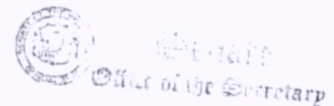


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE

P.S. Res. No. 685



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Introduced by Senator Cynthia A. Villar

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**RESOLUTION**  
**DIRECTING THE APPROPRIATE SENATE COMMITTEE**  
**TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,**  
**TO LOOK INTO THE CURRENT STATE OF OPERATIONS OF**  
**THE NATIONAL DAIRY AUTHORITY AND**  
**THE EFFECTIVENESS AND EFFICACY OF THE EXISTING PROGRAMS AND**  
**POLICIES OF GOVERNMENT ON THE DEVELOPMENT OF THE**  
**DAIRY INDUSTRY IN THE COUNTRY**

**WHEREAS**, the primary responsibility for ensuring the right to adequate food and the fundamental right to freedom from hunger rests with national governments – hunger being both a violation of human dignity and an obstacle to social, political and economic progress. Government is tasked to provide an enabling environment to make accessible and available for citizens adequate, right and safe food to meet their dietary needs and preference for an active and healthy life.

**WHEREAS**, the United Nations has developed seventeen (17) Sustainable Development Goals or SDGs in order to end poverty, protect the planet, and ensure that all people enjoy the peace and prosperity. SDG 2 is to end hunger, achieve food security, improve nutrition and promote sustainable agriculture, which – if done right – can provide nutritious food for

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all and generate decent incomes, while supporting people-centered rural development and protecting the environment.<sup>1</sup>

**WHEREAS**, every parent wants his/her every child to grow up healthy and strong, and aims to ensure the child eats a varied, balanced diet to meet the child's high energy and nutrient needs.

**WHEREAS**, general eating habits are formed in the first few years of life that it is very important to encourage children to eat good, wholesome, nutritious food. What children eat and drink during their early years can affect their health for many years to come. Concomitantly, poor nutrition during childhood can lead to all sorts of problems later in life, such as an increased risk of obesity, hypertension, diabetes and coronary heart disease.<sup>2</sup>

**WHEREAS**, a glass of milk provides eight grams of natural, high-quality protein, which is important for building lean muscles; calcium, which helps build and maintain strong bones and teeth; potassium that helps regulate the balance of fluids in your body and plays a critical role in maintaining a healthy blood pressure; Vitamin B2 (Riboflavin) to break down proteins into amino acids, fats, and carbohydrates, B3 that helps maintain the central nervous system (niacin); B12 that helps build red blood cells; and Vitamin A that helps to maintain a healthy immune system and Vitamins D that helps keep skin healthy.<sup>3</sup>

**WHEREAS**, the National Dairy Authority (NDA) was created on March 12, 1995 by virtue of Republic Act No. 7884, otherwise known as the National Dairy Development Act of 1995, as the central policy determining and directing body to ensure accelerated development of the Philippine Dairy Industry. It is functionally attached to the Department of Agriculture with the mandate to: (a) formulate and accelerate dairy programs to generate a national impact on rural as well as urban nutrition levels and income; (b) assist in the purchase, importation, propagation, storage, distribution, and sale of dairy animals

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<sup>1</sup> Sustainable Development Goals of the UN. (<http://www.un.org/sustainabledevelopment/hunger/>)

<sup>2</sup> <https://www.eniohealthveating.info/nutrition/children-aged-1-5-years>

<sup>3</sup> Facts About Milk You Need to Know. <https://milklife.com/articles/nutrition/9-milk-nutrition-facts-you-need-know>

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and other inputs as may be needed by the dairy industry; (c) to encourage integration of dairy production and local milk and the distribution and sale of dairy products into various rural livelihood and nutrition programs; and (d) assure control and supervision over all dairy-related government personnel and programs.

**WHEREAS**, Section 14 of RA 7884 provided for the Dairy Development Fund to be used exclusively for the programs mentioned therein with an initial fund of P200 Million and an amount, not less than P140 Million to be appropriated annually thereafter to augment the said fund.

**WHEREAS**, the country has a long way to go in attaining self-sufficiency in dairy production, with local producers only supplying one percent of demand. Milk and dairy products comprise the third-most imported agricultural product in the country as the Philippines imports about \$800 million of dairy products each year. Around 85 percent of this is in powder form which is then processed into liquid form before it is shipped for local consumption.<sup>4</sup>

**WHEREAS**, for 2017, imports of milk and dairy products decreased by 6% (from 222.78 million kg. to 209.25 million kg). In terms of value, it went up to 12% (from total dairy import bill of US\$403.22 million to US\$453.56 million) indicating an increase in unit import cost of 20% and 27% in dollar terms and in pesos respectively.<sup>5</sup>

**WHEREAS**, based from the published audited financial statements issued by the Commission on Audit (COA), for the period 2014 - 2015, it appears that its NDA's bottom-line figures reflect positive surpluses but in actuality it has been operating at a loss and will not survive financially without government subsidy. In 2016 and 2017, even with government subsidies in excess of P190 million, NDA's operations still resulted in continuing losses.<sup>6</sup>

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<sup>4</sup> [www.thestandard.com.ph/lgu/mindanao/.../long-road-ahead-for-dairy-industry.html](http://www.thestandard.com.ph/lgu/mindanao/.../long-road-ahead-for-dairy-industry.html)

<sup>5</sup> Philippine Dairy Update <http://nda.da.gov.ph/images/2017/data/phildairyupdates.pdf>

<sup>6</sup> Please see Table 1 of Annex A.

