OFFICE OF THE SECRETARY

# THIRTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Regular Session

'04 JUN 30 P2:51

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SENATE

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s. No. 219

Introduced by Senator Osmeña III

### **EXPLANATORY NOTE**

Mining is basic to a country's industrialization. However, since the Philippine economy is still largely agricultural, the contribution of the mining industry to the country's economy is measured in dollar receipts from the export of minerals especially gold, copper and chromite. Aside from the dollar earnings, the industry is a vital source of employment. Small-scale mining absorbs an estimated 200,000 to 500,000 workers.

The passage of Republic Act 7076 in 1991 raised hopes that the rationalization of viable small-scale mining activities would further generate employment opportunities and provide an equitable sharing of the nation's wealth and natural resources. Ten years after, it seems that RA 7076 has not created a dent on the dismal performance of small-scale mining.

By allowing small-scale miners to expand their operations, the contribution of small-scale mining to the national economy will be greatly enhanced. It will contribute more than the much-touted foreign dominated large-scale mining industry. Investments from local citizens will be encouraged, thereby increasing the viability of the industry.

In view of the foregoing, approval of this bill is earnestly sought.

SERGIO OSMEÑA III

Senator

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### AN ACT

AMENDING REPUBLIC ACT NO. 7076, OTHERWISE KNOWN AS "AN ACT CREATING A PEOPLE'S SMALL-SCALE MINING PROGRAM, AND FOR OTHER PURPOSES"

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. - Section 2 of Republic Act No. 7076, otherwise known as 1 the "People's Small-scale Mining Act of 1991" is hereby amended to read as 2 follows: 3 "SECTION 2. Declaration of Policy. - It is hereby declared the 4 policy of the State to promote, develop, protect, STRENGTHEN and 5 rationalize [viable] small-scale mining [activities] in order to HARNESS 6 ITS VAST POTENTIALS TO HELP HASTE NATIONAL ECONOMIC 7 RECOVERY AND GROWTH: TO generate more employment AND ጸ MORE ECONOMIC opportunities and provide an equitable sharing of the nation's wealth and natural resources, giving due regard to existing rights 10 as herein provided. 11 SEC. 2. Section 3 of R.A. 7076 is likewise hereby amended as follows: 12

"SEC. 3. Definitions. – For purposes of this Act, the following terms shall be defined as follows:  $x \times x$ 

(b) "Small-scale mining" refers to SMALL-SCALE TYPE OF mining activities [which rely heavily on manual labor using simple implement and methods and do not use explosives or heavy mining equipment]

CATEGORIZED AS ARTISANAL AND REGULAR SMALL-SCALE MINING.

- (C) "ARTISANAL MINING" REFERS TO MINING ACTIVITIES WHICH HEAVILY RELY ON MANUAL LABOR USING SIMPLE IMPLEMENTS AND METHODS AND DO NOT USE EXPLOSIVES OR HEAVY MINING EQUIPMENT.
  - (D) "REGULAR SMALL-SCALE MINING" REFERS TO MINING ACTIVITIES OF SMALL-SCALE MINERS, WHICH MAY USE OR EMPLOY MODERN MINING TECHNOLOGIES, HEAVY EQUIPMENT AND EXPLOSIVES; WHOSE OPERATION IS SUPERVISED OR MANAGED BY A DULY LICENSED MINING ENGINEER AND ITS USE OF EXPLOSIVE IS SUPERVISED OR MANAGED BY A PHILIPPINE NATIONAL POLICE-BLASTER OR BLASTING CONTRACTOR. THESE SMALL-SCALE MINERS MAY ORGANIZE THEMSELVES INTO A PARTNERSHIP, CORPORATION OR COOPERATIVE, TO QUALIFY FOR SMALL-SCALE MINING CONTRACT.
  - ([c]E) "Smale-scale miners" refer to Filipino citizens who, individually or in the company of other Filipino citizens, [voluntarily form a cooperative duly licensed by the Department of Environment and Natural Resources] REGISTER AS A PARTNERSHIP, COOPERATIVE, OR CORPORATION, DULY LICENSED BY CONCERNED GOVERNMENT AGENCY to engage, under the terms and conditions of a contract, in the extraction or removal of minerals or ore-bearing materials form the ground;
  - ([d]F) "Small-scale mining contract" refers to co-production, joint venture or mineral production sharing agreement between the State and small-

