

## I. EXECUTIVE SUMMARY

### A. MANDATE AND OBJECTIVES

The NTA is the sole government Agency vested with the power to administer and regulate the local tobacco industry. **Executive Order No. 245**, series of 1987, mandates the Agency to:

1. Improve the living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and,
2. Promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization.

### B. POWERS

To effectively and efficiently carry out its mandate, the Agency was vested with the specific powers to, among others:

1. Promulgate and enforce rules and regulations on the production, standardization, classification, grading and trading of tobacco and tobacco products as may be necessary to attain its purposes and objectives and pursue the policy of government on tobacco; and,
2. Conduct agricultural and industrial research and establish, operate and maintain experimental stations.

**C. ADDITIONAL MANDATE:** In addition, Section 33 of Republic Act No. 9211, entitled, Tobacco Regulation Act of 2003, mandates the NTA to implement the following programs and projects:

1. **Tobacco Growers Assistance Program** to support financially the NTA registered tobacco farmers who may be displaced due to the implementation of the said RA or has voluntarily ceased planting tobacco;
2. **Promote Tobacco Growers Cooperatives Program** to assist tobacco farmers in developing alternative farming systems, plant alternative crops and other livelihood projects;
3. **National Tobacco Free Public Education Program** to provide scholarship for dependents of tobacco farmers in collaboration with state colleges and universities;
4. **Research and Development Program** to undertake studies concerning technologies and methods to reduce the risk of dependence on or injury from tobacco product usage and exposure and Development of Alternative Uses of tobacco and similar research programs.

D. VISION

Within the medium-term, NTA envisions:

“An improved quality of life of the tobacco farmers and other stakeholders through increased productivity and other income-generating activities.”

E. MISSION

For the effective actualization of the vision, NTA is committed to:

Enhance capabilities, build synergistic relationship among sectors, and mobilize resources for the development of the tobacco industry, for the benefit of the tobacco farmers and other industry stakeholders.

F. STATEMENT OF FULL COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The NTA Appointive Directors, Officers and Employees affirm and confirm their faithful compliance on the mandatory provisions of the NTA Amended Manual of Corporate Governance as approved by the Governance Commission on GOCCs

G. ORGANIZATIONAL OUTCOME

Organizational Outcomes	Performance Indicator	Performance Targets				Data Source
		2013	2014	2015	2016	
1. Productivity of tobacco farmers increased	Yield per hectare on tobacco production increased by 5% per year (kg/hectare)	1,942	2,039	2,141	2,248	NTA-FTSD
2. Income of tobacco farmers increased	Net income per hectare from tobacco production increased by 55 per year (PhP/hectare)	55,672	58,456	61,378	64,447	'- do -
	Ratio of farmers income from other crops and livelihood activities vis-à-vis income from tobacco production increased*	47 : 53	49 : 51	51 : 49	52 : 48	'- do -

\*A combination of any 3 or 4 of the following crops/livestock, based on suitability per location, the project income of which are as follows:

	2013	2014	2015	2016
Rice	42,771	44,909	48,155	50,927
Vegetables	14,367	14,942	15,539	16,161
Peanut	27,840	28,954	30,112	31,316
Mongo	19,470	20,444	21,466	22,539
Watermelon	24,241	25,211	26,219	27,268
Hog Fattening	4,082	12,858	13,501	14,176
Livestock	8,040	8,201	8,365	8,448

## H. NTA CORPORATE PRIORITIES

In aggressive pursuance of its mandates and thrusts, the NTA accords top priority to the following programs/projects/activities for CY 2015:

1. **Market-Driven Quality Tobacco Production**, addressing the growing demand for domestic manufacturing and export markets, primarily through the ➤ **Tobacco Contract Growing System (TCGS)** that will include
  - the production of improved and full flavor/blending tobacco.
  - the technology development activities and services;
  - the search for outstanding tobacco farmers or Tobacco Grower of the Year contest;
  - **Integrated Farming and Other Income Generating Activities (IFOIGAP)**, where NTA provides assistance to tobacco farmers in the production of rice, corn and high value crops, hog and poultry raising. The project includes **value-adding/processing**, where it operates the **Agri-Pinoy Tobacco Farmers Food Processing and Trading Center (ATFFPTC)** in Ilocos Region, which buys farmers' produce; processes them into top selling bagnet, Viganlonganiza, bacon, etc.; and, sells to Bagsakan Centers, government offices and hospitals in Region 1 and Metro Manila. The project includes the **Agripinoy Milling Complex**, composed of a **Feedmill** to cater to the requirement of farmer- beneficiaries of the ATFFPTC hogs/poultry production assistance, and a **Rice Mill** for IFOIGAP Rice Production and other farmers;
  - **Irrigation Support Project for Small Tobacco Farmers (ISPSTF)** wherein Communal Irrigation Systems (CIS) will be constructed in identified areas in Region 1.
2. **Continuing Exercise of Regulatory Authority under existing laws.** At present, NTA has covers production and trading of leaf and the importation and exportation of tobacco leaf and tobacco products. The NTA intends that in the future, it will also cover the processing of leaf and the manufacture, distribution and sale (wholesaling and retailing) of cigarettes, with emphasis on the compliance to standards, detection of fake products and shelf life;
3. **Renewable Energy Farm Project and Restoration of Ecological Integrity** of Tobacco Growing Regions will address the fuelwood requirement of the farmers in the flue-curing for Virginia tobacco, as well as assist in the reforestation efforts of the tobacco growing regions;
4. **Quality Assurance for Tobacco Leaf and Manufactured Products**, will concentrate in the provision of services that ensure the quality of land, water, fertilizer and leaf tobacco, including the continuing study and monitoring of physical and chemical quality of cigarettes, as an input to continuing technology adjustments, standards formulation and effective regulation enforcement and compliance;
5. **Farmers' Organizational Development**, to include continuing registration of farmers, strengthening farm clusters, organizational development and livelihood assistance, to enable the farmers to become self-reliant, food secured and become active partners of development;
6. **Scholarship Program for Tobacco Farmers Children/Dependents** (National Free Public Education). In collaboration with the CHED and TESDA,

in regions 1, 2 and CAR. The scholarship includes baccalaureate and technical/vocational courses, preferably in the field of agriculture.

7. **Continuing Research and Development, and implementation of pioneering ventures** (the other industrial uses of tobacco), to include among others, the enhancement of technologies and profitability of the production of tobacco dust, tobacco handmade paper and tobacco extracts as pesticide for vegetables, fruits and ornamentals.

## **I. RELATIONSHIP TO NATIONAL DEVELOPMENT PLAN, POLICIES AND PRONOUNCEMENTS**

The above programs, projects and activities have been realigned and implemented pursuant to the **5 KRAs** particularly on **poverty reduction** and **rapid, inclusive and sustained economic growth**, as well as the **Millennium Development Goals** (MDGs); and Medium-Term Philippine Development Plan (MTPDP) 2011-2016, and the directives of the **Aquino Administration**, including his 16 areas of transformational leadership, highlighting among others, the following:

1. Poverty alleviation;
2. Self-sufficiency in food staples and other agricultural commodities;
3. Restoring ecological integrity/environmental sustainability;
4. Recognizing farms and rural enterprises as vital to achieving food security and more equitable economic growth; and
5. Creation of well-considered programs that build capacity and create opportunity among the poor and the marginalized of the country.

It may be noted that the local tobacco industry:

1. Provides Income and sustenance to 2.9 million people, including the more than 800,000 tobacco farmers and the members of their families; and,

Generates revenue amounting to an average of more than PhP70 billion, in the recent years due to R.A. 10351 (Sin Tax Reform Law), which, to a large measure, helps the Government fund its delivery of services, economic, infrastructure, education, health and social welfare programs.

## **J. STATEMENT ON THE REVIEW BY THE NTA GOVERNING BOARD ON THE OPERATIONAL, FINANCIAL AND CONTROLS AND RISK MANAGEMENT SYSTEM**

The NTA Governing Board has fully reviewed the Operational Plans of the NTA and has deliberated and passed upon the Corporate Operating Budget of the NTA. The NTA Governing Board has likewise reviewed and deliberated the Risk Management Plan of the Agency.

## K. STRATEGIC PLANNING REVIEW FOR 2013-2017

The **STRATEGIC DEVELOPMENT PROGRAMS** which implementation will be accelerated in pursuance of the overall thrusts of the national government/department of agriculture include:

- I. Technology Development and Services Program for Market Driven Quality Tobacco Production and Food Sufficiency
- II. Industrial Research and Development Program
- III. Market Research and Development Program
- IV. Regulatory Services Program
- V. Farmers Organizational Development Program
- VI. Institutional Development Program
- VII. Scholarship Program for Tobacco Farmers' Dependents  
(Compliance to RA 9211)

Organizations need to plan and develop strategies in order to achieve its vision. Having the right strategies will help in the continual improvement of operations in order to deliver the products and/or services that meet customer requirements. However, there are cases wherein unintended gaps exist between strategic planning and execution of strategies. Thus, there is a need for organizations to determine and make use of appropriate performance indicators which would harmonize efforts and eventually lead to the collective desired state.

As declared in Executive Order (EO) No. 235 on July 24, 1987, the National Tobacco Administration (NTA) is mandated to “improve the economic and living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and promote balanced and integrated growth and development of the tobacco industry to help make agriculture a solid base for industrialization”. Since its creation, the NTA continuously works for the achievement of better lives for the tobacco farmers and other industry stakeholders through the development of the tobacco industry in the country.

One of the priorities of President Benigno S. Aquino III is to promote effective governance within the bureaucracy by raising accountability and exacting high level of performance among government managers and employees. In line with this priority, the NTA identified the need to conduct a strategic planning workshop to improve its way of attaining its vision and mandate. The workshop aims to enhance its strategic management and planning process through the adoption of the Balanced Scorecard. This will help prepare NTA embark on a journey towards quality and performance excellence.

In view of this, the Development Academy of the Philippines (DAP) conducted the strategic planning on September 13-14, 2012, with the Appointive Members of the NTA Governing Board and Top and Senior Management Officials participating on the strategic planning review sessions. The strategic planning intervention enabled the NTA to define their strategic direction from 2013-2017 which provided the venue to revisit its mission, vision and core values; developed its strategy map; and formulated the corporate scorecard.

The outputs of the **Strategic Planning Workshop** conducted by the Development Academy of the Philippines in 2012 are contained in a “Documentation Report”, with the following, as the highlights:

## **I. ENVIRONMENTAL SCANNING**

### **Pre-Planning Workshops**

The pre-planning activities defined the parameters and framework for planning. The pre-planning workshops were divided into the following activities: 1) **Pre-Planning Meeting** refers to a meeting between DAP and members of the NTA Technical Working Group was conducted on August 27, 2012. This meeting was intended to identify the parameters of the pre-planning, agree on the design and schedule of the strategic planning workshop, and 2) **Rapid Performance Review**, which aimed at assessing the 2011 performance, determining the various milestones in program/service delivery; and identifying the facilitating and hindering factors of the NTA that will serve as inputs to the strategic planning workshop. This was participated in by twenty Department Managers and Branch Managers with the discussion focusing on the assessment of the 38 indicators representing the 12 programs of NTA.

In order to facilitate the discussion, some operational definitions were made.

- Planning period for the year should be aligned with the Department of Agriculture which is January – December.
- For tobacco production, coverage of 2011 performance is August 2011 to July 2012.
- For rice production, coverage of 2011 performance is January to December 2011.
- Corporate Planning is the official source of information because it is the one monitoring the projects.
- Tobacco Contract Growing System (TCGS) refers to both rice and tobacco farmers.

The NTA 2011 accomplishments were assessed vis-à-vis their 2011 targets. Each of the indicators under the programs/activities/projects (PAPs) was rated following three criteria. A green color means 90% of target exceeded; yellow color is 51%-89.9% of the target is attained and red means below 50% accomplishment of targets.

As a follow through activity, the participants were asked to identify the factors that facilitated the attainment of targets for the indicators that reached their targets while hindering factors were identified for the indicators below 50% accomplishment.

### **Focus Group Discussion**

Shortly after the rapid performance review, DAP Project Officer Cathy Luzuriaga facilitated the FGD. She provided inputs on the Balanced Scorecard (BSC) and on the Results-Based Performance Management System (RBPMS) to provide the participants a brief background on the planning frameworks.

The focus group discussion sought to validate the facilitating and hindering factors that were identified during the 2011 rapid performance review. The following questions which were anchored on the four drivers of the Balanced Scorecard triggered the discussion.

The core processes of NTA are Research, Regulations, Technology Transfer and Research and Development (R&D). Some of the mechanisms installed to protect the NTA resources are internal audit, financial planning and budgeting, mobility support, and presence of laboratories and logistical support such as computers and prepaid cards for communication.

NTA complies with the COA rules and adopts an energy saving initiative. They also have house rules on energy conservation.

Organizational performance is being assessed through the submission of monthly or quarterly reports. The management also conducts mid-year assessment. They also shared that a periodic assessment is done.

The output in the pre-planning activities formed an integral part of the Strategic Planning Workshop.

### **Stakeholders' Consultation Survey**

A survey was conducted for the different stakeholders of the NTA to solicit inputs which will help define clearly the new direction of NTA. A self-administered questionnaire was sent on September 4-7, 2012 to the farmer/cooperative leaders, LGUs where tobacco is grown and buyers/manufacturers/exporters of tobacco products. A non-probability sampling method was used to draw the sample.

Opinions of the respondents were solicited on the current performance of NTA; best practices used by NTA in fulfilling its mandate and competitive advantage of the Philippines over other countries in terms of tobacco administration and business. Respondents were also asked on what they could commit as a stakeholder and what they could recommend for the NTA to further deliver their mandate.

The result of the stakeholders' consultation was presented during the Strategic Planning Workshop.

### **SWOT Validation Workshop**

A SWOT validation workshop was conducted on September 11, 2012. A summary of the agency's strengths, weaknesses, opportunities and threats was presented to the participants for validation.

## **II. STRATEGIC DIRECTIONS SETTING**

The strategic planning workshop was conducted on September 13-14, 2012 at the DAP Conference Center in Tagaytay City. Twenty-four NTA top and middle managers attended the workshop.

After the opening preliminaries, Deputy Administrator Vicente Lasam delivered his opening remarks. Atty. Lasam urged the participants to look back at the basic law that created NTA. He mentioned that the agribusiness that NTA is going is not easy. He reiterated that planning is principally a target setting and people are made accountable for the responsibility.

### **Perspective Setting**

Dr. Cristina Lopez, NTA Department Manager set the perspective for the participants. She quoted Peter Drucker saying that planning basically answers two questions; where do we want to go and how do we get there? She related their experience way back in 2004 when NTA did not receive GAA from the government. NTA generated income from the enforcement of regulations in controlling tobacco leaf and tobacco products. She said that in 2007, a great deal of the NTA projects are directed to the farmers' welfare and in order for the NTA to compete in the global arena, there must be consistency in quality, quantity and competitiveness in pricing on the tobacco products. She also presented NTA's position in the Excise Tax Law. She said that the sin tax will adversely affect the tobacco industry and presented the worst scenario for the tobacco industry. She also said that during the leadership of Administrator Zaragoza, the NTA vision has been revised.

Atty. Everin Molina, NTA Deputy Administrator shared his experience during the WHO-Framework Convention on Tobacco Control (FCTC). He said that WHO-FCTC reaffirms the right of the people to have the highest standard of health. He shared some of the demand reduction and supply reduction provisions of the convention. Among the demand reduction provisions are non-price measures, increase in price of tobacco, health hazards from smoking and regulations on labeling. Some of the supply reduction measures include the illicit trade of tobacco and the provision of economically viable safety nets for the tobacco farmers who would be displaced. He said that our country will definitely be affected by this treaty.

