board Secretary V*
10 *NTA Governing Board*
11

12
13 **ATTESTED:**
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16

17
18 **Hon. DEOGRACIAS VICTOR "DV" B. SAVELLANO**
19 *Undersecretary, Department of Agriculture*
20 *NTA Oversight Official, and Alternate Chairman Designate*
21 *to the NTA Governing Board*
22
23

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26 **Hon. GERRY VIRGILIO V. GUZMAN**
27 *Appointive Director, Tobacco Farmers Sector*
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32 **Hon. WILLORD L. REYES**
33 *Appointive Director, Tobacco Farmers Sector*
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38 **Hon. JESSIE PAT M. SERNA**
39 *Appointive Director, Tobacco Traders/Exporters Sector*
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44 **Hon. LUZVIMINDA U. PADAYAO**
45 *Appointive Director, Tobacco Farmers Sector*
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50 **Hon. RAY A. ELAYDO**
51 *Appointive Director, Tobacco Manufacturing Sector*
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