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**WHEREAS**, the 230 dairy animals already reported dead in 2013 to 2016 have not been requested for relief from property accountability as basis of de-recognition/removal of lost assets from its books, and accountability of officers, thereby overstating the bearer Biological Assets account by P20.4 Million. <sup>7</sup>

**WHEREAS**, trade receivables of P122.4 Million representing the value of 883 dairy animals dispersed to beneficiaries were not provided with allowances for impairment despite the likelihood of its collection is already remote as the animals were reported dead by the beneficiaries.<sup>8</sup>

**WHEREAS**, the Department of Agriculture in a press release for their five-year dairy program intends to allow the private sector to import Girolando cattle and put up the necessary dairy facilities and genetic laboratory with a Filipino firm for vitro fertilization and embryo-transfer technologies. The DA also contemplates to partner with the ACDI Multipurpose Cooperative that has an asset base of P18 billion to establish Bohol as the dairy capital of the Philippines by shouldering the cost of importing at least 2,000 heads of cattle and putting up the necessary dairy facilities, including barns and milking parlor in Ubay, Bohol.<sup>9</sup>

**WHEREAS**, according to Department of Agriculture Secretary Emmanuel Piñol, with the entry of investments from the private sector, DA can use the funds it would save to set up dairy farms in other parts of the country – one each for Baguio, Negros Occidental and in Busuanga, Palawan – and that DA is said to be allotting at least P1 Billion for the live cattle-importation.<sup>10</sup>

**NOW THEREFORE, BE IT RESOLVED** by the Senate of the Philippines, to direct the appropriate Senate Committee to conduct and inquiry, in aid of legislation, to look into the

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<sup>7</sup> Commission on Audit-Annual Financial Reports. <https://www.coa.gov.ph/index.php/reports/annual-financial-report>.

<sup>8</sup> Ibid.

<sup>9</sup> DA tweaks cattle-importation program. <https://businessmirror.com.ph>

<sup>10</sup> Ibid.

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current state of the National Dairy Authority and the effectiveness and efficacy of the existing policies of government on the dairy development of the country.

Adopted.



**SENATOR CYNTHIA A. VILLAR**

ANNEX A - National Dairy Authority: Notes on Financial Performance

**Table 1**  
**On Profitability**

	2017 (a)	2016	2015	2014
REVENUES	13,553,164	50,255,891	18,745,928	37,361,479
EXPENDITURES	239,130,799	177,950,043	182,156,631	206,580,805
INCOME (LOSS FROM OPERATIONS)	(255,577,635)	(127,694,152)	(163,410,703)	(169,219,326)
SUBSIDY FROM Govt.	199,945,000	190,472,000	170,472,000	345,217,759
SURPLUS/(DEFICIT)	(25,632,634)	(62,777,848)	7,061,297	175,998,433

- a. Unaudited Financial Statement figures from the NDA prepared by Justa Jarabe (Accountant IV), Carlota Cruz (Financial Division Chief) and Jacqueline Seguin (Manager, Admin and Finance)

**Table 2**  
**Expenditures**

	2017	2016	2015	2014
Personnel Services	81,727,687	70,411,299	63,640,057	87,723,578
Maintenance and Other Operating Expenses	157,403,112	107,538,744	118,516,574	118,857,227
Total	239,130,799	177,950,043	182,156,631	206,58,805

**Table 3**  
**Capital Outlay**

	2016	2015	2014
Purchase of Dairy Animals	73,626,168	11,072,815	187,612,049
Capital Outlay	13,014,478	15,023,715	0
Total	86,640,646	26,096,530	187,612,049

**Table 4  
Assets**

	2017	2016	2015	2014
Total Current Assets	1,128,076,724	1,194,103,202	1,136,849,747	1,552,915,807
Total Non-Current Assets	245,287,799	266,509,971	247,895,883	149,676,370
Total Assets	1,373,364,523	1,460,613,173	1,384,745,630	1,702,592,177

**Table 5  
Bearer-Biological Assets**

	2016	2015	2014
Bearer - Biological Assets - Livestock	96,348,418	104,403,294	87,448,976

**Table 6  
LIABILITIES**

	2017	2016	2015	2014
Current Liabilities	152,406,415	152,035,580	245,825,424	573,128,305
Non-Current Liabilities	41,982,183	41,982,184	42,358,845	42,358,845
Total Liabilities	194,388,598	194,017,764	288,184,269	615,478,150

**Table 7  
Budgeted Appropriations**

In ('000)	2017	2016	2015	2014
Approved Budget	472,847	475,102	537,902	779,116
Used		250,341	389,370	432,942
Unused		224,761	148,532	346,175
Percentage of Non-utilization		0.47 %	27.6 %	44 %
Subsidy from GAA	199,945	190,472	170,472	345,217