### **Strategic and Performance Management Frameworks**

To provide a backgrounder on the planning frameworks, DAP Vice President Trygve Bolante presented the Strategic Management Framework and Results-Based Performance Management System (RBPMS).

He defined Strategic Management as the process whereby managers establish an organization's long-term directions, set specific performance objectives, develop strategies in the light of all the relevant internal and external circumstances and undertake to execute the chosen plans. The strategic management framework involves strategy formulation, strategy implementation and strategy evaluation. The framework answers three basic questions: where are we going, how do we get there and how would we know if we are getting to where we want to go.

He also shared that RBPMS is anchored on Administrative Order (AO) No. 25 issued on December 21, 2011. In AO 25, the government felt that the need to rationalize, harmonize, streamline, simplify, integrate and unify the efforts of government agencies relative to the National Leadership Agenda, Philippine Development Plan, agency mandates, commitments and targets. Under AO 25,



an inter-agency task force was created to develop common set performance scorecard and a Government Executive Information System. (GEIS). The Organizational Performance Indicators Framework (OPIF) and the Results Matrix (RM) are underlying frameworks for the RBPMS to be used by all government agencies. The RBPMS shall be used as basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel.

### **NTA's Environment**

DAP Director Alvin Principe discussed the results of the NTA Stakeholder Consultations Survey conducted for the different stakeholders on September 4-12, 2012. Twenty-one farmers/cooperative leaders, two LGUs and two buyers/manufacturers/exporters served as the respondents for the survey.

On a scale of 0-7, the current performance of NTA in terms of partnership/network building got a high average rating of 6.33 while research obtained a low average rating of 5.25. Other areas rated were leadership, personnel qualification, programs/policies and social responsibility which ranked second, third, fourth and fifth, respectively. On NTA's support services, production support ranked first while post-harvest development service was rated last.

The respondents felt that the strong participation among stakeholders is their advantage over other countries on tobacco administration and business in contrast with adequate state subsidy which was ranked last.

According to the famers/cooperative leaders, the best practice/s used by NTA are the presence of extension workers, establishment of floor price for the tobacco, financial and technical assistance to farmers as well as cooperatives and the enforcement of NTA policies.

For the Local Government Units (LGUs), the expansion of coverage for the Tobacco Contract Growing System project through the implementation of updated package of technology and the extension of production assistance to tobacco farmers are NTA's best practices. This is being confirmed by the buyers/manufacturers/exporters who stated the same view on this. They added that the annual meeting conducted for the stakeholders by NTA is also a best practice.

The stakeholders committed to collaborate and continue to provide support to the NTA programs and projects.

Strengthen research and cooperative development, continue financial assistance programs, and provide sufficient government subsidy to augment corporate farms were among the respondents' recommendations.

It was pointed out that the result of the Stakeholders' Survey is not representative due to sampling design and response rate constraint. The result however, provides rough indication of how stakeholders perceive NTA at present, which hopefully will be considered in the planning exercise.

### **Session 1: Envisioning the Future**

VP Bolante provided inputs on the mission, vision and values. He defined mission as the statement that defines the fundamental purpose of the organization and provided the elements of a good mission statement. A mission statement provides the purpose, scope and outputs, stakeholders, and methodology or approach on how the agency will produce the outputs.

Vision was defined as a conduit between the organization’s reason for being, as reflected in the mission, the values representative of the organizational culture, and the strategy that will be put into execution to reach the future state. A good vision statement should have a quantified success indicator, a definition of niche and a timeline for execution.

Three groups were formed to revisit/reassess the NTA mission, vision and values based on the inputs provided. The outputs of the three groups were presented in plenary.

The revised NTA Mission is shown below:

**The NTA Mission**  
*To enhance capabilities, build synergistic relationship among sectors, and mobilize resources for the development of the tobacco industry for the benefit of the tobacco farmers and other industry stakeholders.*

Based on the comments provided, following is the enhanced NTA Vision:

**The NTA Vision**  
*An improved quality of life of the tobacco farmers and other stakeholders through increased productivity and other income-generating activities.*

For the NTA core values, the participants agreed that the same values will be adopted. They also realized that since NTA ventures into income-generating activities, entrepreneurship should be added as one of their core values.

**The NTA Core Values**  
*Innovation  
Performance Excellence  
Client Focus  
Teamwork  
Respect for People  
Resiliency  
Entrepreneurship*

**Session 2: Identifying Strategic Options**

The strategic matrix is shown below:

SWOT ANALYSIS	INTERNAL FACTORS	
	STRENGTHS	WEAKNESSES

<b>EXTERNAL FACTORS</b>	<b>OPPORTUNITIES</b>	<b>S/O STRATEGIES</b> Continuing farmers' support in collaboration with LGUs and other stakeholders for sustainable growth of the tobacco industry  Business development towards financial viability of the Agency  Strengthening stakeholders partnership for more effective and efficient production and market regulation	<b>W/O STRATEGIES</b> Strong NTA partnership with LGUs and private sector to strictly enforce policies  Strong NTA collaboration with LGUs to sponsor appropriate trainings for personnel  Strong alliance with cooperatives to ensure smooth implementation of NTA policies and programs
	<b>THREATS</b>	<b>S/T STRATEGIES</b> Extensive Research and Development  Intensive Information Dissemination for Technology Transfer, Quality Assurance, Extensive R & D  Collaborative projects with LGUs  Continuous support of market-driven QTP	<b>W/T STRATEGIES</b> Comprehensive human resource management and development  Develop, strengthen, and promote laws and policies supporting the welfare of the tobacco farmers  Strong collaboration with LGU  Standardized reporting system  Optimization of the function of the approved OSSP

The SWOT analysis served as springboard in formulating the strategic options or strategic themes. The strategic options formulated were later matched with the four strategic perspectives: Stakeholders, Internal Process, Learning and Growth and Financial Stewardship.

Participants were formed into four perspective groups (Stakeholders, Internal Process, Learning and Growth and Financial Stewardship) to formulate the strategic objectives. Below is NTA’s Strategic Objectives:

NTA Strategic Perspectives and Strategic Objectives	
Strategic Perspectives	Strategic Objectives
Stakeholders	1. Improve quality of life of tobacco farmers 2. Sustain viable tobacco industry
Internal Process	3. Ensure enactment and effective enforcement of regulatory measures 4. Adopt a more efficient, effective, and responsive information system 5. Strengthen research and development and technology transfer 6. Intensify production of quality tobacco in partnership with private sector and LGUs
Learning and Growth	7. Develop competent and highly work-motivated employees in a conducive organizational climate
Financial Stewardship	8. Attain financial stability

**Session 3: Determining the Strategic Measures**

A workshop on the formulation of Performance or Strategic Measures for each Strategic Objective followed. The outputs were presented in plenary. Below are the NTA’s Strategic Measures.

NTA Strategic Measures		
Strategic Perspectives	Strategic Objectives	Strategic Measures
Stakeholders	1. Improve quality of life of tobacco farmers	▪ Percent increase of income from tobacco and rice production  ▪ Increase yield per hectare  ▪ Percent increase of additional income from non-tobacco  ▪ Number of farmers’ children with scholarship grants
	2. Sustain viable tobacco industry	▪ Percentage of high quality tobacco produced  ▪ Number of training

Strategic Perspectives	Strategic Objectives	Strategic Measures
		<p>conducted for leadership/entrepreneurial skills</p> <ul style="list-style-type: none"> <li>Number of farmers' organization/cooperatives implementing own programs for farmers</li> </ul>
Internal Process	3. Ensure enactment and effective enforcement of regulatory measures	<ul style="list-style-type: none"> <li>Percentage compliance to new regulatory measures</li> <li>Percentage of area coverage compliance for local sales and distribution regulations</li> </ul>
	4. Strengthen research and development and technology transfer	<ul style="list-style-type: none"> <li>Number of technology component developed</li> <li>Percentage of farmer-adoptors of technology</li> <li>Percentage of compliance towards ISO accreditation of the NTA quality assurance laboratory</li> <li>Number of standards developed</li> <li>Number of professionalized graders</li> <li>Number of commercially acceptable alternative products from tobacco</li> </ul>
	5. Intensify production of quality tobacco in partnership with private sector and LGUs	<ul style="list-style-type: none"> <li>Percentage of farmers involved in Tobacco Contract Growing System</li> <li>Number of LGUs involved in collaborative programs benefitting tobacco farmers</li> </ul>
	6. Adopt a more efficient, effective, and responsive information system	<ul style="list-style-type: none"> <li>Number of information system implemented</li> <li>Accuracy of database</li> <li>Number of days for report</li> </ul>

Strategic Perspectives	Strategic Objectives	Strategic Measures
		submission to external stakeholders
<b>Learning and Growth</b>	7. Develop competent and highly work-motivated employees in a conducive organizational climate	<ul style="list-style-type: none"> <li>▪ Compliance to CSC mandated HRD training program</li> <li>▪ Number of cross-trained employees/cross-functional assignments</li> <li>▪ Motivation Index</li> <li>▪ Productivity Index</li> </ul>
<b>Financial Stewardship</b>	8. Attain financial stability	<ul style="list-style-type: none"> <li>▪ Collection efficiency on receivables</li> <li>▪ Percent increase of income from regulatory activities</li> <li>▪ Percent increase in net income of different agri-business ventures</li> <li>▪ Controlled increase in expenditures</li> <li>▪ Revenue generated from disposal on non-performing assets</li> </ul>

The measure’s profile describes how is the measure computed or calculated, identifies who is accountable for tracking and reporting the targets, specifies how often the measure is being monitored/updated/calculated and tells what documents/proof that targets were achieved.

When all the strategic measures were completed, profile was defined for each of the measures. The table on the Measures Profile can be referred to in the full text of the documentation report.

**Session 4: Target Setting**

Targets represent the desired result of a performance measure. It should be specific and time-bound, aspirational but achievable and based on information. The performance baseline is the value of the performance indicator at the beginning of the planning period, ideally just prior to the implementation of planned initiatives or program activities.

Below are the targets set for 2013-2017 per perspective.

Perspective: Stakeholders							
Strategic Objectives	Performance Measures	Baseline	Target				
			2013	2014	2015	2016	2017
Improve quality of life of tobacco farmers	Percent increase of income from tobacco and rice production	PhP 60,000)-tobacco/annual	5%	10%	15%	20%	25%
	Increase in yield per hectare (kg/ha)	2,000 – tobacco	2,050 (50 kg/ha)	2,100 (100 kg/ha)	2,150 (150 kg/ha)	2,220 (220 kg/ha)	2,250 (250 kg/ha)
		4,000-rice	4,060	4,100	4,150	4,250	4,320
	Percent increase of additional income from non-tobacco	0	(11,400 )	(12,000 ) 5%	(13,00 ) 10%	(15,000 ) 15%	(18,000 ) 20%
	Number of farmers' children with scholarship grants	214	352	490	490	490	490
Sustain viable tobacco industry ▪ <i>Assure market of steady supply of quality tobacco at reasonable prices</i>	Percentage of high quality tobacco produced	65%	67%	69%	71%	73%	75%
	Number of training conducted for leadership/ project/ entrepreneurial skills	7	28	29	31	33	35
▪ <i>Develop individual and institutional capability of farmers to participate in leading and sustaining the development and implementation of programs projects</i>	Number of Farmers Organization/ Cooperatives implementing own programs for farmers	160	192	218	227	253	267

<i>intended for their own benefit</i>							
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<b>Perspective: Internal Process</b>							
<b>Strategic Objectives</b>	<b>Performance Measures</b>	<b>Baseline</b>	<b>Target</b>				
			<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Strengthen research and development and technology transfer	Number of technology developed	1	2	3	3	3	3
	Percentage of farmer-adoptors of technology	65	70	75	80	85	90
▪ <i>Develop/ institutionalize standards for tobacco products</i>	Percentage compliance towards ISO accreditation of the NTA quality assurance laboratory	20%	40%	60%	80%	100%	20%
	Number of standards developed	3	4	5	6	7	8
	Number of professionalized graders	2	4	6	8	10	12
▪ <i>Develop commercially acceptable alternative products from tobacco</i>	Number of commercially acceptable alternative products from tobacco	1	2	2	3	3	4
Intensify production of quality tobacco in partnership with private sector and LGUs	Percentage of farmers involved in Tobacco Contract Growing System	65%	70	75	80	90	100
▪ <i>Institutionalize the Tobacco Contract Growing System</i>	Number of LGUs involved in collaborative programs benefitting tobacco farmers	90	100	110	120	130	140



Perspective: Internal Process							
Strategic Objectives	Performance Measures	Baseline	Target				
			2013	2014	2015	2016	2017
Ensure enactment and effective enforcement of regulatory measures  ▪ <i>Protect interest of the tobacco farmers in particular and the local tobacco industry in general</i>	Percentage compliance to new regulatory measures	25%	50%	60%	70%	80%	100%
	Percentage of area coverage compliance for local sales and distribution regulations		0	0	50%	80%	100%
Adopt an efficient, effective and responsive information system	Number of information system implemented	3	4	4	5	5	6
	Accuracy of database	NDA	90%	95%	100%	100%	100%
	Number of days for report submission to external stakeholders	7 days	5 days	4 days	3 days	3 days	3 days

Perspective: Learning and Growth							
Strategic Objectives	Performance Measures	Baseline	Target				
			2013	2014	2015	2016	2017
Develop competent and highly work-motivated NTA employees in a conducive	Compliance to CSC mandated HRD training program	14%	50%	60%	70%	80%	100%
	Number of cross-trained	143	172	200	229	257	286

organizational climate	employees/ cross-functional assignments						
	Motivation Index	85	90		95		95
	Productivity Index	85	90		95		95

Perspective: Learning and Growth							
Strategic Objectives	Performance Measures	Baseline	Target				
			2013	2014	2015	2016	2017
Attain financial stability	Collection efficiency on receivables	87%	90%	91%	92%	93%	94%
	Percent increase of income from regulatory activities		5%	10%	15%	20%	25%
	Percent increase in net income of different agribusiness ventures	P2 M	20%	40%	60%	100%	
	Controlled increase in expenditures	1%	5%	5%	5%	5%	5%
	Revenue generated from disposal of non-performing assets	P10M	P5M	P5M	P5M	P5M	P5M

The outputs in this session form part of the NTA Corporate Scorecard.

**Session 5: Strategic Initiatives and Initiatives Profile**

Director Principe discussed strategic initiatives and initiative profile. Strategic initiatives are action projects that are needed to help the organization be successful in pursuing strategic objective.

Initiatives profile is ideally a one to two-page document which provides the organizations comprehensive information about the agency’s strategic initiative. It spells out the details of the strategic initiative.

The participants were led to a workshop on formulating priority strategic initiatives and defining its elements. A write-up information about each of the Strategic Initiatives was prepared by the participants.