scale mining contractor for the small-scale utilization of a plot of mineral 1 land; 2 ([e]G) "Small-scale mining contractor" refers to an individual or a 3 PARTNERSHIP, CORPORATION, cooperative of small-scale miners, 4 registered with the Securities and Exchange Commission or other 5 appropriate government agency, which has entered into an agreement 6 with the State for the small-scale utilization of a plot of mineral land within 7 a people's small-scale mining area; 8 ([f]H) "Active mining area" refers to areas [under] WHEREIN ALL THE 9 FOLLOWING ACTIVITIES HAVE BEEN ACTUALLY UNDERTAKEN; 10 actual MINERAL exploration WORKS, development, exploitation [or] 11 AND commercial production as determined by the [Secretary] BOARD 12 after the necessary field investigation or verification including contiguous 13 and geologically related areas belonging to the same claim-owner and/or 14 under contract with an operator, but in no case to exceed the maximum 15 area allowed by law; 16 ([g]I) "Existing mining right" refers to perfected and subsisting claim, 17 lease, license or permit covering a mineralized area prior to its 18 declaration as a people's small-scale mining area; 19 ([h]J) "Claim-owner" refers to a holder of an existing mining right; 20 ([I]K) "Processor" refers to a person issued a license to engage in the 21 treatment of minerals or ore-bearing materials such as by gravity 22 concentration, leaching benefication, cyanidation, cutting, 23 polishing and other similar activities; 24 ([j]L) "License" refers to the privilege granted to a person to legitimately 25 pursue his occupation as a small-scale miner or processor under this Act: 26 ([k]M) "Mining plan" refers to a two-year program of activities and 27 methodologies employed in the extraction and production of minerals or 28

ore-bearing materials, including the financial plan and other resources in support thereof;

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([I]N) "Director" refers to the regional [executive] director of the [Department of Environment and Natural Resources] MINES AND GEO-SCIENCES BUREAU; AND

([m]O) "Secretary" refers to the Secretary of the Department of Environment and Natural Resources."

SEC. 3. Section 5 of R.A. 7076 is likewise hereby amended as follows:

"SEC. 5. Declaration of People's Small-scale Mining Areas. – The Board is hereby authorized to declare and set aside people's small-scale mining areas in sites onshore suitable for small-scale mining, subject to review by the Secretary, immediately giving priority to areas already occupied and actively mined by small-scale miners before August 1, 1987: Provided, That such areas are not considered as active mining areas AS DETERMINED BY THE BOARD: Provided, further, That the minerals found therein are technically and commercially suitable for small-scale mining activities: Provided, finally, That the areas are not covered by existing forest rights or reservations and have not been declared as tourist or marine reserved, parks and wildlife reservations, unless their status as such is withdrawn by competent authority."

SEC. 4. Section 8 of R.A. 7076 is likewise hereby amended as follows:

"SEC. 8. Registration of Small-scale Miners. – All persons undertaking small-scale mining activities shall register as miners with the Board and may organize themselves into PARTNERSHIPS, CORPORATIONS OR cooperatives in order to qualify for the awarding of a people's small-scale mining contract.

SEC. 5. Section 9 of the same law is hereby amended to read as follows:

"SEC. 9. Award of People's Small-scale Mining Contracts. – A people's small-scale mining contract may be awarded by the Board to

small-scale miners who have voluntarily organized and have duly registered with the appropriate government agency as an individual miner, PARTNERSHIPS, CORPORATIONS or cooperative; Provided, That only one (1) people's small-scale mining contract may be awarded at any one time to a small-scale mining operations within one (1) year from the date of award: Provided, further, That priority shall be given or city where the small-scale mining area is located.

"Applications for a contract shall be subject to a reasonable fee to be paid to the Department of Environment and Natural Resources regional office having jurisdiction over the area."

