



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION
Scout Reyes Street, corner Panay Avenue, Quezon City
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OFFICE OF THE NTA GOVERNING BOARD

ONE HUNDRED AND NINTH (109TH) REGULAR MEETING OF THE NTA BOARD OF DIRECTORS HELD AT THE CONFERENCE ROOM, OFFICE OF THE SECRETARY, DEPARTMENT OF AGRICULTURE, ELLIPTICAL ROAD, QUEZON CITY 07 FEBRUARY 2018, 9:00 A.M.

Present:

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|-----------------------------|---|-----------------------------------|
| DA Sec. EMMANUEL F. PIÑOL | - | Chairman of the Board/Presiding |
| Adm. ROBERT L. SEARES | - | Vice-Chairman/Administrator |
| Dir. PEDRO J. MENDIOLA, JR. | - | Member, Traders/Exporters Sector |
| Dir. RODOLFO F. SALANGA | - | Member, Manufacturing Sector |
| Dir. WILFREDO C. MARTINEZ | - | Member, Tobacco Farmers Sector |
| Dir. TEOFILO R. QUINTAL | - | Member, Tobacco Farmers Sector |
| Dir. NESTOR C. CASELA | - | Member, Academic Community Sector |

Others Present:

Atty. MEL JOHN I. VERZOSA
Deputy Administrator for Operations

Mr. ENRIQUE G. DELA CRUZ
Consultant, Office of the Undersecretary
for High Value Crops – Department of Agriculture

Atty. ROBERT A. AMBROS
Officer-in-Charge, Regulation Department
and concurrent Acting Board Secretary and
Acting Legal Counsel

HIGHLIGHTS OF THE MEETING

I. CALL TO ORDER

Honorable Secretary Emmanuel F. Piñol and Chairman of the NTA Governing Board, called the meeting to order at 10:45 A.M.

II. ACKNOWLEDGEMENT OF THE PRESENCE OF THE MEMBERS OF THE NTA GOVERNING BOARD AND DETERMINATION OF QUORUM

The Acting Board Secretary noted the presence of the following members of the board, to wit:

1. Sec. EMMANUEL F. PIÑOL
2. Adm. ROBERT L. SEARES
3. Dir. PEDRO J. MENDIOLA, JR.
4. Dir. RODOLFO F. SALANGA
5. Dir. WILFREDO C. MARTINEZ



- 6. Dir. TEOFILO R. QUINTAL; and
- 7. Dir. NESTOR C. CASELA

The Acting Board Secretary declared that there is a quorum for the meeting with the presence of the Chairman and all of the Appointive Members of the NTA Governing Board.

Atty. Ambros likewise recognized the presence of Atty. Verzosa and Mr. Dela Cruz.

III. FOR APPROVAL/CONFIRMATION/CONSIDERATION:

- A. APPROVAL OF THE AGENDA FOR THE 109TH REGULAR MEETING HELD THIS 07 FEBRUARY 2018 AT THE CONFERENCE ROOM, 2/F NEW DA-OSEC BUILDING, ELLIPTICAL ROAD, DILIMAN, QUEZON CITY

Sec. Pifol requested the members of the board to propose items to be discussed in today's meeting. The following items, among other matters, were proposed to be made part of the Agenda of the meeting, to wit:

- A. PROPER UTILIZATION OF FUNDS FROM RA 4155:
 - 1. PROVISION OF SUBSIDY ON PRODUCTION INPUTS (FERTILIZERS, PESTICIDES, FUNGICIDES AND DESUCCERCIDE);
 - 2. SOLAR IRRIGATION SYSTEM;
 - 3. PROVISION OF FARM EQUIPMENT/IMPLEMENT, SUCH AS TRACTORS AND WATER PUMPS; AND
 - 4. TOBACCO FARM ACCESS ROADS TO MARKETS (TOFARM)
- B. UTILIZATION OF EXCISE TAXES SHARES OF LOCAL GOVERNMENT UNITS;
- C. UPGRADING OF SALARIES OF NTA EMPLOYEES;
- D. OTHER MATTERS.

Dir. Salanga moved for the approval of the Agenda for the 109th Regular Meeting of the Board. Dir. Quintal and Dir. Casela seconded the motion. The board then adopted the following resolution, to wit:

RESOLUTION NO. 788-2018

"BE IT RESOLVE, AS IT IS HEREBY RESOLVED that the NTA Governing Board approves the Agenda for the 109th Regular Meeting of the NTA Governing Board held this 07 February 2018 at the Conference Room, 2/F New DA-OSEC Bldg., Elliptical Road, Diliman, Quezon City.

UNANIMOUSLY APPROVED....."