NTA Strategic Initiatives

Perspective: STAKEHOLDERS	
Strategic Objectives	Strategic Initiatives
Improve quality of life of tobacco farmers	<ul style="list-style-type: none"><li>NTA AgriPinoy Projects</li><li>NTA Free Education Program</li><li>NTA Farmers' Organization Development Program</li><li>Market-Driven Quality Tobacco Production thru Integrated Farming and Other Income Generating Activities Program – Tobacco Contract Growing System</li><li>Integrated Management Information System</li><li>Integrated Tobacco Production Technology Development/Enhancement</li></ul>
Sustain viable tobacco industry	<ul style="list-style-type: none"><li>Effective Implementation and Monitoring of the Rules and Regulations Governing the Local Sales/Distribution of Tobacco Products</li><li>Effective Implementation and Monitoring of the Rules and Regulations Governing the Manufacturing/Processing of Tobacco Products</li><li>Market-Driven Quality Tobacco Production thru Integrated Farming and Other Income Generating Activities Program – Tobacco Contract Growing System</li><li>Integrated Management Information System</li><li>NTA Farmers' Organization Development Program</li><li>Integrated Tobacco Production Technology Development/Enhancement</li></ul>

<b>Perspective: INTERNAL PROCESS</b>	
<b>Strategic Objectives</b>	<b>Strategic Initiatives</b>
<b>Ensure enactment and effective enforcement of regulatory measures</b>	<ul style="list-style-type: none"> <li>▪ Effective Implementation and Monitoring of the Rules and Regulations Governing the Local Sales/Distribution of Tobacco Products</li> <li>▪ Effective Implementation and Monitoring of the Rules and Regulations Governing the Manufacturing/Processing of Tobacco Products</li> </ul>
<b>Strengthen research and development and technology transfer</b>	<ul style="list-style-type: none"> <li>▪ Harmonization and Familiarization on Internally Accepted Leaf Grades</li> <li>▪ NTA Quality Assurance Laboratory (QAL) Accreditation as Chemical Testing Laboratory</li> <li>▪ Technology Enhancement and Commercialization of Other Industrial Uses of Tobacco</li> <li>▪ Development of Standards for Tobacco Leaf and Cigarette</li> <li>▪ Integrated Tobacco Production Technology Development/Enhancement</li> </ul>
<b>Intensify production of quality tobacco in partnership with private sector and LGUs</b>	<ul style="list-style-type: none"> <li>▪ Market-Driven Quality Tobacco Production thru Integrated Farming and Other Income Generating Activities Program – Tobacco Contract Growing System</li> </ul>
<b>Adopt a more efficient, effective, and responsive information system</b>	<ul style="list-style-type: none"> <li>▪ Integrated Human Resource Planning and Development System</li> <li>▪ Integrated Management Information System</li> </ul>

Perspective: LEARNING AND GROWTH	
Strategic Objectives	Strategic Initiatives
Develop competent and highly work-motivated employees in a conducive organizational climate	<ul style="list-style-type: none"> <li>Market-Driven Quality Tobacco Production thru Integrated Farming and Other Income Generating Activities Program – Tobacco Contract Growing System</li> </ul>

Perspective: FINANCIAL STEWARDSHIP	
Strategic Objectives	Strategic Initiatives
Attain financial stability	<ul style="list-style-type: none"> <li>NTA Financial Management Program</li> <li>NTA AgriPinoy Projects</li> <li>Effective Implementation and Monitoring of the Rules and Regulations Governing the Local Sales/Distribution of Tobacco Products</li> <li>Effective Implementation and Monitoring of the Rules and Regulations Governing the Manufacturing/Processing of Tobacco Products</li> </ul>

II. FINANCIAL PERFORMANCE INDICATORS

EXECUTIVE SUMMARY

INTRODUCTION

The National Tobacco Administration (NTA) with business address at Scout Reyes corner Panay Avenue, Quezon City is an attached agency of the Department of Agriculture (DA). It is created under Executive Order (EO) No. 116 dated January 30, 1987, which was implemented by EO No. 245 dated July 24, 1987. Under EO No. 245, seven tobacco agencies were merged to the NTA. The Administration is mandated to: (a) improve the economic and living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and (b) promote the balanced and integrated growth and development of the industry and help make agriculture a solid base for massive industrialization. NTA also administers and regulates the tobacco industry of the Philippines.

FINANCIAL HIGHLIGHTS (In Million Pesos)

I. Comparative Financial Position

	2014	2013	Increase (Decrease)
Total assets	1,588,357	1,208,866	379,491
Total liabilities	127,193	121,102	6,091
Networth	1,461,164	1,087,764	373,400

II. Comparative Results of Operations

	2014	2013	Increase (Decrease)
Total revenues	117,438	115,304	2,134
Total expenditures	401,178	267,960	133,218
Loss from operations	283,740	152,656	131,084
Subsidy from the national government	656,700	271,200	385,500
Net income	372,960	118,544	254,416

III. Budget vis-à-vis Actual Amounts Expended

	Budget	Amount Expended	Balance
Personal services	192,488	171,635	20,853
Maintenance and other operating expenses	501,927	69,657	432,270
Investment outlay	76,016	36,769	39,250
Capital outlay	289,000	246,882	42,118
	1,059,431	524,943	534,491

## SCOPE OF AUDIT

Our audit covers the operations of NTA for Calendar Year (CY) 2014. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

## AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of the presentation of the financial statements in view of the following exceptions:

1. The validity, reliability and probability of full recovery from several Cash, Receivables, Prepayments, Other Current Assets and Other Assets accounts totaling of P865.967 million cannot be ascertained since 42.31 per cent or P366.398 million have been dormant for more than 10 to 26 years due to undocumented balances carried over from seven defunct tobacco agencies in 1987; unsettled loans of farmers/traders/cooperatives since 1996; receivables from officers and employees no longer in the service; and unrecovered investment in bonds; and
2. The accuracy and existence of Property, Plant and Equipment (PPE) with net book value of P487.766 million as of December 31, 2014 could not be ascertained due to failure to conduct physical inventory taking of its claimed parcels of land totaling P291.770 million per property record, uncorrected discrepancy between property and accounting records of P172.920 million, partially updated PPE Ledger Cards (PPELCs), and uncorrected prior years' deficiencies in the transfer of title and ownership of claimed parcels of land.

## SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

For the above-mentioned observations which caused the issuance of a qualified opinion, we recommended and Management agreed to:

1. Instruct the Central/Regional Offices' Accountants to: (i) set time frame in complying with the documentation of dormant accounts to support the request for write off from the Commission on Audit, in accordance with existing guidelines; (ii) analyze all receivable accounts pertaining to officers and employees to establish their correct balances, thereafter send demand letters for the immediate settlement of their obligations, otherwise, deduct from whatever cash/benefits due them; and (iii) analyze the Prepayment and Other Current Assets accounts to determine accounts affected to serve as basis in preparing adjustments to close the accounts;
2. Instruct the Legal Officer to: (i) make representations with Land Bank of the Philippines (LBP) Head Office on the possible redemption of the bonds amounting to P28.634 million, and the results of which shall be the basis for succeeding action to be undertaken; and (ii) exert all legal remedies for the rescission of the Certificates of Award and for the reconveyance of the pertinent lots located in Tuguegarao, Cagayan to

the government pursuant to Resolution No. 258-2012 dated April 12, 2012 of the NTA Governing Board, if the awardees and/or the occupants/possessors/successors of the 20 unpaid lots do not agree to settle in full the cost with increments for the unpaid lots;

3. Instruct the concerned Branch Managers of Vigan, Batac and Candon to make representations with the Department of Environment and Natural Resources (DENR) for the possible transfer of the reforestation project sites to the local government units so as to preserve the area;

4. Commit and submit time frame within which to create a committee which will be responsible to perform the following activities within a specified time: (i) conduct physical count of immovable properties and prepare and submit to the Audit Team the consolidated Report on the Physical Count of PPE (RPCPPE), (ii) validate status of all parcels of land claimed by NTA with the Registry of Deeds or request for survey with the Office of the Geodetic Engineers of the DENR, (iii) workout for the consolidation of Transfer Certificates of Title (TCTs) under the name of NTA of the parcels of land still registered under the names of Philippine Tobacco Administration (PTA), Philippine Tobacco Research and Training Center (PTRTC) and private companies/individuals, (iv) work out for the change of Tax Declarations of the parcels of land with the Assessor's Office of local government units to facilitate recording in the books; and

5. Require the concerned Accountants and Property Officers to complete the reconciliation of their respective accounting and property records within specified period, and effect adjustments where appropriate.

The other significant audit observations and recommendations are as follows:

6. The inability to act speedily on the restructuring agreement offered by the Philippine Deposit Insurance Corporation (PDIC) for the *dacion* agreement may put NTA into paying huge accumulated interest and penalty charges which already reached P191.784 million as of year-end, thus, could deplete its financial resources.

6.1 We recommended that Management conserve the meager resources by acting expeditiously in exploring all possible options to settle the liability to PDIC, which includes the request for possible waiver of penalty charges.

7. In the absence of control records, actual expenditures had exceeded the approved budget in 2012 and 2013, and for 2014, certain expenditures under Maintenance and Other Operating Expenses (MOOE) again exceeded the approved Corporate Operating Budget (COB) by P5.403 million, thus contrary to existing guidelines set by the Department of Budget and Management (DBM).

7.1 We recommended and Management agreed to:

a. Instruct the Budget Division, in coordination with the Accounting Division, to prepare a report/statement of approved budget, utilizations, disbursements and balances for monitoring and control purposes; and

b. Request from DBM for the approval of realignment of savings to cover the excess expenditure incurred in 2014 and follow-up the similar request covering the



excess expenditures incurred in 2012 and 2013. Absence of authority from DBM will be a ground for the suspension and disallowance of the transactions in audit.

8. The time frame within which to fully collect loans receivable under various projects was uncertain since it appeared that the capacity of the farmer-availees to pay was not objectively assessed and due to the absence of collection targets for 9 out of 11 projects, thus only P179.855 million was collected during the year, ranging from zero to 109 per cent collection rates or an average of 53.73 percent out of the estimated collectibles of P334.747 million for the year 2014.

8.1 We recommended and Management agreed to:

- a. Assess the financial capability of the farmer-availees by taking into consideration the appropriateness of existing guidelines prior to grant of loan, including full deduction from the proceeds of a new loan of farmer-availees who have outstanding balance/s to prevent the accumulation of dormant accounts;
- b. Involve the Branch Managers and tobacco technicians in setting yearly collection targets that are reasonable and attainable per project in order to intensify collection efforts, the results of which would serve as management tool to decide whether to continue or discontinue the grant of loan assistance to tobacco farmers; and
- c. Make representation with PCIC on the possibility of insuring crops and other agricultural produce of tobacco farmers to ensure recovery in cases of losses.

9. The net loss of P6.385 million on the first year of operation for hogs and poultry production was farfetched from its projected income of P12.915 million due to, among others, loan-availees of only 538 compared with the target of 3,939; not properly laid out marketing strategies resulting in low sales of meat processed products; and the absence of clear operational and financial controls, thus the risk that the return of investment of P298.858 million may be put to waste and would not be able to pursue the objective of improving the lives of tobacco farmers.

9.1 We recommended and Management agreed to:

- a. Device a plan that would attract loan-availees to increase production and to include budget allocation to expand the cold storage capacity and conduct survey on the possibility of charging the transport cost and other expenses to the loan-availees, in order to carry out the project efficiently and economically;
- b. Instruct the Plant Supervisor, Internal Audit Manager and the Chief Accountant to prepare operational and accounting manuals to serve as guide in carrying out the business operations and documenting overall financial operations to ensure that controls are in place to avoid loss or waste of government funds and property;
- c. Implement the project in accordance with implementing guidelines particularly on the granting of financial assistance to small tobacco farmers to attain the project's objectives;

d. Consider hiring a marketing expert who will be responsible in helping out figure sales; analyze market data on a local, regional or national level; determine what people are buying, what gaps are in the market, looking at competitors and their pricing, creating and administering surveys, questionnaires and other information gathering devices and an effort to help expertly understand the best way to market the AgriPinoy products;and

e. Instruct the Planning Division to prepare sales and income projections, among others, for any project feasibility studies that are reasonable so as to determine the sustainability and viability of proposed projects.

10. Internal control over the movement/transfer of raw materials from the holding pen to the Slaughter Section is weak, resulting in unaccounted disposals which could possibly result in the loss of raw materials; thus, raised doubt on the accuracy of the Raw Materials Inventory-Hog account balance of P1.912 million.

10.1 We recommended and Management agreed to:

a. Evaluate the existing process flow relative to buying and selling of hogs and meat to determine where it can be improved to ensure that everything is duly accounted for, including defining the timing and frequency of reconciliation of the records of the Raw Materials Coordinator, Head of Slaughtering Section and the Accountant; and

b. Instruct the Raw Materials Coordinator and the Head of Slaughtering Section to reconcile their records on a regular basis and furnish the Accountant of the reconciliation made as basis for adjusting the Raw Materials Inventory account.

11. Accounts Receivable totaling P1.363 million under the Hog Fattening Program may no longer be collected from the 95 beneficiaries due to livestock mortality which was not properly documented, and beneficiaries who are no longer qualified in the second cycle of loan availment due to low production yield, thus may result in the depletion of funds that could hinder the continuity of the project implementation.

11.1 We recommended and Management agreed to:

a. Include in the guidelines as part of the responsibility of the beneficiary to notify NTA immediately in cases of death of hogs due to natural calamity or epidemic diseases so that conduct of inspection by the Municipal Veterinarian can be timely requested;

b. Instruct the Tobacco Technicians to always secure post mortem report of death of hogs from the Municipal Veterinarian as basis for requesting for write off of the accounts from the Commission on Audit, if warranted; and

c. Send demand letters to beneficiaries whose hog(s) died, but the cause of death was not due to natural calamities or epidemic diseases.

12. Physical assets of the AgriPinoy Plant valued at P298.858 million were not covered with insurance, in violation of Section 5 of Republic Act (RA) No. 656, as amended by Presidential Decree (PD) No. 245, thus, the risk of loss in case of damage or loss of property.

12.1 We recommended and Management agreed to follow up from the Manager of the AgriPinoy Project the complete inventory report of the physical assets and insure all insurable property with the General Insurance Fund of the GSIS to protect the interest of NTA.

13. The incurrence of losses for six consecutive years already amounting to P11.230 million in the operations of the Tobacco Dust Processing Plant (TDPP) due to difficulty of disposing stocks and high production and operating cost, and the probability of recovering the investment estimated at P129.614 million in a period of four years and four months per projection cast doubt as to the viability and sustainability of the project.

13.1 We recommended that Management undertake careful study of the project with the end in view to preventing incurrence of further losses and waste of government funds.

## **AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS**

The unsettled audit disallowances and suspensions as of December 31, 2014 totaled to P21.688 million and P25,247, respectively. There was no Notice of Charge issued during the year neither unsettled charges at year-end. The status of audit disallowances and suspensions as of December 31, 2014 is presented in Annex A.

## **STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Out of the 37 audit recommendations embodied in the previous years' Annual Audit Reports (AARs), 13 were fully implemented, 18 were partially implemented and 6 were not implemented. Details are presented in Part III of this report.

NATIONAL TOBACCO ADMINISTRATION			
BALANCE SHEET			
December 31, 2014			
(In Philippine Peso)			
	Note	2014	2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	477,205,783	86,878,362
Receivables - net	4	498,617,124	538,297,661
Inventories	5	10,693,236	7,043,047
Prepayments	6	14,133,097	13,058,817
Other current assets	7	1,033,346	1,050,259
		<b>1,001,682,586</b>	<b>646,328,146</b>
<b>Non-current assets</b>			
Investments	8	13,000,500	7,016,500
Property, plant and equipment - net	9	487,765,681	466,820,840
Other assets	10	85,908,574	88,700,075
		<b>586,674,755</b>	<b>562,537,415</b>
<b>TOTAL ASSETS</b>		<b>1,588,357,341</b>	<b>1,208,865,561</b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Current liabilities</b>			
Payable accounts	11	102,122,092	95,476,992
Inter-agency payables	12	4,490,420	3,172,863
Other current liabilities	13	20,573,484	22,420,370
		<b>127,185,996</b>	<b>121,070,225</b>
<b>Non-current liabilities</b>			
Other deferred credits	14	6,852	31,400
Total liabilities		127,192,848	121,101,625
Net worth		1,461,164,493	1,087,763,936
<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>1,588,357,341</b>	<b>1,208,865,561</b>
The Notes on pages 9 to 24 form part of these financial statements.			