SEC. 6. Section 10 of the same law is hereby amended to read as follows:

"SEC. 10. Extent of Contract Area. – The Board shall determine the reasonable size and shape of the contract area following the meridional block system established under Presidential Decree No. 463, as amended, otherwise known as the Mineral Resources Development Decree of 1974, but in no case shall the area exceed [twenty hectares (20 has.) per contractor and the depth or length of the tunnel or adit not exceeding that recommended by the director taking into account the following circumstances:] THE MAXIMUM AREA AS SPECIFIED HEREUNDER.

"THE MAXIMUM AREA THAT A QUALIFIED CONTRACT MAY APPLY UNDER ARTISANAL MINING, SHALL BE AS FOLLOWS:

- (A) ONSHORE, IN ANY ONE (1) PROVINCE/CITY:
  - (1) FOR INDIVIDUALS, ONE-FORTH (1/4) MERIDIONAL BLOCK OR APPROXIMATELY TWENTY (20) HECTARES.
  - (2) FOR PARTNERSHIPS, COOPERATIVES OR CORPORATIONS, ONE(1) MERIDIONAL BLOCK OR

1	APPROXIMATELY EIGHTY-ONE (81) HECTARES IN									
2	AREA.									
3	"THE MAXIMUM AREA THAT A QUALIFIED INDIVIDUAL,									
4	PARTNERSHIP, COOPERATIVES OR CORPORATION MAY APPLY									
5	UNDER REGULAR SMALL-SCALE MINING, SHALL BE AS FOLLOWS:									
6	B) ONSHORE IN ANY ONE (1) PROVINCE/CITY:									
7	(1) FOR INDIVIDUALS, TWO (2) MERIDIONAL BLOCKS OR									
8	APPROXIMATELY ONE HUNDRED SIXTY-TWO (162)									
9	HECTARES IN AREA.									
10	(2) FOR PARTNERSHIPS, COOPERATIVES OR									
11	CORPORATIONS, THIRTY (30) MERIDIONAL BLOCKS IN									
12	AREA.									
13	"IN DETERMINING THE SIZE AND SHAPE OF THE CONTRACT									
14	AREA, THE BOARD SHALL ALSO TAKE INTO ACCOUNT THE									
15	FOLLOWING CIRCUMSTANCES:									
16	(a) [Size of membership and capitalization of the cooperative]									
17	FINANCIAL CAPABILITY OF THE SMALL-SCALE MINING CONTRACT									
18	APPLICANT;									
19	SEC. 7. Section 11 of the same law is hereby amended to read as									
20	follows:									
21	"SEC. 11. Easement Rights. – Upon the declaration of a people's									
22	small-scale mining area, the [director] BOARD, in consultation with the									
23	operator, claimowner, landowner or lessor of an affected area, shall									
24	determine the right of the small scale miners to existing facilities such as									
25	mining and logging roads, private roads, port and communication									
26	facilities, processing plants which are necessary for the effective									
27	implementation of the People's Small-scale Mining Program, subject to									
28	payment of reasonable fees to the operator, claimowner, landowner or									

lessor."

SEC. 8. Section 12 of the same law is hereby amended to read as follows:

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"SEC. 12. Rights Under a People's Small-scale Mining Contract. — A people's small-scale mining contract entitled the small-scale mining contractor to the right to mine, extract and dispose of mineral ores for commercial purposes. [In no case shall a small-scale mining contract be subcontracted, assigned or otherwise transferred] A SMALL MINING CONTRACT MAY BE SUBCONTRACTED BY ANOTHER SMALL-SCALE MINER, SUBJECT TO THE APPROVAL OF THE BOARD, BUT IN NO CASE SHALL BE ASSIGNED OR OTHERWISE TRANSFERRED TO ANOTHER PARTY."