- B. PROPER UTILIZATION OF TOBACCO FUNDS FROM REPUBLIC ACT NO. 4155
 - 1. PROVISION OF SUBSIDY ON PRODUCTION INPUTS (FERTILIZERS, PESTICIDES, FUNGICIDES AND DESUCCERCIDE);
 - 2. SOLAR IRRIGATION SYSTEM;



3. **PROVISION OF FARM MACHINERY/EQUIPMENT, SUCH AS FARM TRACTORS AND WATER PUMPS; AND**
4. **TOBACCO FARM ACCESS ROADS TO MARKETS (TOFARM)**

Sec. Piñol inquired how much available fund does NTA have for utilization and how does NTA access the fund. Dir. Salanga replied that NTA submits a proposal of programs/projects to the Department of Budget and Management (DBM) for approval. Dir. Salanga further said that, previously, the Tobacco Fund under RA 4155 were directly remitted to the then Philippine Virginia tobacco Administration (PVTA), however, then President Marcos issued Presidential Decree No. 1234 directing all special funds to be remitted to the National Treasury and shall be released only upon submission of programs/projects and after the same has been approved by the DBM. Dir. Salanga likewise said that during the past administrations, the funds were utilized for the Tobacco Dust Project, Irrigation Support Project, establishment of the AgriPinoy Meat Processing Project, Feed Mill Complex Project and Curing Barn Assistance Project.

Sec. Piñol suggested that all tobacco farmers should be issued IDs and should have health insurance coverage.

For the production assistance project, Dir. Salanga explained to Sec. Piñol that the NTA has provided subsidy for the tobacco farmers in their production inputs (fertilizer, insecticides and succercides). He said that the NTA would want to provide subsidy for all tobacco farmers, whether NTA financed or company financed. Atty. Verzosa added that the amount of subsidy is equivalent to 20% of the loan amount which was initially granted to about 4,500 farmers assisted by the NTA.

Sec. Piñol lauded the NTA for providing subsidy to the tobacco farmers and encouraged the NTA to continue with the program for all tobacco farmers irrespective of financing source.

For the solar irrigation system, Atty. Verzosa informed Sec. Piñol that the NTA is implementing at least eight (8) Solar-Powered Irrigation System Demo-Farms, one (1) each per tobacco producing province.

For the farm machineries and equipment, Sec. Piñol instructed the NTA to make a survey on how many tractors and solar-powered irrigation systems are needed to be procured to service all existing tobacco farms. He suggested for the NTA to follow the scheme adopted by the DA and to enter into a Memorandum of Agreement with the Agricultural Credit Policy Council (ACPC) under the Farm Mobilization Program where the farmer cooperatives will have the option to purchase their preferred brand. He also said that this program can be implemented within a 4-year period.

For the tobacco farm to access roads to markets (TOFARM) project, Sec. Piñol reported that the DA surveyed possible areas throughout the Philippines from which the NTA can choose from to develop either for existing tobacco areas or areas for expansion. He then instructed the Director in charge of the FMR project to provide the NTA with the list of surveyed areas where tobacco is being grown. He said that the utilization of the fund for TOFARM project shall be through the DA Regional Offices. He also invited the NTA to join in the DA's "Byaheng Bukid" for prospective tobacco farm areas wherein the NTA can conduct information campaign to farmers on the income viability from tobacco farming.

Sec. Piñol emphasized that at least 50% of the fund to be utilized for farm machinery program and solar-powered irrigation system should be repaid so that in the succeeding years, NTA will not request for the same amount from the DBM. Likewise, he said that the NTA may provide the assistance at 0% interest and without collateral. He said that the farmers should be taught to be responsible and have a sense of ownership on whatever is given to them.

Dir. Salanga moved for the approval of the matter. Dir. Casela seconded the motion. The board adopted the following resolution, to wit:

RESOLUTION NO. 789-2018

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the NTA Governing Board authorizes the NTA Management to request for additional/supplemental budget from the Department of Budget and Management (DBM) in the total amount of Php10,000,000,000.00 to be sourced from the Tobacco Fund created under Republic Act No. 4155, to fund the following projects to be implemented starting Calendar Year 2018, to wit:

- a. Php3 Billion – for the purchase of production inputs for all tobacco farmers irrespective of financing source, with provision of 20% subsidy;
- b. Php2 Billion – for Solar-Powered Irrigation System Assistance Project to be implemented within a 4-year period, 50% of which shall be recoverable and without interest or collateral;
- c. Php2 Billion – for Farm Machineries/Implement Project to be implemented within a 4-year period, 50% of which shall be recoverable and without interest or collateral; and
- d. Php3 Billion – for Tobacco Farm Access Roads to Markets (TOFARM) to be implemented within a 4-year period.

UNANIMOUSLY APPROVED....."

C. UTILIZATION OF LOCAL GOVERNMENT UNIT'S SHARE FROM THE EXCISE TAX COLLECTION ON TOBACCO

The NTA Governing Board was informed that some members of the congress do not want to endorse the programs/projects proposed by the Municipal Development Council (MDC), if they do not agree with the proposal. Hence, the releases of the LGUs shares from the Excise Tax Collections are being delayed.

Atty. Ambros cited that the confusion was caused by the issuance of Local Budget Memorandum No. 76 which states that all programs and projects should be approved by the Local (Municipal/Provincial) Development Council (4 members) of which the Congressman is a member. However, Atty. Ambros clarified that the Congressman has only one vote in the council and if the three (3) Members (Governor/Mayor, Planning Officer

and Representative of Non-Governmental Organization), the proposal is deemed valid.