NATIONAL TOBACCO ADMINISTRATION			
STATEMENT OF REVENUES AND EXPENDITURES			
For the Year Ended December 31, 2014			
(In Philippine Peso)			
	Note	2014	2013
<b>REVENUES</b>			
Operating revenues	15	108,343,994	105,373,645
Other revenues	16	6,406,059	9,058,009
		114,750,053	114,431,654
Sales revenue	17	40,038,351	6,538,926
Cost of goods sold	18	37,350,813	5,666,038
		2,687,538	872,888
		117,437,591	115,304,542
<b>EXPENDITURES</b>	20		
Personal services		171,635,352	175,368,184
Maintenance and other operating expenses		229,529,242	92,574,476
Financial expenses		12,690	17,870
		401,177,284	267,960,530
Loss from operations		(283,739,693)	(152,655,988)
Subsidy income from national government	19	656,700,000	271,200,000
<b>NET INCOME</b>		<b>372,960,307</b>	<b>118,544,012</b>

The Notes on pages 9 to 24 form part of these financial statements.

NATIONAL TOBACCO ADMINISTRATION			
STATEMENT OF CHANGES IN NET WORTH			
For the Year Ended December 31, 2014			
(In Philippine Peso)			
	Note	2014	2013
<b>GOVERNMENT EQUITY</b>			
Government equity, beginning of year		410,449,650	410,449,650
Cost of land in Abra Branch Office		440,250	-
		410,889,900	410,449,650
<b>RETAINED EARNINGS</b>			
Retained earnings, beginning of year		677,314,286	558,770,274
Net income		372,960,307	118,544,012
		1,050,274,593	677,314,286
<b>NET WORTH</b>		<b>1,461,164,493</b>	<b>1,087,763,936</b>
The Notes on pages 9 to 24 form part of these financial statements.			

NATIONAL TOBACCO ADMINISTRATION			
STATEMENT OF CASH FLOWS			
For the Year Ended December 31, 2014			
(In Philippine Peso)			
	Note	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subsidy from national government		656,700,000	271,200,000
Collection of income		115,134,592	109,912,572
Collection of receivables		98,710,552	98,691,092
Collection of receivables for other government financial institutions		57,029,198	62,180,877
Miscellaneous trust receipts		30,496,236	37,873,754
Recoupment of mobilization fee from contractors		2,879,493	12,396,072
Sale of inventories		13,642,753	2,218,281
Refund of cash advances/mobilization fee		897,379	720,726
Payment of operating expenses		(236,925,203)	(230,731,529)
Remittance to GSIS/BIR/Pag-IBIG/PhilHealth		(55,631,395)	(59,008,014)
Payment of other payables		(30,952,393)	(34,579,941)
Advances for mobilization fee		(3,396,362)	(9,023,779)
Payment of payables		(4,366,957)	(6,370,160)
Payment of cash advances		(4,724,509)	(2,950,690)
Purchase of inventories		(3,525,057)	(2,520,434)
Payment of prepaid expenses		(235,300)	(38,856)
		635,733,027	249,969,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Facility/production loan assistance		(208,637,168)	(165,296,812)
Acquisition of property, plant and equipment		(36,768,438)	(68,042,247)
		(245,405,606)	(233,339,059)
Net increase in cash and cash equivalents		390,327,421	16,630,912
Cash and cash equivalents, beginning of the year		86,878,362	70,247,450
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>3</b>	<b>477,205,783</b>	<b>86,878,362</b>
The Notes on pages 9 to 24 form part of these financial statements.			

NATIONAL TOBACCO ADMINISTRATION			
STATEMENT OF COMPARISON OF BUDGET AND AMOUNTS EXPENDED			
For the Year Ended December 31, 2014			
(In Philippine Peso)			
	Approved Budget	Amounts Expended	Variance
<b>Personal services</b>			
Salaries and wages	111,495,000	102,938,931	8,556,069
Other compensation	30,274,000	28,562,761	1,711,239
Personnel benefit contribution	16,711,000	14,014,037	2,696,963
Other personnel benefits	34,008,000	26,119,623	7,888,377
	192,488,000	171,635,352	20,852,648
<b>Maintenance and other operating expenses</b>			
Professional services	19,027,000	23,343,271	(4,316,271)
Supplies and materials expenses	9,000,000	9,181,452	(181,452)
Traveling expenses-local	7,269,000	7,287,747	(18,747)
Utility expenses	6,888,000	6,769,133	118,867
Representation expenses	4,256,000	4,255,152	848
Gasoline, oil and lubricants expenses	2,982,000	3,505,917	(523,917)
Training and scholarship expenses	2,804,000	2,803,549	451
Communication expenses	2,200,000	2,336,369	(136,369)
Repairs and maintenance	1,530,000	1,755,486	(225,486)
Taxes, insurance premiums and other fees	645,000	644,544	456
Printing and binding expenses	562,000	561,421	579
Subscription	367,000	366,364	636
Rent expenses	323,000	322,487	513
Extraordinary and miscellaneous expenses	319,000	318,361	639
Traveling expenses-foreign	176,000	175,610	390
Advertising expenses	77,000	76,209	791
Transportation and delivery expenses	37,000	36,124	876
Membership contribution	36,000	35,000	1,000
Donations	16,000	15,000	1,000
Bank charges	13,000	12,690	310
Other maintenance and operating expenses	443,400,000	5,854,922	437,545,078
	501,927,000	69,656,808	432,270,192
	694,415,000	241,292,160	453,122,840
<b>Capital outlay</b>			
Equipment, building and fixtures	76,019,000	36,768,438	39,250,562
	76,019,000	36,768,438	39,250,562
<b>Investment outlay</b>			
Production assistance			
Rice and tobacco	98,000,000	96,513,890	1,486,110
Hog and broiler	92,000,000	90,300,389	1,699,611
Renewable/nursery	80,000,000	42,746,165	37,253,835
Irrigation assistance	19,000,000	17,321,722	1,678,278
	289,000,000	246,882,166	42,117,834
	1,059,434,000	524,942,764	534,491,236
The Notes on pages 9 to 24 form part of these financial statements.			



**NATIONAL TOBACCO ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
(All amounts in Philippine Peso unless otherwise stated)

**1. GENERAL INFORMATION**

The National Tobacco Administration (NTA) is a non-stock government-owned and controlled corporation (GOCC) created under Executive Order (EO) No. 116 dated January 30, 1987, which was implemented by EO No. 245 dated July 24, 1987. Under EO No. 245, seven tobacco agencies were merged to the NTA. The Administration is mandated to: (a) improve the economic and living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and (b) promote the balanced and integrated growth and development of the industry and help make agriculture a solid base for massive industrialization. NTA also administers and regulates the tobacco industry of the Philippines.

NTA is an attached GOCC of the Department of Agriculture (DA). It is headed by an Administrator and assisted by two Deputy Administrators. The NTA Governing Board composed of eight members serves as the policy-making body of the Corporation.

The Corporation has eight Branch Offices; five are located in Region I, two are in Region II, and one in the Cordillera Administrative Region (CAR).

As at December 31, 2014, NTA's manpower complement consisted of 316 regular personnel and 134 job order employees, of which 117 were assigned in the Central Office, 278 were assigned in the branch offices, and 55 were assigned at the AgriPinoy Tobacco Food Processing and Trading Center in Narvacan, Ilocos Sur.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

NTA substantially complied with the provisions of the New Government Accounting System (NGAS) in so far as account codes and coding structure, journalizing of entries for financial transactions, use of two-money column trial balance, and discontinuance of the use of contingent accounts and corollary and negative entries and partially adopts the Philippine Financial Reporting Standards for financial reporting in compliance with the requirements of the Commission on Audit. The financial operation of the Corporation has not yet been computerized due to budgetary constraints.

The eight Provincial Branch Offices (PBOs) maintain separate sets of books of accounts and prepare respective financial reports, which are submitted to the Central Office for consolidation. NTA has three desk offices located in Cagayan de Oro; Pikit, Cotabato; and San Jose, Oriental Mindoro. The Corporation adopts branch accounting system for the financial operation of its PBOs in order to decentralize operations and to allow fiscal autonomy in the management of the PBOs.

2.1 NTA adopts the following accounting policies:

- a. Accrual basis of accounting in accordance with the NGAS. Expenses are recognized when actually incurred while income is recorded when earned.
- b. The First-In First-Out Method in costing inventory is adopted.
- c. Investments in government securities are recorded at cost. Accrued interest is taken up separately in the books.
- d. Property, plant and equipment are recorded at cost, less allowance for depreciation. Depreciation is computed on straight-line method based on COA Circular No. 2003-007 dated December 11, 2003.
- e. Allowance for doubtful accounts is provided for Accounts Receivable based on the provisions of NTA Board Resolution No. 037-2003 dated October 27, 2003, to wit:

Age of Accounts Receivable	Percentage of Allowance
Past due for more than 10 years	100 per cent
Past due for more than five years but not more than 10 years	40 per cent
Past due for five years or less	None

3. CASH AND CASH EQUIVALENTS

This account consists of deposits made to authorized government depository banks and cash on hand with regular collecting officers as well as regular and special disbursing officers, the breakdown of which is as follows:

	2014	2013
Collecting officers	1,496,941	1,813,445
Disbursing officers	1,658,694	1,657,301
Petty cash fund	31,382	3,010
Payroll fund	(552)	257
Current account	472,903,445	82,187,091
Savings account	26	101,411
Time deposits	1,115,847	1,115,847
	477,205,783	86,878,362

3.1 The balances of the Collecting officers/Disbursing officers accounts are the unremitted collections and cash advances of employees. Out of the aggregate of P3,155,635, P1,700,161 represents accounts of officers and employees of the tobacco agencies consolidated to NTA in 1987. Said officers and employees are no longer connected with NTA and they could no longer be located.

3.2 The Cash in bank-current account balance of P472,903,445 included unexpended balance of the subsidy received from the National Government of P437,500,000 on December 26, 2014 under SARO No. BMP-F-140020577 for Irrigation Support Project of small tobacco farmers.

3.3 The Time deposit account includes special deposit account of P684,000 which formed part of the investment with the Trust Management Group of the Philippine Veterans Bank (PVB) under Investment Management Agreement No. 4450-42-000064 dated June 17, 2003 totaling P1,000,000.

#### 4. RECEIVABLES

This account is composed of the following:

	2014	2013
Accounts receivable	53,323,503	17,775,887
Notes receivable	77,734,275	77,734,275
Loans receivable - others	460,620,358	399,923,489
Interest receivable	101,233,992	101,115,461
	692,912,128	596,549,112
Less : Allowance for doubtful accounts	245,186,091	241,345,733
	447,726,037	355,203,379
Intra-agency receivables	1,895,374	132,772,371
Inter-agency receivables	1,044,493	1,072,088
Due from officers and employees	4,578,187	6,427,845
Other receivables	43,373,033	42,821,978
	50,891,087	183,094,282
	<b>498,617,124</b>	<b>538,297,661</b>

4.1 The Receivable accounts consist of research and regulation fees collectible from tobacco trading centers; loan assistance granted to tobacco farmers, cooperatives and tobacco traders which were either in the form of cash or in kind; accrued interest on loans and due from officers and employees.

4.2 The account also includes Notes receivable from tobacco traders and cooperatives out of the tobacco trading augmentation loans availed from the Omnibus Credit Line with the Philippine National Bank (PNB) per Credit Agreement dated June 24, 1996. The credit line stood at P52,000,000, while interest on loan totaled to P64,794,381 as at December 31, 2014 (Note 11).

4.3 Moreover, a total of P3,363,000 loan in the form of water pump and engine set which was extended to the Philippine Association of Tobacco-based Cooperatives, Inc. (PATCO) on February 17, 2003 was also included in the account. The loan was payable in two years at interest rate of 10 per cent per annum, however, the due from PATCO remained unsettled to date.

4.4 Accrued interest on loans totaling P53,039,322 or 14.48 per cent of the dormant receivable accounts of P366,397,539 is also part of the account.

4.5 Other Receivables include audit disallowances and miscellaneous receivables from former NTA employees/farmers.

5. INVENTORIES

The breakdown of this account is as follows:

	2014	2013
Raw materials inventory	2,084,913	600,238
Finished goods inventory	5,309,517	2,305,655
Agricultural supplies inventory	3,298,806	4,137,154
	10,693,236	7,043,047

5.1 Raw materials inventory consist of hogs and chicken of the Agripinoy Project amounting to P1,912,003 and P172,910, respectively.

5.2 The finished goods inventory include processed food and poultry products of the AgriPinoy Project and Multiline Food Processing Plant (MFPP) Project totaling P4,728,610 and P211,984, respectively, and tobacco dust amounting to P368,923 as at year end.

5.3 The Agricultural supplies inventory consists of, among others, bags of tobacco dust raw materials to be used in the production of tobacco dust for sale.

6. PREPAYMENTS

This account is composed of the following:

	2014	2013
Office supplies inventory	591,106	740,270
Accountable forms inventory	386,006	176,659
Other supplies inventory	7,419,674	6,125,449
	8,396,786	7,042,378
Prepaid rent	36,450	36,450
Prepaid insurance	130,287	216,412
Deferred charges	579,365	579,365
Other prepaid expenses	4,990,209	5,184,212
	5,736,311	6,016,439
	14,133,097	13,058,817

6.1 Inventories in the total amount of P8,396,786 and P7,042,378 in CYs 2014 and 2013, respectively, were reclassified to Prepayments account for financial statements presentation.

6.2 The Prepayment account includes rental deposits of branch offices and model farm; insurance of vehicles, buildings, and fidelity bonds of accountable officers; deferred charges and other prepaid expenses. It also includes 15 per cent mobilization fee and cost of materials amounting to P583,238 paid to Renaissance Builders Company, Inc. in the 1980s for the construction of the defunct Philippine Tobacco Research and Training Center, now Main Research Center in Batac, Ilocos Norte, and Letters of Credit with PNB for various suppliers' account in the amount of P3,487,715. These components were requested for write-off from the Commission on Audit, but were returned for lack of supporting documents, hence, adjustment could not be effected in the books of accounts.

## 7. OTHER CURRENT ASSETS

The account consists of the following:

	2014	2013
Guaranty deposits	361,619	378,532
Other current assets	671,727	671,727
	<b>1,033,346</b>	<b>1,050,259</b>

7.1 The Other current assets account includes the amount expended for reforestation projects in the 1980s by the Batac Branch Office for P334,722 and Candon Branch Office for P281,385 under the defunct Philippine Virginia Tobacco Administration (PVTa). The amounts will be adjusted to proper expense accounts upon completion of documents to support the said project.

## 8. INVESTMENTS

The balances of the account are as follows:

	2014	2013
Investment in bonds	500	500
Other investments	13,000,000	7,016,000
	<b>13,000,500</b>	<b>7,016,500</b>

8.1 Other investments account of P13,000,000 represents investment in NTA employees housing project at Montalban, Rizal. The increase of P5,984,000 represents direct payment to the Home Development Mutual Fund (HDMF/Pag-IBIG) by NTA.