SEC. 9. Section 13 of the same law is hereby amended to read as follows:

"SEC. 13. Terms and Conditions of the Contract. – A contract shall have a term of [two (2)] FIVE (5) years, renewable subject to verification by the Board for like periods as long as the contractor complies with the provisions set forth in this Act, and confers upon the contractor the right to mine within the contract area: Provided, That the holder of a small-scale mining contract shall have the following duties and obligations: x x x"

"SEC. 14. Right of Claimowners. – In case a site declared and set aside as a people's-scale mining area is covered by an existing mining right, the claimowner and the small-scale miner therein are encouraged to enter into a voluntary and acceptable contractual agreement with respect to the small-scale utilization of the mineral values from the area under claim. In case of disagreement, the claimowner shall be entitled to the following rights and privileges: x x x

(c) Royalty equivalent to one and one half percent (1 1/2%) of the gross value of the metallic mineral output or one percent (1%) of

the gross value of the nonmetallic mineral output to be paid to the claimowner[:] TO PROMOTE BETTER UNDERSTANDING, THE SMALL MINERS AND THE CLAIMOWNER ARE ENCOURAGED TO DEVISE A SIMPLIFIED WAY OF COMPUTING AND COLLECTING ROYALTY FEES; Provided, That such rights and privileges shall be available only if he is not delinquent and other performance of his annual work obligations and other requirements for the last two (2) years prior to the effectivity of this Act."

SEC. 11. Section 16 of the same law is hereby amended to read as follows:

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"SEC. 16 Ownership [of] AND TRANSPORT OF ORE BEARING MATERIALS/ROCKS/Mill Tailings. - The small-scale mining ORE contractor shall be the owner of all BEARING ROCKS/MATERIALS/mill tailings [produced] EXTRACTED from [the] HIS contract area. [He may sell the tailings or have them processed in any custom mill in the area: Provided, That, if the small-scale mining contractor decide to sell its mill tailings, the claimowner shall have a preemptive right to purchase said mill tailings at the prevailing market price.] THE BOARD HAS THE SOLE JURISDICTION OVER THE TRANSPORT OF ORE BEARING ROCKS/MATERIALS/MILL TAILINGS FROM A CONTRACT AREA TO CUSTOM MILLS. THE BOARD SHALL ALSO PROMULGATE A SEPARATE POLICY ON TRANSPORTING ORE BEARING ROCKS/MATERIALS TO CUSTOM MILLS BY SMALL-SCALE MINERS PRODUCED OR EXTRACTED FROM GOLD RUSH/SMALL-SCALE MINING **AREAS** THAT ARE ALREADY EXISTING BEFORE AUGUST 1, 1987, BUT CAN NOT YET BE DECLARED AS PEOPLE'S SMALL-SCALE MINING AREA IN ACCORDANCE WITH THIS ACT FOR ONE REASON OR ANOTHER."

1	SEC. 12. Section 18 of the same law is hereby amended to read as
2	follows:
3	"SEC. 18. Custom Mills. – x x x
4	"AS MUCH AS PRACTICABLE, [C]custom mills shall be
5	constituted as withholding agents for the royalties, production share or
6	other taxes due the Government."
7	SEC. 13. Section 19 of the same law is hereby amended to read as
8	follows:
9	"SEC. 19. Government Share and Allotment. – The revenue to be
10	derived by the Government from the operation of the mining program
11	herein established shall be subject to the sharing provided in the Local
12	Government Code. IN AREAS WHERE IT IS NOT PRACTICAL TO
13	HAVE THE CUSTOM MILLS CONSTITUTED AS WITHOLDING
14	AGENTS FOR GOVERNMENT SHARE AND ALLOTMENT, THE
15	BOARD SHALL WORK IT OUT WITH THE LOCAL OFFICE OF THE
16	BUREAU OF INTERNAL REVENUE, THE LOCAL GOVERNMENT
17	UNITS, AND LOCAL MINERS ASSOCIATION CONCERNED TO
18	FORMULATE A WORKABLE SYSTEM OF COLLECTING
19	GOVERNMENT SHARES OR ALLOTMENT FROM THE PRODUCE OF
20	THE SMALL-SCALE MINERS. THE BOARD MAY DEVISE A
21	SIMPLIFIED SYSTEM OF COMPUTING AND COLLECTING
22	GOVERNMENT SHARE AND ALLOTMENT TO PROMOTE EFFICIENT
23	COLLECTION."
24	SECTION. 14. Section 20 of the same law is hereby amended to read as
25	follows:
26	"SEC. 20 [People's Small-scale Mining Protection]
27	LOCAL MINING DEVELOPMENT Fund There is hereby created a
28	[People's Small-scale Mining Protection] LOCAL MINING