Atty. Verzosa also stated that the shares of LGU can be utilized for specific projects enumerated under RA 7171/8240. He also said that NTA has no role in validating the projects submitted by the LGUs. He then informed the Honorable Secretary that the NTA already submitted to the Office of Undersecretary Serrano the draft of the Implementing Guidelines of the DA and DBM pursuant to the DOF-DBM-DOH-BIR-DA Joint Memorandum Circular No. 001-2014 implementing RA 10351. Sec. Piñol added that since there is a legal mandate, the DBM, DA and NTA should formulate the guidelines.

On motion of Dir. Mendiola, duly seconded by Dir. Quintal, the board adopted the following resolution, to wit:

RESOLUTION NO. 790-2018

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the NTA Governing Board directs the NTA to finalize the Joint Memorandum Circular (JMC) of the Department of Agriculture (DA), Department of Budget and Management (DBM) and National Tobacco Administration (NTA) implementing Section 6, Rule VI of the DOF-BIR-DOH-DBM-DA Joint Circular No. 001-2014 implementing Republic Act No. 10351.

RESOLVED, FURTHER, that the said JMC shall require the review/evaluation and endorsement by the DA/NTA on the programs/projects submitted by the local government units prior to submission to the DBM.

UNANIMOUSLY APPROVED.....”

D. UPGRADING OF SALARIES OF NTA EMPLOYEES

Dir. Martinez also requested the board to consider the upgrading of salaries of NTA employees as a government corporation. Atty. Ambros informed the Honorable Secretary that the NTA follows the current Salary Standardization Law 4 which is now on the 3rd tranche of implementation and that the salaries of employees are increasing every year. Atty. Ambros clarified that the request of Dir. Martinez is with respect to the adoption of higher salary cap under the Compensation and Position Classification System (CPCS) for earning corporations, however, NTA is not considered as earning corporation because the subsidy from RA 4155 was not considered as income by the Governance Commission for GOCCs (GCG).

Sec. Piñol directed the NTA to formulate corporate activities that will earn income. He instructed the NTA to create a Technical Working Group (TWG) to study the mandates of the NTA, how to effectively enforce the rules on trading and to propose corporate activities where the NTA can realize corporate income.

V. OTHER MATTERS:

A. DISPLACED TOBACCO FARMERS AT OCCIDENTAL MINDORO

Dir. Mendiola reported that Philip Morris stopped its contract growing with tobacco farmers at Occidental Mindoro starting 2018. Dir. Salanga explained that the reason why Philip Morris stopped the production of low quality tobacco in the area was due to the new excise tax rates on low priced cigarette brand and they already shifted to high end brand (Jackpot).

Sec. Piñol directed the Office of the Undersecretary Evelyn F. Laviña to assist the displaced farmers with financing assistance. He also requested Atty. Verzosa to set a meeting with the tobacco companies to discuss the possibility of restarting tobacco production, at Occidental Mindoro.

B. CONSTRUCTION OF NEW NTA BUILDING

Administrator Seares reported that the NTA Building is already more than 60 years of age and that the NTA has hired a consultant to investigate the structural integrity of the building.

Sec. Piñol suggested for the NTA to look into the possibility of constructing multi-storey building and where to temporarily transfer in case of renovation/construction. He said that NTA can earn income from the new building by leasing commercial and office spaces.

On motion of Dir. Salanga, duly seconded by dir. Casela, the board adopted the following resolution, to wit:

RESOLUTION NO. 791-2018

“BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the NTA Governing Board directs the NTA Management to hire the services of consultant to undertake a feasibility study in the construction of new multi-storey NTA Building with commercial and office spaces which can be offered for lease as income generating activity of the NTA.

RESOLVED, FURTHER, that the NTA Management is directed to submit to the Board the result of the Feasibility Study for consideration/approval within the second quarter of this year.

UNANIMOUSLY APPROVED.....”

C. QUARTERLY BOARD MEETING


Sec. Piñol requested the members of the board to conduct quarterly meetings at the DA-OSEC.

There being no other matter to be taken up, and upon motion of Dir. Salanga, duly seconded by Dir. Quintal, the meeting was adjourned at 12:00 noon.


PREPARED AND CERTIFIED CORRECT:


ATTY. ROBERT A. AMBROS
Acting Board Secretary

ATTESTED:


Hon. EMMANUEL P. PIÑOL
*Secretary, Department of Agriculture
and Chairman, NTA Governing Board*

DEPARTMENT OF AGRICULTURE
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Hon. ROBERT L. SEARES
*Administrator, National Tobacco Administration
and Vice-Chairman, NTA Governing Board*


Hon. PEDRO J. MENDIOLA, JR.
Appointive Director, Tobacco Trader/Exporter Sector


Hon. RODOLFO F. SALANGA
Appointive Director, Tobacco Manufacturing Sector


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


Hon. TEOFILO R. QUINTAL
Appointive Director, Tobacco Farmers Sector


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