9. PROPERTY, PLANT AND EQUIPMENT (PPE)

This account consists of the following:

	Land, land improvements, office building & other structures	Various equipment	Furniture & fixtures, library books, motor vehicles & other PPE	Construction in progress	Total
<b>COST</b>					
January 1, 2014	333,549,754	148,124,959	35,921,814	87,387,885	604,984,412
Additions	145,540,434	12,384,021	1,480,775	-	159,405,230
Adjustments	(13,363,507)	(5,630,437)	(2,705,879)	(87,387,885)	(109,087,708)
Derecognition in the books of donated equipment	(6,139,236)	(7,695,241)	(765,371)	-	(14,599,848)
	126,037,691	(941,657)	(1,990,475)	(87,387,885)	35,717,674
December 31, 2014	459,587,445	147,183,302	33,931,339	-	640,702,086
<b>ACCUMULATED DEPRECIATION</b>					
January 1, 2014	68,682,370	47,605,386	21,875,816	-	138,163,572
Depreciation charges during the year	8,670,045	11,383,326	2,808,148	-	22,861,519
Derecognition in the books of donated equipment	32,656	(6,013,147)	(2,108,195)	-	(8,088,686)
	8,702,701	5,370,179	699,953	-	14,772,833
December 31, 2014	77,385,071	52,975,565	22,575,769	-	152,936,405
Net book value, December 31, 2014	382,202,374	94,207,737	11,355,570	-	487,765,681
<b>Net book value, December 31, 2013</b>					
	264,867,384	100,519,573	14,045,998	87,387,885	466,820,840

9.1 The Land, land improvements, office building and other structures account includes:

- a. Land, buildings, and structures foreclosed from delinquent tobacco buyers during the time of the defunct PVTa when it engaged in tobacco trading in the 1970s;
- b. A parcel of land with an area of 31,458 square meters at Barangay Fernandez, Sto. Tomas, La Union, valued at P20,762,280 in 2007. The property was developed as the site of the Tobacco Dust Processing/Production Plant for the production of tobacco dust from tobacco sweepings, a "pioneering product," for use as molluscicide cum fertilizer for inland aquaculture application. The construction of the plant and all other buildings constructed at the site together with the supply and installation of tobacco dust processing machineries were completed in 2009; and
- c. It also includes two parcels of land valued at P14,014,799 in Narvacan, Ilocos Sur where the AgriPinoy Food Processing Plant and Milling Complex were constructed and cost of building and equipment totaling P298,857,877.

9.2 Some parcels of land of the defunct PVTAs were not covered with Transfer Certificates of Title (TCTs) but were booked-up based on Tax Declarations. These were consolidated to NTA books of accounts in 1987. The other pieces of property with TCTs, without TCTs and with Tax Declarations and Lot Numbers only as reference were included in the inventory reports of branch offices but remained unrecorded in the books, details as follows:

a. Parcels of land without TCTs but booked-up based on Tax Declaration only:

Location	Area in sq. m.	Lot No.	Tax Declaration No.	Book Value
Batac, Ilocos Norte	106,280	-	-	425,457
Bauang, La Union	1,725	1204	008-08-028-17-025	153,430
	<b>108,005</b>			<b>578,887</b>

b. Parcels of land with TCTs which were not recorded in the books:

Location	Area in sq. m.	Lot No.	TCT No.	Book Value
Sitio Apaya, Brgy. 17,	2,272	23788	P-42149	-
Tabug, Batac,	1,352	23790	P-42151	30,424
Ilocos Norte	1,196	24414	P-24872	-
	439	23813	P-24723	12,428
	912	23952	P-24725	-
	<b>6,171</b>			<b>42,852</b>
Zone 6, Sinapangan, Bangue, Abra	<b>2,047</b>	-	105	<b>440,250</b>
Casicalan, Gattaran, Cagayan	13,704	707	49000	-
Casicalan, Gattaran, Cagayan	1,166	-	T-94	-
Centro, Enrile, Cagayan	7,591	-	T-6219	-
Poblacion, Aparri, Cagayan	-	-		-
Tallungan, Aparri, Cagayan	373		6220	-
Taytay, Baggao, Cagayan	4,136	-	4181	-
	29,379	462	OCT-4181	-
	<b>56,349</b>			-
	<b>64,567</b>			<b>483,102</b>
	Area in has.	Lot No.	TCT No.	Book Value
Aguicguican, Gattaran, Cagayan	<b>31,295</b>	-	T-465	-

c. Parcels of land which were included in the inventory report of Branch/Desk Offices based on Tax Declaration Numbers (TDNs) and with Transfer Certificates of Title (TCTs) and remained not recorded in the books:

Location	Area in sq. m.	Lot No.	TDN with TCT Nos.	Book Value
Maggayu, Tumauni, Isabela	6,698	1180	T-115159/TD 37-4916	-
	6,200	1180	T-115159/TD 37-4916	-
	10,270	1176	T-115159/TD 37-4916	-
	9,600	1177	T-115789/TD37-4913-R-82	-
	13,140	1178	T-115790/TD37-4914-R-82	-
	11,524	1181	T-116019/TD37-4918-R-82	-
	12,600	1179	T-116020/TD37-4915	-
Poblacion, Tumauni, Isabela	12,600	2313	T-115788/TD37-4911	-
	12,350	2311	T-116018/TD37-4925	-
Labinalab, Cauayan, Isabela	30,000	-	-	-
Centro, Echague, Isabela	1,650	1453	T-18789/TD13-54	-
	126,632			-
Brgy. 17, Tabug, Batac, Ilocos Norte	712	23951	TD 516972	3,772
	981	24436	-do-	-
	1,373	23800	-do-	-
	406	24002	-do-	-
	257	23620	-do-	-
	987	23944	-do-	-
	641	23992	-do-	-
	3,982	23859	-do-	-
	439	3813	-do-	-
	2,402	23583	-do-	-
Nagbacaan, Batac, Ilocos Norte	1,622	24421	-	-
Apaya, Batac, Ilocos Norte	1,265	23846	-	-
	1,017	23983	-	-
Parangopong, Batac, Ilocos Norte	2,074	23833	-	-
	18,158			3,772
Catentagga, Tuguegarao, Cagayan	1,000	5-7894	-	-
Centro, Enrile, Cagayan	2,363	1967-A	-	-
Macanaya, Aparri, Cagayan	4,403	5-00410	-	-
Minanga, Aparri, Cagayan	2,795	5-05268	-	-
Faire, Cagayan	2,459	15958	-	-
Ugac Norte, Tuguegarao, Cagayan	1,703	12813	-	-
	14,723			-
Tumog Luna, Kalinga, Apayao	106	A-3078	-	-
	72	A-3081	-	-
	1,784	A-0190	-	-
	304,757	3503/08	-	-
	306,719			-



Location	Area in sq. m.	Lot No.	TDN with TCT Nos.	Book Value
Centro 2, Luna, Isabela	400	827-A	16-306	-
	8,550	827-A	16-305	-
Roxas District, Naguilian, Isabela	612	3279	20-1532	-
Quezon District, Naguilian, Isabela	1,873	3364	20-259	-
Angadanan, Isabela	10,522	12-813	-	-
	21,957			-
Lourdes, Alubijid, Misamis, Oriental	118,399	457-A	11440	-
	606,588			3,772
Casicalan, Gattaran, Cagayan	79,997	0-12249-A	-	-
Tumog Luna, Kalinga, Apayao	22	A-0188	-	-
	804	A-0197	-	-
	3	A-0199	-	-
	80,826			-

d. Parcels of land located in Batac, Ilocos Norte were included in the inventory report but have no specific location and have Tax Declarations only as reference:

	Area in sq. m.	Lot No.	Tax Declaration No. with TCT No. indicated in the Tax Declaration	Book Value
No. 17 Cabaruan, Batac, Ilocos Norte	1,022	23474	556338	7,820
Brgy. 17, Tabug, Batac, Ilocos Norte	11,958	32567	TCT 4871/ TD 515088	-
	12,980			7,820
Parangopong, Batac, Ilocos Norte	1,846	23611	TD 570580	-
	156	34638	-	-
Tabug, Batac	3,297	21212	TD 565119	14,842
	5,299			14,842
	18,279			22,662

9.3 The above summary includes NTA Real Property contained in the report of the Ad Hoc Committee created under Special Order No. 94-402 dated December 24, 1993.

## 10. OTHER ASSETS

This account consists of the following:

	2014	2013
Due from LBP	60,300,363	60,300,363
Due from banks – PVB	3,094,848	5,830,848
Due from banks – DBP	7,159,226	7,159,226
Due from banks - PNB	422,101	422,101
Contingent assets - tobacco shortage losses	5,106,755	5,106,755
Irrigation pump	3,406,496	3,406,496
Production loans	2,299,717	2,299,717
Contingent assets – miscellaneous	964,106	964,106
Facility loans - curing shed	945,383	945,383
Facility loans	531,146	531,146
Work/other animals	33,500	33,500
Other deposits	10,738	10,738
Non - interest bearing loans	10,198	10,198
Other receivables - decided cases	337	337
Cash in bank - PVB - OGCC cash advance	175	175
	84,285,089	87,021,089
Investments	28,633,897	28,633,897
Less: Allowance for impairment loss	28,633,897	28,633,897
	-	-
Idle/unserviceable property and equipment	1,820,838	1,801,639
Less: Accumulated depreciation	197,353	122,653
	1,623,485	1,678,986
	85,908,574	88,700,075

10.1 The account includes several non-moving accounts carried over from the books of the seven tobacco agencies consolidated to NTA in 1987. The accounts had been dormant for more than 20 years, and were reclassified in 2004 per recommendation of the Commission on Audit.

10.2 The Due from banks - PVB includes P316,000 which forms part of the special deposit account with the Trust Management Group of the Philippine Veterans Bank (PVB) of P1,000,000.

10.3 The Investments account of P28,633,897 represents balance of the LBP bonds purchased from the Tradal Ventures Management Corporation and Stalwart Management Services Corporation through Associated Bank in 1988 and 1989 in the total amount of P96.440 million. Case Nos. OMB-C-C-10-0393-I and OMB-C-A-10-0413-I filed with the Office of the Ombudsman (OMB) against the NTA officials responsible and accountable for the transactions were dismissed by the OMB in a Resolution and Decision dated April 2, 2012 and November 2, 2011, respectively, due to lapse of prescription period. Thus, 100 percent allowance for impairment loss was provided.

10.4 This account also includes unserviceable property and equipment valued at P254,164, P21,872 and P44, recorded in the books of Candon, Tuguegarao and Isabela Branch Offices, respectively.

11. PAYABLE ACCOUNTS

The breakdown of the account is as follows:

	2014	2013
Accounts payable	21,578,154	21,743,075
Notes payable	78,729,152	72,745,152
Due to officers and employees	1,814,786	988,765
	102,122,092	95,476,992

11.1 The Accounts payable account consists mostly of unliquidated/certified obligations as at December 31, 2014.

11.2 The Notes payable account represents long-term loan from the PNB through the Omnibus Credit Line per Credit Agreement with NTA dated June 24, 1996 which was transferred to the Philippine Deposit Insurance Corporation (PDIC) by way of "dacion en pago" agreement on July 30, 2002. The loan is payable for a period of eight years, with four years grace period and the repayment started on the fifth year up to July 2009.

The principal pegged at P52,000,000 escalated to P78,729,152 including capitalized interest of P64,794,381 as at December 31, 2014. This is the subject of Ombudsman Case No. OMB 0-00-1147 which was recommended for DISMISSAL for want of probable cause by the Preliminary Investigation and Administrative Adjudication Bureau - A and approved by Acting Ombudsman Orlando C. Casimiro on March 6, 2008.

NTA is in the process of negotiating the signing of the Loan Restructuring Agreement which was approved by the PDIC Board on July 17, 2013.

11.3 The Due to Officers and Employees account comprises unpaid claims of employees of the tobacco agencies in 1987 but carried in the books of NTA after the consolidation.

12. INTER-AGENCY PAYABLES

The breakdown of this account is as follows:

	2014	2013
Due to BIR	1,921,047	718,891
Due to GSIS	2,304,468	2,175,288
Due to Pag-IBIG	222,280	235,384
Due to PhilHealth	42,625	43,300
	4,490,420	3,172,863

12.1 This account includes legal/statutory deductions withheld from the salaries of employees for remittance to the Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF/Pag-IBIG) and PhilHealth.

### 13. OTHER CURRENT LIABILITIES

The breakdown of this account is as follows:

	2014	2013
Guaranty deposits payable	195,667	125,937
Performance bonds payable	10	2,010
Other payables	20,377,807	22,292,423
	20,573,484	22,420,370

13.1 Other payables account includes depository liabilities and loan payments of employees withheld from their salaries for remittance to financial institutions like the BIR, GSIS, Pag-IBIG, QUEDANCOR, Gintong Alay, and Government Employees Mutual Benefit Association. It also includes collection of loans granted to farmers by Agricultural Credit Policy Council (ACPC) which was taken in the books as held in trust prior to remittance to ACPC.

### 14. OTHER DEFERRED CREDITS

The breakdown of this account is as follows:

	2014	2013
M. Belagan	4,000	4,000
Rodel Ocampo	1,400	-
J. Ramirez	-	1,400
Isabela Branch	-	26,000
Antonia Soriano	1,452	-
	6,852	31,400

14.1 This account represents rental deposits in the amount of P6,852 received by the Isabela Branch Office.

### 15. OPERATING REVENUES

This account is broken down as follows:

	2014	2013
Permits and licenses	100,726,569	97,010,607
Service income	5,349,004	6,233,939
Business income	2,268,421	2,129,099
	108,343,994	105,373,645

**16. OTHER REVENUES**

This account is broken down as follows:

	2014	2013
Interest income	5,014,373	6,396,746
Miscellaneous income	1,328,967	2,385,388
Other fines and penalties	62,719	275,875
	6,406,059	9,058,009

**17. SALES REVENUE**

	2014	2013
Fresh meat	33,080,011	5,252,492
Processed meat	6,958,340	1,286,434
	40,038,351	6,538,926

**18. COST OF GOODS SOLD**

	2014	2013
Fresh meat	31,882,535	4,741,325
Processed meat	5,468,278	924,713
	37,350,813	5,666,038

18.1 The above products are being produced by the NTA through the operations of its AgriPinoy Project. The Corporation markets/trades fresh and processed meat from the raw material produce of the farmers in line with NTA's Integrated Farming and Other Income Generating Activities Project (IFOIGAP) which endeavors to provide additional livelihood to the tobacco farmers through hog and poultry raising.

**19. SUBSIDY INCOME FROM NATIONAL GOVERNMENT**

19.1 This account represents regular subsidy received from the National Government in 2014. NTA had an approved budget of P1,059,434,000 for which a total of P656,700,000 was released by the Department of Budget and Management (DBM) in 2014 aligned with the General Appropriations Act (GAA) of FY 2014 .