DEVELOPMENT Fund which shall be {fifteen percent (15%)] TWENTY

PERCENT (20%) of the national government's share due the Government which shall be used primarily for information dissemination and training of small-scale miners on safety, health and environmental protection, and the establishment of mine rescue and recovery teams including the procurement of rescue equipment necessary in cases of emergencies such as landslides, tunnel collapse, or the like.

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"The fund, WHICH SHALL BE MANAGED BY THE BOARD shall also be made available to address the needs of the small-scale miners brought about by accidents and/or fortuitous events, INCLUDING RELOCATION OF SMALL MINERS' SHELTERS TO SAFE AREAS. THE OPERATING FUNDS OF THE BOARD, INCLUDING THE PAYMENT OF PER DIEMS OF BOARD MEMBER, SHALL ALSO BE CHARGED AGAINST THE LOCAL MINING DEVELOPMENT FUND."

SEC. 15. Section 22 of the same law is hereby amended to read as follows:

"SEC. 22. Reversion of People's Small-scale Mining Areas.

- The [Secretary] BOARD, upon recommendation of the director, shall withdraw the status of the people's small-scale mining area when it can no longer feasibly operated on a small scale mining basis or when the safety, health and environmental conditions warrant that the same shall revert to the State for proper disposition. IN CASE A PEOPLE'S SMALL-SCALE MINING AREA SHALL BE REVERTED FOR REASON THAT IT CAN NO LONGER BE TECHNICALLY AND VIABLY OPERATED ON AN ARTISANAL MINING BASIS, THE SMALL-SCALE MINING CONTRACTOR CONCERNED MAY APPLY FOR THE CONVERSION OF ITS CONTRACT INTO REGULAR SMALL-SCALE MINING BASIS. WHEN A PEOPLE'S SMALL-SCALE MINING AREA SHALL BE REVERTED FOR REASON THAT IT CAN NO LONGER BE FEASIBLY OPERATED ON A SMALL SCALE MINING BASIS, THE SMALL-SCALE

1	MINING	CONTRACTOR	OR	CONTRACTORS	FORMING
2	THEMSEL	VES INTO A SINGL	E COR	PORATION OR COC	PERATIVE
3	SHALL HA	VE THE PRIORITY	TO APF	PLY FOR MPSA UNE	DER LARGE
4	SCALE MI	NING SCHEME OV	ER THE	SAME SMALL-SCA	ALE MINING
5	AREA."				

6 SEC. 16. Section 23 of the same law is hereby amended to read as 7 follows:

"SEC. 23. Actual Occupation by Small-scale Miners. — Small-scale miners who have been in actual operation of mineral lands on or before August 1, 1987 as determined by the Board shall not be dispossessed, ejected or removed from said areas AND SHALL CONTINUE WITH THEIR LIVELIHOOD ACTIVITIES IN THE SAME: Provided, That they comply with the provisions of this Act AFTER THE SAID AREA HAVE BEEN DECLARED AS PEOPLE'S MINING AREA. PENDING DECLARATION AS PEOPLE'S MINING AREAS IN ACCORDANCE WITH THIS ACT, ALL SMALL-SCALE MINING AREAS EXISTING AS OF AUGUST 1, 1987 AS DETERMINED BY THE BOARD, ARE HEREBY PLACED UNDER THE JURISDICTION OF THE BOARD CONCERNED FOR PURPOSES OF SUPERVISION AND CONTROL MOST PARTICULARLY ON MATTERS INVOLVING PUBLIC SAFETY, PEACE AND ORDER, ORE TRANSPORT, POLLUTION AND DISASTER CONTROL."