## 20. EXPENDITURES

This consists of:

	2014	2013
<b>Personal services</b>		
Salaries and wages	102,938,931	103,758,046
Other compensation	28,562,761	28,795,169
Personnel benefit contributions	14,014,037	14,352,615
Other personnel benefits	26,119,623	28,462,354
	171,635,352	175,368,184
<b>Maintenance and other operating expenses</b>		
Bad debts	136,780,295	17,974,895
Professional services	23,343,271	19,205,732
Depreciation	22,861,519	13,203,245
Supplies and materials	9,181,452	9,413,262
Traveling expenses	7,463,357	6,183,088
Utility expenses	6,769,133	6,558,674
Representation expenses	4,255,152	3,113,827
Gasoline and lubricant	3,505,917	3,011,009
Training and scholarship expenses	2,803,549	1,648,990
Communication expenses	2,336,369	2,219,703
Repairs and maintenance	1,755,486	1,276,075
Taxes, insurance premiums and other fees	644,544	1,038,695
Printing and binding expenses	561,421	997,639
Loss on sale of disposed assets	-	588,484
Subscription and membership contribution expenses	366,364	174,947
Rent expenses	322,487	299,496
Extraordinary and miscellaneous expenses	318,361	348,119
Loss of assets	243,310	745,966
Advertising expenses	76,209	223,655
Transportation and delivery expenses	36,124	51,285
Membership contribution to agency	35,000	-
Donations	15,000	1,000
Other maintenance and operating expenses	5,854,922	4,296,690
	229,529,242	92,574,476
<b>Financial expenses</b>		
Bank charges	12,690	17,870
	401,177,284	267,960,530

## 21. COMPLIANCE WITH TAX LAWS

21.1 NTA regularly complied with the requirement of the Department of Finance (DOF) - Department of Budget and Management (DBM) - Commission on Audit (COA) Joint Circular No. 1-2000 dated January 3, 2000 and Joint Circular No. 1-2000A dated July 31, 2000, relative to the withholding of taxes on gross compensation income of personnel, suppliers and clients for procurements and service contracts which are remitted using the prescribed BIR forms. The balances of the taxes withheld at the end of CY 2014 which are remitted to the BIR in 2015 are as follows:

Nature of Tax Withheld	Balance, 12/31/2014	Remarks
Withholding taxes on salaries and wages	1,478,315	BIR Forms No. 1604-F were filed and payments were remitted through the Land Bank of the Philippines (LBP) on January 9, 2015 in the Central Office and January 7, 8 and 9, 2015 in the Branch Offices.
Expanded withholding tax	82,366	BIR Forms No. 1604-E were filed and payments were made through LBP on January 9, 2015 in the Central Office and January 7, 8, 9 and 15, 2015 in the Branch Offices.
Creditable withholding tax on goods and services	346,199	BIR Form Nos. 2306 and 2307 were filed and payments were made through LBP on January 9, 2015 in the Central Office and January 7, 9 and 15, 2015 in the Branch Offices.
Percentage tax	14,167	BIR Forms No. 1600 were filed and payments were made through LBP on January 9, 2015 in the Central Office and January 8, 9 and 15, 2015 in the Branch Offices.

## 22. GOING CONCERN

22.1 The accompanying financial statements have been prepared assuming that NTA will continue as a going concern. NTA had incurred operating losses from 2000 to 2013. The Corporation was created as a developmental, service and regulatory agency under Executive Order (EO) No. 245. On the basis of its mandate, it received subsidy from the National Government for its maintenance and operating expenses and funds to carry out its programs and projects. From CYs 2000 to 2014, NTA received a total subsidy of P3,305,731,113 from the National Government.

## 23. OTHER SIGNIFICANT MATTERS

23.1 Republic Act (RA) No. 6758, which took effect on July 1, 1989, provides for the consolidation of allowances and additional compensation into the standardized salary rates. Certain additional compensation, however, are exempted from consolidation.

23.2 With the non-compliance to the requirements for the effectivity of the issuance of Department of Budget and Management (DBM) Corporate Compensation Circular (CCC) No. 10, the guidelines in implementing said law, the Supreme Court (SC) declared on August 12, 1998 in G.R. No. 109023 (De Jesus vs. COA) that said guidelines were ineffective. This meant that allowances such as cost of living allowance (COLA) and amelioration allowance were not integrated into the standardized salaries of government employees.

23.3 As the matter of whether there was non-integration or integration raged on, the SC further promulgated on September 6, 2005 in G.R. No. 160386 (PPA vs. COA) that "all not only incumbents as of July 1, 1989 should be allowed to receive backpay corresponding to said benefits, from July 1, 1989 to the new effectivity date of DBM CCC No. 10 - March 16, 1999."

23.4 Since NTA is similarly situated as PPA, NTA employees manifested and asserted their entitlement to COLA backpay during the period in dispute pursuant to the two aforementioned SC decisions. The computation of the entitlement is estimated to amount to P200 million or approximately 19 per cent of the retained earnings as at December 31, 2014.



### III. NON-FINANCIAL PERFORMANCE INDICATORS

Amidst formidable issues and challenges in the immediate past years which were foreseen to exert negative impact on the industry, (to include, aggressive global campaign against tobacco and smoking, increasing health consciousness, increasing domestic taxation of tobacco, e.g. R.A. 10351, and Increasing import liberalization and global competition) **NTA continued to be aggressive in its performance to fulfill its twin mandate, to improve the lives of our tobacco farmers and all those who depend on the industry for their livelihood and promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization**, resulting to some significant feats in the development of the local tobacco industry for the ultimate benefit of its stakeholder, especially the tobacco farmers.

We note herewith that, the industry provides livelihood and sustenance to about **2.9 million of stakeholders, including the more that 800,000 tobacco farmers and their families; in 2013, it generated PHP67.96 B in excise taxes, which increased to more than PhP75 B in 2014, more than PhP80 B if we include other fees and duties, which help the government fund its education, health, welfare, infrastructure and economic programs over the country (68 B in 2013) under RA 10351; and earns and saves dollars for the country , average of US\$ 281 M from 2011-2013.**

#### TOBACCO INDUSTRY'S PERFORMANCE FOR 2013 AND 2014

Number of tobacco farmers and tobacco farm area (in hectares) both increased by **3%**, from **53,959** to **55,763** and **37,021** to **38,264**, respectively;

Volume of production showed a decrease of **3.69%**, at 65 million kilos. With the documentation of tobacco acceptances still on-going, as of date; Production however, is expected to reach to about **67 million kilos** for the year.

Revenue from excise taxes increased by **111%** from PhP32.17 billion to **PhP67.96 billion; and by more than 100 %** in total revenue from PhP39.20 to **PhP78.67 billion** (for 2012 to 2013). Further increase was attained in 2014 which was estimated to reach more than PhP75 billion;

Export of unmanufactured leaf tobacco decreased by **25%** from **51.27million kilos** to **38.46million kilos**; with the corresponding **4%** decrease in value, from **US\$162.55 Million** to **US\$156.04 Million**;

Local manufacturers, imported a total of **107.77 million kilos** of unmanufactured leaf tobacco for 2014, from **116.72 million kilos** in 2013, or a reduction of **7.67%**.

#### PROGRAMS/PROJECTS/ACTIVITIES

The Agency's programs and projects are anchored on the its **Strategy Map** and **OPIF Logframe** with the societal goal of "**rapid, inclusive and sustained economic growth**", its sectoral goal as stated in the Medium Term Philippine Development Plan (MTPDP) 2011-2016, "**competitive and sustainable agriculture and fisheries sector**" and in response to its intermediate outcome of "**sustained viable tobacco industry**".

It is also in line with the MFOs and targets in its Performance Scorecard with the GCG, wherein the following were accomplished in 2014:

**MFO 1: Production Assistance:**

Integrated Farming and Other Income Generating Activities Project (IFOIGAP):  
**Market-Driven Quality Tobacco Production:**

**a. Tobacco Contract Growing System (TCGS)**

TCGS is a market-oriented production system that assures the tobacco manufacturers and exporters of the volume and quality of tobacco they need; and, at the same time, assures the farmers of the technology, production assistance, technical assistance from seedbedding to delivery of produce, ready market, proper grading, accurate weighing and better prices for their produce, including incentives for good performance, like production quota, 100% delivery, prompt repayment and high nicotine, among others.

For calendar year 2014 (covering end of crop year 2013-2014 and beginning quarter of crop year 2014-2015), NTA assisted a total of **7,803 tobacco farmers**, an increase of **263%** from the targeted **2,963** in 2014. The total production assistance extended was **PhP70.75 million** out of the **PhP80 million** proposed. Likewise, NTA also facilitated the release of production assistance provided by **Tobacco Buyer Firms, GFIs and LGUs** to 10,853 tobacco farmers covering 6,689 hectares.

**Volume and Value of Production/Acceptances**

Total tobacco production/acceptances documented, to date, is at **65.168 million kilograms**, valued at **PhP4.631 billion**, as against **67.665 million kilograms**, valued at **PhP4.664 billion**, or a decrease of 4% and 0.71%, respectively, as shown in the table below:

TOBACCO TYPE	2012-2013		2013-14	
	VOLUME ( in M kg)	VALUE (in B PhP)	VOLUME ( in M kg)	VALUE (in B PhP)
VIRGINIA	40.158	2.711	32.752	2.259
BURLEY	15.028	1.208	19.431	1.615
NATIVE	12.479	.745	12.985	.757
<b>TOTAL</b>	<b>67.665</b>	<b>4.664</b>	<b>65.168</b>	<b>4.631</b>

Data source: NTA Regulation Dept. as of Dec. 2014

**Yield per Hectare**

Yield obtained under TCGS was quite high comparing with CY 2012-13. Average for Virginia was 2,126 kgs/ha, burley at 2,534 kgs/ha and native at 2,864 kgs/ha. Across all tobacco types, yield was at **2,508 kgs/ha**.

**Net Income per Hectare**

For tobacco season 2013-14, average net income across all types of tobacco increased by **14%**, from **PhP55,672** in 2012-13 to **PhP63,281** per hectare. The

increase came from Native tobacco farmers net income, which increased by **106%**.  
A detailed presentation of the data is shown below:

TYPE/SUBTYPE	2012-13			2013-14		
	GROSS SALES/HA	COST OF PROD/HA	NET INCOME	GROSS SALES/HA	COST OF PROD/HA	NET INCOME
<b>VIRGINIA</b>						
NEUTRAL	145,470.28	105,798.12	39,672.16	128,340.30	108,720.30	19,620.00
IMPROVED FLAVOR	191,092.63	112,452.89	78,639.74	176,444.35	118,210.63	57,233.72
FULL FLAVOR						
<b>AVERAGE</b>	<b>168,281.46</b>	<b>109,125.51</b>	<b>59,155.95</b>	<b>152,392.33</b>	<b>113,465.47</b>	<b>38,926.86</b>
<b>BURLEY</b>						
NEUTRAL	144,612.55	90,731.28	53,881.27	158,342.25	95,070.40	63,271.85
IMPROVED FLAVOR	193,808.82	121,878.65	71,930.17	176,276.55	123,099.00	53,177.55
<b>AVERAGE</b>	<b>169,210.69</b>	<b>106,304.97</b>	<b>62,905.72</b>	<b>167,309.40</b>	<b>109,084.70</b>	<b>58,224.70</b>
<b>NATIVE</b>						
BATEK	121,898.69	67,331.16	54,567.53	234,241.10	91,652.67	142,588.83
CIGAR FILLER	110,654.65	75,315.08	35,339.57	133,740.25	90,947.82	42,792.43
<b>AVERAGE</b>	<b>116,276.67</b>	<b>71,323.12</b>	<b>44,953.55</b>	<b>183,990.68</b>	<b>91,300.05</b>	<b>92,690.63</b>
<b>AVERAGE ACROSS TYPES</b>			<b>55,671.74</b>			<b>63,280.73</b>

Data source: FTSD, from initial report of Branch Offices (TCGS ).

**b. Rice Production component**

As an IFOIGAP component, this is implemented in line with the rice self-sufficiency program of the government led by the DA, to augment the income of tobacco farmers, by increasing their yield to at least **5tons/hectare**. Under the program, average yield obtained for the year was **4,968 kgs/ha** while net income was at **PhP42,570/ha**.

For **CY 2014**, NTA provided production assistance to **1,959 tobacco farmers**, covering **1,607hectares**. Production Assistance totaled **PhP20.66 million**, **3%** more than the targeted production assistance for the year of **PhP20 million**.

**c. Agripinoy Tobacco Farmers’ Food Processing and Trading Center**

The IFOIGAP includes **value-adding/processing**, where in 2012, NTA started the establishment of Agripinoy Tobacco Farmers Food Processing and Trading Center. The project will provide **production assistance** to tobacco farmers in the production of raw materials- **hogs** and **poultry, which the Plant will buy and process** into bagnet, Viganlonganiza, tapa, bacon, etc. and sell to Bagsakan Centers, govt. offices

and hospitals in Region 1 and Metro Manila. The Agripinoy **milling complex** will include a **feedmill** to cater to the requirement primarily of the farmer-beneficiaries of hog fattening and broiler production; and, a **ricemill** to cater to the needs of the farmers.

With regard to its **Hog Fattening Project** component, total assistance of **PhP52.969 million** were extended to **592 farmer-cooperators**. As a contribution to the food sufficiency goal of the DA, a total of **514,503 metric tons (mt) hogs** were produced, **12,037 mt** of **chicken** were harvested and the plant was able to process 276 mt of fresh meat, 58 mt of processed meat and 10 mt of dressed chicken.

**d. Renewable Fuelwood Energy Farm Project and Restoration of Ecological Integrity of the Tobacco Growing Regions**

The project, now on its second year, was granted an **PhP83 million** budget from the NTA's entitlement of the Tobacco Fund (RA 4155), aims to address the fuelwood and other forest resources requirement of the farmers in the curing of Virginia and other types of tobacco, as well as assist in the reforestation efforts of the tobacco growing regions. It will be implemented from 2013 to 2016.

For the Tree Seedling Production and Distribution component, a total of **1,330,192** seedlings were produced against the target of 1,220,000. A total of **1,237,704** were planted in various areas in Region 1, 2 and CAR under its Synchronized Tree Planting.

For the **KahuyangPangkabuhayan at Pangkalikasan** or grow-out plantation module, a total area of **1,497 hectares** out of the 1,600 targeted for year. For bamboo, **413 hectares** were planted out of the 400 hectares proposed for the year were planted with 3.74 million trees (giant ipil-ipil and gemelina). A total of **PhP52.97 million** was released for production assistance to tobacco farmer cooperators of the project pending submission of documentary requirements for release of funding based on pre-approved workplan and release schedules.

### **Collection Efficiency**

For the **Tobacco Contract Growing System**, **85%** out of the targeted 86% was collected for the cropping season of 2013-14.

For the **Rice Production project**, **93%**, out of the 97% targeted collection was attained. This represents only the first cropping total of PhP19.36 million since the additional of PhP1.3 million for the second cropping was granted only in October 2014.

### **MFO 2 – Research and Development Services**

Under the Industrial Research Department, studies were conducted to find alternative uses of tobacco, one of which was the **Tobacco Extracts for Controlling Pests**. An organic pesticide, the production and utilization in vegetable crops in farmers fields was tested. Several parameters were considered such as efficacy, quality, ease of handling, and general acceptance. These research trial was a prerequisite for the product's registration and commercialization with the FPA.

Two studies were also conducted for standards and quality assurance: 1) **Annual Physical and Chemical Evaluation of Philippine Grown and Imported Tobacco Leaf** and 2) **Annual**

**Physical and Chemical Evaluation of Manufactured Tobacco Products (Cigarettes).** In the first study, chloride content of Philippine grown (neutral and improved/topped) and imported burley tobacco were determined; while for the second study, weight, circumference and roundness of local and imported cigarettes were identified. These studies are being conducted to determine the presence and levels of hazardous chemicals/carcinogenic substances in tobacco and tobacco products, as part of NTA's regulatory function.

For the studies incorporated in the technology manual, the results of the “**Effect of late topping and irrigation on the yield and quality of Virginia tobacco**” was included particularly on additional irrigation after 3<sup>rd</sup> and 5<sup>th</sup> priming with topping for improvement of yield and quality of top leaves of flue-cured tobacco. The protocol research on “**Bioefficacy evaluation of Orthene against the tobacco insect pests and their natural enemies**” was also incorporated in the technology manual since the product was found to be as effective as the currently recommended product with similar active ingredient and was recommended as alternative choice for the control of ants, sucking insects and black cutworm. It was included in the POT as one of the products the farmers can choose from.

### **MFO 3: Regulatory Services**

This program involves the exercise of regulatory authority of the NTA, to include the supervision of tobacco trading operations, the implementation of regulatory procedures on the redrying, preliminary processing of tobacco leaf and it also covers the setting up of floor prices for tobacco through the conduct of the biennial tripartite conference.

A combined total of **441** TCs, importers/exporters, manufacturers out of the **309** proposed were licensed and **90%** of applications were approved within the day;

On Monitoring, **88%** out of the **38%** entities targeted were subjected to random inspection, while **100%** licenses/clearances issued were found compliant to regulatory conditions/rules;

On Enforcement, there was an increase of **98%** on the **24%** projected export/import commodity clearances issued for the year; and

On increase in income from regulatory functions, a total of **PhP96 million** was realized against the targeted **PhP110 million** or an 87% accomplishment.

### **Other Priority Programs and Projects:**

#### **Tobacco Seed Production and Distribution**

The NTA makes available market-preferred, quality seed varieties to tobacco farmers and tobacco companies, to replace the many, old, degenerated varieties the farmers are using. This is intended to enhance global competitiveness, by ensuring consistency in the volume and quality, of leaf tobacco, as required by local cigar/cigarette manufacturers and exporters.

For FY 2014, NTA distributed **69.4 kilograms** of tobacco seeds of different varieties benefitting **9,259 farmers** or 4,629 hectares (at 15 grams per hectare); a total of 19 kg were sold to the private sector for distribution to about 4,800 farmers.

### **Farmers Organizational Development**

From being traditional recipients of government's assistance, this program aims towards nurturing the tobacco farmers to become truly self-reliant, self-sufficient and food secured. Through the formation of honest-to-goodness tobacco-based cooperatives, the tobacco farmers will be given the opportunity to develop technical, leadership, entrepreneurial and management capabilities alongside, financial capability development. The activities conducted for 2014 include:

- Education and training/workshops for FOD Coordinators and Coops Officer and Members on the following topics: Cooperative Standards, Entrepreneurial and Business Management, Strategic Planning and Accounting for Non-Accountants;
- 13 Livelihood Trainings to 1,248 Tobacco Farmers and Dependents.

### **Quality Assurance/Analytical Services**

NTA has laboratories at NTA Research and Training Center in Batac, Ilocos Norte and at the NTA Central Office, Quezon City- Quality Assurance Laboratory

Annually, in addition to requests from the various sectors that are being responded, the NTA's quality assurance activities include the following:

- Continuing monitoring of **soil fertility, chloride determination and water quality** of major tobacco growing areas
- **Fertilizer and pesticide** analyses
- Monitoring/Analysis of **Physico-Chemical Quality of Tobacco Production**, using various technology applications, across locations
- Monitoring of quality of **tobacco leaf and tobacco products being exported and imported**

### **Development and Commercialization of Other Uses of Tobacco**

In response to the anti-smoking campaigns, enhancing global competitiveness, addressing public health consciousness and effective regulation, the continuing development and commercialization of the other industrial uses of tobacco to increase its utility. Among the other industrial uses/ products are **tobacco pulp and paper from tobacco stalks, tobacco dusts** as molluscicide cum fertilizer for aquaculture application; **tobacco extracts** as pesticide for fruit trees, vegetables and ornamentals, ethanol, veterinary products.

### **Scholarship Program for Tobacco Farmers Dependents (pursuant to RA 9211)**

For the year, the NTA continued the scholarship program for tobacco farmers' children, pursuant to RA 9211, Tobacco Free Education Program (TFEP) and in affirmation to the Administration's thrust of giving priority to the primary stakeholders of the industry, the tobacco farmers. As of date it has extended financial assistance to the new batch of **438 scholars**, enrolled in **4-year and vocational/technical courses**, in state colleges and universities in **Regions I, II and CAR**.

### **Communication Support Program**

- a. Conducted continuing active consultation with the tobacco private sector and tobacco farmers groups on matters affecting the local tobacco industry, amidst the global campaign against tobacco and smoking, including the legislative agenda in both houses of congress;
- b. Implemented the **“OrasniMannalon ti Tabako”** radio programs for a more active information dissemination and consultation, and reach out to far-flung areas of the regions; and,
- c. Distributed **14,800 technoguides/technocalendarsto** tobacco farmers; published a quarterly **“Tobacco News”** and regularly hold press conferences with the media.

## **Planning and Information Technology Management Services**

- a. Prepared COB 2014 and APB 2015;
- b. Conducted consultations with Representatives of Congressional Districts, tobacco farmers and LGU beneficiaries, on R.A. 10351 highlighting, among others, certain provisions, such as duties and responsibilities of LGUs under the law, DA/NTA roles, proposed programs and projects for tobacco farmers.
- c. Prepared first draft of Tobacco Industry Road Map and submitted to DA and DBM containing among others, the list of proposed programs/projects under R.A. 7171 and 8240, as recommended by LGU-beneficiary provinces/municipalities, an output of the consultations;
- d. Submitted fourth draft of the proposed IRR incorporating amendatory provision to ensure that at least 30% of the LGU share or entitlement pursuant to R.A. 7171 and 8240, will directly benefit the tobacco farmers;
- e. Updated and submitted to the DA registry of tobacco farmers and uploaded in the agency's website (nta.da.gov.ph);
- f. Evaluated project proposals of various departments/units of the agency;
- g. Submitted quarterly reports and to DA, NEDA-RDC I, GCG, PMS, DOF, Congress and other oversight agencies; and,
- h. Maintained information systems/databases on tobacco production, farmers, area, and other pertinent information for uploading in the agency website.

## **IV. WHISTLEBLOWING POLICY**

The NTA adopted the following Whistleblowing Policy pursuant to Resolution No. 410-2014, to wit:

### **WHISTLE BLOWING POLICY FOR THE NATIONAL TOBACCO ADMINISTRATION (GCG MEMORANDUM CIRCULAR NO. 2014-04)**

#### **I. POLICY:**

It is the State's policy that the governance of government-owned and controlled corporations (GOCCs) shall be carried out in a transparent, responsible and accountable manner and with the utmost degree of professionalism and effectiveness. Furthermore, the NTA Governing Board

must be competent to carry out its functions, be fully accountable to the State as its fiduciaries, and act in the best interest of the NTA and the State.

The Appointive Members, officers and employees shall conduct affairs, operations and business of the NTA in full compliance with the applicable laws, rules and regulations. As public officers, the Appointive Directors, Officers and Employees of the NTA must exemplify the behavior and professional demeanor consistent with such laws, rules, regulations, policies and procedures of the highest standard.

## **II. PURPOSE:**

This policy is aimed to enable any concerned individual to report and provide information, anonymously if he/she wishes, and even testify on matters involving actions or omissions of the Appointive Directors, Officers and Employees of the NTA, that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices, are grossly disadvantageous to the NTA or the government.

All persons, stakeholders and institutions concerned are encouraged and empowered, through this policy, to report to the NTA or the Governance Commission for GOCCs, using the modes and procedures herein established, any and all issues and concerns respecting the aforementioned actions or omissions.

## **III. COVERAGE:**

This policy shall be applicable to all Appointive Directors, Officers and Employees, including those hired under Contract of Services, Job Order Contracts and Consultancy Agreements.

## **IV. DEFINITIONS OF TERMS:**

- a. Agency Integrity Monitoring Committee (AIMC) – refers to the committee tasked with handling the implementation of this policy;
- b. GCG – refers to the Governance Commission for GOCCs;
- c. Management Committee (MANCOM) – refers to the Administrator, Deputy Administrator and Department Managers who manage the daily operations of the NTA. The MANCOM reports directly to the NTA Governing Board;
- d. Reportable Conditions – Matters that may be brought to the attention of the NTA or the GCG through this policy as enumerated in Item VI.A below;
- e. Reporting Channels – can be any of the following: (1) NTA website; 2) Face-to-face meeting; 3) e-mail; 4) Mail; 5) Telephone; and, 6) Fax;
- f. Respondent – the person who is the subject of a report filed with the NTA/GCG pursuant to this policy.
- g. Retaliation Actions – actions carried out by a Respondent in retaliation against a Whistleblower, such as, but not limited to, discrimination or harassment in the workplace carried out by a respondent officer against a whistleblower employee;
- h. Whistleblower – a person who reports a Reportable Condition to the NTA/GCG through this policy; and
- i. Whistleblowing Report (WR) – refers to a complaint filed by a Whistleblower about a Reportable Condition.



## V. AGENCY INTEGRITY MONITORING COMMITTEE (AIMC)

The AIMC shall be composed of the following:

Chairman	-	Department Manager III Internal Audit Service
Vice-Chairman	-	Executive Assistant IV
Members	-	Attorney V Chief, Mgmt. Information Div., Corporate Planning Department Board Secretary V

The Chairman shall make an initial evaluation of the submitted WRs in accordance with Section VI.3 below and convene the AIMC accordingly as may be needed.

Decisions of the AIMC on the WRs shall be submitted for the approval of the MANCOM.

## VI. SCOPE:

**VI.A Reportable Conditions** – This policy is intended to be implemented in connection with acts or omissions that are of a serious and sensitive character, with considerable negative impact on the NTA in particular or the GOCC sector in general, as to warrant special attention and action under this policy.

Such acts or omissions must involve violations of the provisions of the following laws, rules and regulations:

- 1) R.A. No. 6713 - "Code of Conduct and Ethical Standards for Public Official and Employees";
- 2) R.A. No. 3019 - "Anti-Graft and Corrupt Practices Act"
- 3) R.A. No. 7080 - "The Plunder Law";
- 4) Book II, Title VII of the Revised Penal Code - "Crimes Committed by Public Officers";
- 5) Executive Order No. 292, s. 1987 - "Administrative Code of 1987";
- 6) R.A. No. 10149 - "GOCC Governance Act of 2011";
- 7) GCG M.C. No. 2012-05 - "Fit and Proper Rules";
- 8) GCG M. C. No. 2012-06 - "Ownership and Operations Manual Governing the GOCC Sector";
- 9) GCG M.C. No. 2012-07 - "Code of Corporate Governance for GOCCs";
- 10) Violations of Executive Order No. 245, s. 1987 – "Charter of the NTA"; and
- 11) Other GCG Circulars and Orders, and Applicable Laws and Regulations.

All WRs must state the specific conditions, actions and/or omissions being complained about, as well as the corresponding laws, rules or regulations allegedly violated. If possible, documentary and other evidence in support of the WRs must be submitted to the AIMC for evaluation.

**VI.B Reporting Channels** – the following are dedicated Reporting Channels which the Whistleblower can use to file any Reportable Condition:

- 1) Website: <http://www.nta.da.gov.ph/>

- 2) Face-to-Face Meetings: with NTA officers or employees
- 3) E-mail: [oadnta@gmail.com](mailto:oadnta@gmail.com) or [nta\\_mis@nta.da.gov.ph](mailto:nta_mis@nta.da.gov.ph)
- 4) Mail: The Agency Integrity Monitoring Committee  
NTA Bldg. Sct. Reyes St., corner Panay Avenue  
1103 Quezon City Philippines
- 5) Telephone No. (632)374-3987/(632)374-2505
- 6) Fax No. (632)373-2095

**VI.C Anonymous Reporting** – The NTA shall accept WRs made anonymously. The Whistleblower who files a WR anonymously may choose to provide a manner by which he/she can be contacted without jeopardizing his/her anonymity. Such means shall include, but is not limited to using e-mail, a prepaid mobile number, and the like.

It must be noted, however, that Anonymous Reporting is limited to the identity of the Whistleblower. All respondents must be clearly identified by their full names and positions. Furthermore, the alleged violations, actions and/or omissions must also be clearly identified, together with the laws, rules and regulations allegedly violated.

**VI.D Withdrawal of Report by the Whistleblower** – In the event that the Whistleblower withdraws his WR, the investigation shall continue provided that the evidence gathered is sufficient as determined by the AIMC.

**VI.E Resignation of Respondent Pending Completion of investigation** – In the event that the Respondent resigns prior to the final resolution of the case against him, the investigation shall continue provided that the evidence gathered is sufficient as determined by the AIMC.

**VI.F Confidentiality** – The NTA shall ensure confidentiality of all information arising from WRs. It shall treat all reports, including the identity of the Whistleblower and the Respondent, in a confidential and sensitive manner. The identity of the Whistleblower will be kept confidential, unless compelled by law or by the Courts to be revealed, or unless the Whistleblower authorizes the disclosure of his/her identity.

**VI.G Protection of a Whistleblower Against Retaliation** – Retaliation Actions against a Whistleblower will be taken cognizance of by the AIMC if the WR is made in good faith, and the NTA shall extend possible assistance to the Whistleblower under the law and given the circumstances.

**VI.H Untrue Allegations** – If a Whistleblower make allegations that are determined to be fabricated or malicious falsehoods, and/or he/she persists in making them, legal action may be taken against him/her by the NTA.

#### **VI.J Procedure on Handling Whistleblowing Reports –**

1. **Filing of WRs** – All WRs must be submitted to the NTA through any one of the Reporting Channels enumerated in Section VI.2.

While WRs may be filed anonymously, the Whistleblower, whenever applicable, must state his/her connection to the NTA as well as his/her general relationship to the Respondent, if any (e.g. Board Member, Officer, Employee, Customer, Supplier, Investor, Creditor, or Concerned Citizen).

To aid the AIMC in evaluating and investigating the WRs, it is the duty of the Whistleblower to include all relevant documents, files, photographs, videos, records, recordings, news clippings, and articles, among others, to support his/her reports and complaints.

2. **Handling Initial Receipt of Whistleblowing Reports** – The following NTA Officials will handle initial receipt of WRs from the different reporting Channels:

Reporting Channel	Concerned NTA Officials
Website	MIS, Corp. Plan. Dept.
Face-to-Face meetings	Any Division Chief and Higher
E-mail	Attorney V
Mail	Attorney V
Telephone	Any Division Chief and Higher
Fax	Any Division Chief and Higher

It is the responsibility of the concerned NTA Officials in cases of face-to-face meetings and teleconferences, to refer and fully disclose the WR to AIMC. The concerned NTA Officials shall ask the Whistleblower if he/she is willing to sign the transcript of the discussion between them.

3. **Preliminary Evaluation of Whistleblowing Reports** - The concerned NTA Officials receiving WRs shall coordinate with the Attorney V for an evaluation of the information provided therein.

The information in a WR, whether anonymously filed or not, may be considered sufficient in form if:

- The NTA is identified;
- The Respondent is identified by his full name and position;
- Violations and/or charges are specified, including relevant materials facts (e.g. nature of the incident, time and place of the incident, persons involved, evidence, if any, and other important matters necessary to establish a case;
- The corresponding law, rules, or regulations or memorandum Circular provisions violated are specified; and
- Documents in support of the allegations are submitted.

The Attorney V shall make the initial determination of whether or not information provided may be considered as a Reportable Condition, in which case the Attorney V will refer the same to the AIMC for appropriate action.

If the Attorney V determines that such information does not qualify as a Reportable Condition, the same may be treated as an ordinary complaint which will be acted on in accordance with existing NTA rules on ordinary complaints and shall refer the same to the Administrative Department for appropriate action.

The Attorney V reserves the discretion to disregard WRs that are vague, ambiguous, patently without merit, or are clearly harassment complaints against the Respondent/s. The Attorney V shall communicate his/her

findings on such WRs to the Whistleblower who will be given the opportunity to substantiate the same, failing in which the matters raised in the WRs will be considered closed and terminated.

4. **Full Investigation** – If the AIMC finds the WR sufficient in form and substance, it shall immediately conduct an investigation, part of which will involve informing the Respondent of the allegations against him/her and requiring the Respondent to submit comments within fifteen (15) days from receipt thereof. The AIMC may also seek the assistance of other government agencies, such as but not limited to the Office of the Government Corporate Counsel, the Civil Service Commission and the GCG, in the conduct of investigation of the WRs.

The AIMC shall then furnish the Whistleblower a copy of the comments of the Respondent, and give him/her the opportunity to provide more information or controverting evidence within five (5) days from receipt of Respondent's comment. If the Whistleblower submits additional information or evidence, the AIMC shall give the Respondent five (5) days to submit rebutting evidence.

If the AIMC is satisfied that all information and evidence necessary for the resolution of the WR are already on hand, it may proceed to draft the corresponding resolution of the WR, and submit its recommendation to the MANCOM.

5. **Monitoring** –The AIMC shall submit to the MANCOM a quarterly status report of all WRs with the corresponding actions taken thereon.

#### **VI.K Final Actions on the WRs –**

1. In case of WRs against the Appointive Directors, officers and employees, the NTA may pursue any of the following actions:
  - a. Dismiss the WR outright for want of palpable merit;
  - b. Submit a formal recommendation to the NTA Governing Board for the discipline of the Respondent NTA Official or Employee;
  - c. Submit a formal recommendation to the NTA Governing Board for the suspension of the Respondent Appointive Director;
  - d. Submit a formal recommendation to the GCG for the removal of the respondent Appointive Director;
  - e. Indorse to the proper Government Agency, such as the Office of the Ombudsman, the pursuit of the criminal and/or administrative processes against the respondents;
  - f. Enjoin the NTA Governing Board and Management to comply with applicable laws or jurisprudence to undertake corrective measures to address the matters raised in the complaint; and
  - g. Consider the WR closed and terminated if the response of the respondent is found to be adequate.
2. In cases of WRs against the Chairman, Vice-Chairman, Appointive Directors of the NTA, the AIMC may dismiss the WRs for want of merit, or submit their recommendations on proposed sanctions against respondent to the Office of the President, through the GCG.

**THE NTA GOVERNING BOARD PROFILES:**

**A. EX-OFFICIO:** (refer to website of the Department of Agriculture: [www.da.gov.ph](http://www.da.gov.ph))

- |                           |   |                                                                             |
|---------------------------|---|-----------------------------------------------------------------------------|
| <b>Chairman</b>           | - | <b>Honorable Proceso J. Alcala</b><br>Secretary, Department of Agriculture  |
| <b>Ex-Officio Members</b> | - | <b>Hon. DENNIS M. GUERRERO</b><br>Undersecretary, Department of Agriculture |

**B. APPOINTIVE DIRECTORS:**

**NAME:** EDGARDO DISINI ZARAGOZA

**CURRENT:** APPOINTIVE MEMBER  
**POSITION** AND ADMINISTRATOR/CEO  
NATIONAL TOBACCO ADMINISTRATION



**DATE OF FIRST APPOINTMENT:** SEPTEMBER 22, 2010

**POSITION ON OTHER GOCC’S/PLC’S:** NONE

**DATE OF BIRTH:** MARCH 27, 1951                      **AGE:** 63

**PLACE OF BIRTH:** NARVACAN, ILOCOS SUR

**CIVIL STATUS:** MARRIED    **NAME OF SPOUSE:** CHARITO S. ZARAGOZA

**PRESENT ADDRESS:** NO. 23 J. BOCOBO ST., XAVIERVILLE SUBD.  
PHASE I, LOYOLA HEIGHTS, QUEZON CITY

**PREMANENT ADDRESS:** NO. 10 BAUCO STREET, BRGY. SAN JOSE  
NARVACAN, ILOCOS SUR

**CONTACT NO.:** 09175680232

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	NARVACAN SOUTH CENTRAL	1963	HONOR STUDENT
HIGH SCHOOL	PACITA EDUCATIONAL INST.	1967	HONOR STUDENT
TERTIARY	UNIVERSITY OF THE PHILS.1972		
	BSBA MAJOR IN ACCOUNTANCY		
GRADUATE	UNIVERSITY OF THE PHILS.1978	COLLEGE SCHOLAR	
	MASTER IN BUSINESS ADM.		

**CIVIL SERVICE ELIGIBILITY:** CERTIFIED PUBLIC ACCOUNTANT (R.A. 1080)

**WORK EXPERIENCE IN GOVERNMENT:**

2010 TO PRESENT	ADMINISTRATOR	NATIONAL TOBACCO ADM.
2004-2010	MUN. MAYOR	NARVACAN, ILOCOS SUR
2001-2004	SANGGUNANG PANLALAWIGAN MEMBER	PROVINCE OF ILOCOS SUR
1988 - 1998	MUN. MAYOR	NARVACAN, ILOCOS SUR

**WORK EXPERIENCE IN PRIVATE SECTOR:**

1987-2010	PROPRIETOR	TRADING & FINANCING
1981-1987	MANAGER	RURAL BANK OF CANDON
1975-1981	COMPTROLLER/VP	HERDITEX MILLS INC.
1973-1975	SYSTEMS ANALYST	PLANTERS PRODUCTS INC.
1972-1973	MANAGEMENT ANALYST	CORP. MGMT. ASSOCIATE

**NAME:** JOSE SOTTO DIÑO

**CURRENT POSITION** APPOINTIVE MEMBER  
NATIONAL TOBACCO ADMINISTRATION



**DATE OF FIRST APPOINTMENT:** JANUARY 27, 2004

**POSITION ON OTHER GOCC’S/PLC’s:** NONE

**DATE OF BIRTH:** FEBRUARY 8, 1943 **AGE:** 72

**PLACE OF BIRTH:** SORSOGON

**CIVIL STATUS:** **NAME OF SPOUSE:**

**PRESENT ADDRESS:** NO. 116 MERCURY RD. PILAR VILLAGE,  
LAS PIÑAS CITY, METRO MANILA

**PREMANENT ADDRESS:** DALIPAY, SORSOGON CITY

**CONTACT NO.:** 09202527434

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	SORSOGON CENTRAL	1956	1 <sup>ST</sup> HONOR
HIGH SCHOOL	ATENEO HIGHSCHOOL	1960	
TERTIARY	ATENEO AB	1964	
GRADUATE	BICOL UNIVERSITY MA	1967	

**CIVIL SERVICE ELIGIBILITY:**

**WORK EXPERIENCE IN GOVERNMENT:**

2004 TO PRESENT	DIRECTOR	NATIONAL TOBACCO ADM.
2010 TO 2012	CONSULTANT	CHED
1972 TO 1978	ASST. POLITICAL AFFAIRS	SENATE

**WORK EXPERIENCE IN PRIVATE SECTOR:**

2012-2013	CONSULTANT	PWD
1979-PRESENT	CONSULTANT	PASUC

**NAME:** DANTE GUZMAN CLARAVALL

**CURRENT:** APPOINTIVE MEMBER  
**POSITION** NATIONAL TOBACCO ADMINISTRATION

**DATE OF FIRST APPOINTMENT:** MAY 16, 2011

**POSITION ON OTHER GOCC's/PLC's:** NONE

**DATE OF BIRTH:** SEPTEMBER 28, 1959 **AGE:** 56

**PLACE OF BIRTH:** CABAGAN, ISABELA

**CIVIL STATUS:** MARRIED **NAME OF SPOUSE:** MYRNA B. CLARAVALL

**PRESENT ADDRESS:** ANAO, CABAGAN, ISABELA

**PREMANENT ADDRESS:** ANAO CABAGAN, ISABELA

**CONTACT NO.:** 09166582268

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	CABAGAN CENTRAL SCHOOL	1971	
HIGH SCHOOL	CAG. VALLEY INST.	1975	
TERTIARY	ISABELA STATE UNIV. BS. AGRICULTURE	1979	
GRADUATE	ISABELA STATE UNIVERSITY MS. CROP SCIENCE	1990	
	LYCEUM OF THE PHIL. BS. EDUC.	1981	

**CIVIL SERVICE ELIGIBILITY:** NATIONAL BOARD FOR TEACHERS

**WORK EXPERIENCE IN GOVERNMENT:**

2011 TO PRESENT      DIRECTOR      NATIONAL TOBACCO ADM.





**NAME:** GEOFFREY DE GUZMAN GACULA

**CURRENT POSITION:** APPOINTIVE MEMBER  
NATIONAL TOBACCO ADMINISTRATION

**DATE OF FIRST APPOINTMENT:** OCTOBER 12, 2011

**POSITION ON OTHER GOCC's/PLC's:** NONE

**DATE OF BIRTH:** AUGUST 22, 1944 **AGE:** 71

**PLACE OF BIRTH:** MANILA

**CIVIL STATUS:** MARRIED **NAME OF SPOUSE:** ROSALINA GRACE GACULA

**PRESENT ADDRESS:** NO. 41-B 11<sup>TH</sup> ST. BRGY. DAMAYANG LAGI, NEW  
MANILA, QUEZON CITY

**PREMANENT ADDRESS:** CANDON CITY, ILOCOS SUR

**CONTACT NO.:** 09954954041

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	ST. JOSEPH INSTITUTE	1954	
HIGH SCHOOL	ST. JOSEPH INSTITUTE	1960	
TERTIARY	UNIVERSITY OF SANTO THOMAS BSBA COMMERCE	1964	
GRADUATE	UNIVERSITY OF THE EAST COLLEGE OF LAW.	1970	

**CIVIL SERVICE ELIGIBILITY:** BAR PASSER (R.A. 1080)

**WORK EXPERIENCE IN GOVERNMENT:**

2011 TO PRESENT	DIRECTOR	NATIONAL TOBACCO ADM.
1992-2004	ATTY. IV	BUREAU OF CUSTOMS
1975-1992	ATTY VI	NAPOLCOM



**NAME**                                **ROGELIO ALAGAO ELVEÑA**

**CURRENT:**                        **APPOINTIVE MEMBER**  
**POSITION**                        **NATIONAL TOBACCO ADMINISTRATION**



**DATE OF FIRST APPOINTMENT:** OCTOBER 12, 2011

**POSITION ON OTHER GOCC's/PLC's:** NONE

**DATE OF BIRTH:** FEBRUARY 11, 1949                                **AGE:** 66

**PLACE OF BIRTH:** TAYUM, ABRA

**CIVIL STATUS:** MARRIED                                **NAME OF SPOUSE:** JOVITA B. ELVEÑA

**PRESENT ADDRESS:**    NO. 16 AMBIONG RD. AURORA HILL, BAGUIO CITY

**PREMANENT ADDRESS:** POBLACION TAYUM, ABRA

**CONTACT NO.:**    09175030211

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	HOLY GHOST SCHOOL		
HIGH SCHOOL	HOLY GHOST SCH.		
TERTIARY	UNIV. OF MANILA	1974	
	BS. CRIMINOLOGY		
	SLU BAGUIO LLB.	1981	
GRADUATE	BAGUIO CENTRAL UNIV. MPA	1992	
	PHIL. CHRISTIAN UNIV. MBA	1995	

**CIVIL SERVICE ELIGIBILITY:**    PNP SENIOR OFFICERS

**WORK EXPERIENCE IN GOVERNMENT:**

2011 TO PRESENT                        DIRECTOR                                NATIONAL TOBACCO ADM.

**WORK EXPERIENCE IN PRIVATE SECTOR:**

1996-PRESENT	CONSULTANT	AV COLLEGES
2000-PRESENT	ADVISER/CONSULTANT	PNP RETIREES
2011-PRESENT	CONSULTANT	FARMVIEW INN

**NAME** PEDRO JARO MENDIOLA, JR.  
**CURRENT: POSITION** APPOINTIVE MEMBER  
NATIONAL TOBACCO ADMINISTRATION



**DATE OF FIRST APPOINTMENT:** OCTOBER 12, 2011

**POSITION IN OTHER GOCC’S/PLC’S:** NONE

**DATE OF BIRTH:** AUGUST 17, 1956 **AGE:** 58

**PLACE OF BIRTH:** PASAY CITY

**CIVIL STATUS:** MARRIED **NAME OF SPOUSE:** ROWENA B. MENDIOLA

**PRESENT ADDRESS:** NO. 24 MADRIGAL ST. AYALA ALABANG, MUNTINLUPA CITY

**PREMANENT ADDRESS:** MERCEDES I BLDG. ANNAPOLIS ST. GREEN HILLS, SAN JUAN CITY

**CONTACT NO.:** 09175353351

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	LOURDES SCH. OF Q.C.	1970	
HIGH SCHOOL	LA SALLE GREENHILLS	1974	
TERTIARY	SAN SEBASTIAN COLLEGE BS. ECONOMICS	1980	

**CIVIL SERVICE ELIGIBILITY:**

**WORK EXPERIENCE IN GOVERNMENT:**

2011 TO PRESENT	DIRECTOR	NATIONAL TOBACCO
ADM.		
2005	LEGISLATIVE STAFF HEAD	COMM. ON
APPOINTMENT		
2004-2005	DIRECTOR II	SENATE ELECTORAL
TRIBUNAL		
2003-2004	DIRECTOR	SET
2002-2003	CONSULTANT	SET

**WORK EXPERIENCE IN PRIVATE SECTOR:**

1987-PRESENT	EVP/DIRECTOR	CONTINENTAL LEAF
TOBACCO PHILS.		

**NAME** **RODOLFO FLORES SALANGA**

**CURRENT: POSITION** **APPOINTIVE MEMBER**  
**NATIONAL TOBACCO ADMINISTRATION**

**DATE OF FIRST APPOINTMENT:** **MARCH 4, 1993**  
**JANUARY 22, 2015**

**POSITION ON OTHER GOCC’S/PLC’S:** **NONE**

**DATE OF BIRTH:** **SEPTEMBER 9, 1940** **AGE:** **74**

**PLACE OF BIRTH:** **SAN FERNANDO, LA UNION**

**CIVIL STATUS:** **MARRIED** **NAME OF SPOUSE:** **CORAZON V. SALANGA**

**PRESENT ADDRESS:** **SAN FERNANDO CITY, LA UNION**

**PREMANENT ADDRESS:** **SAN FERNANDO CITY, LA UNION**

**CONTACT NO.:** **09275610593**

**EDUCATIONAL ATTAINMENT:**

LEVEL	SCHOOL	YEAR	HONORS RECEIVED
ELEMENTARY:	SAN FERNANDO ELEM.	1953	SECOND HONOR
HIGH SCHOOL	LA UNION HIGH SCHOOL	1957	THIRD HONOR
TERTIARY	FAR EASTERN UNIVERSITY BS. COMMERCE	1964	

**CIVIL SERVICE ELIGIBILITY:** **CERTIFIED PUBLIC ACCOUNTANT**

**WORK EXPERIENCE IN GOVERNMENT:**

**2015 TO PRESENT** **DIRECTOR** **NATIONAL TOBACCO ADM.**

**WORK EXPERIENCE IN PRIVATE SECTOR:**

<b>1995 TO PRESENT</b>	<b>PRESIDENT</b>	<b>PHIL. TOBACCO INSTITUTE, INC.</b>
<b>1960 TO 1995</b>	<b>VICE-PRESIDENT</b>	<b>PHIL. TOBACCO FLUE CURING &amp;REDRYING CORP.</b>



## **VI. TRAININGS/CONTINUING EDUCATION FOR THE APPOINTIVE MEMBERS:**

For CY 2014, the following training/seminar/briefing were attended by the Appointive Member/s of the NTA Governing Board:

- a. May 27-30, 2014                      -            Orientation Seminar on  
Public Corporate Governance