Section. 17. Section 24 of the same law is hereby amended to read as follows:

"SEC. 24. Provincial/City Mining Regulatory Board. – There is hereby created under the direct supervision and control of the Secretary a provincial/city mining regulatory board, herein called the Board, which shall be the implementing agency of the Department, and

shall exercise the following powers and functions, subject to review by the Secretary:

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- (e) Settle disputes, conflicts or litigations over conflicting claims within a people's small-scale mining area, an area that is declared a small-mining; [and]
- TO THE SECRETARY THE RECOMMEND (F) SEGREGATION AND DECLARATION OF CERTAIN TIMBERLAND TO BE MADE A SPECIFIC AREA WHERE SMALL-SCALE MINERS SHALL SOURCE THEIR MINE TIMBERING NEEDS IN ACCORDANCE WITH FORESTRY LAWS; **UPON SEGRAGATION** DECLARTION OF THE MINING TIMBER SOURCES, THE BOARD SHALL FORMULATE A POLICY PROVIDING THAT SMALL-SCLAE MINERS SHALL PLANT TWICE THE NUMBER OF TREES THEY HAVE CUT FOR MINE TIMBERING PURPOSES.
- (G) FORMULATE AN ENVIRONMENTAL COMPLIANCE CERTIFICATE REQUIREMENT POLICY THAT IS BEST APPLICABLE TO THE WORKINS OF THE SMALL-SCALE MINERS IN EACH PARTICULAR SMALL-SCALE MINERS IN EACH PARTICULAR SMALL-SCALE MINING AREA. THE DEPARTMENT SHALL PROVIDE TECHNICAL ASSISTANCE TO THE BOARD IN THE PREPARATION OF THIS PARTICULAR POLICY.
- (H) FORMULATE A POLICY THAT PROVIDES THE SMALL-SCALE MINERS UNHAMPERED AND UNRESTRICTED ACCESS TO AND FROM EXISTING SMALL-SCALE MINING AREAS.
- (I) DEPUTIZE THE LOCAL COMMAND OF THE PHILIPPINE NATIONAL POLICE OR PHILIPPINE ARMY, AS THE CASE MAY BE, TO FULLY ENFORCE ITS ORDERS OR DECISIONS; AND

([f]J)	Perform	such	other	functions	as	may	be	necessary	to
achieve the	noals and	obiect	ives of	this Act."					

SEC. 18. Section 25 of the same law is hereby amended to read as follows;

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"SEC. 25. Composition of the Provincial/City Mining Regulatory Board. — The Board shall be composed of the [Department of Environment and Natural Resources representative] GOVERNOR OR CITY MAYOR, AS THE CASE MAY BE, as BOARD Chairman; and the representative of the [governor or city mayor] DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AS VICE CHAIRMAN [. As the case may be.]; one (1) small scale mining representative, one (1) big-scale mining representative, and the representative from a non-government organization who shall come from an environmental group, as members.

"The representatives from the private sector shall be nominated by their respective organizations and appointed by the Department [regional director. The Department shall provide the staff support to the Board] THE PROVINCIAL ENVIRONMENT AND NATURAL RESOURCES OFFICER OR COMMUNITY ENVIRONMENT AND NATURAL RESOURCES OFFICER, AS THE CASE MAY BE, OF THE LOCAL GOVERNMENT UNITS CONCERNED MAY SERVE AS THE BOARD'S ENFORCEMENT/IMPLEMENTING OFFICER OF ITS POLICIES, DECISIONS AND ORDERS ON A CONCURRENT CAPACITY.

SEC. 19. Section 26 of the same law is hereby amended to read as follows:

"SEC. 26. Administrative Supervision over the People's Small-scale Mining Program. – The Secretary through [his representative] THE GOVERNOR OR CITY MAYOR, AS THE CASE MAY BE, shall exercise

direct supervision and control over the program and activities of the small-scale miners within the people's small-scale mining area.

3 X X X

SEC. 20. Repealing Clause. – All laws, decrees, executive orders, letters of instructions, rules and regulations, or provisions thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 21. Separability Clause. – If any section or provision of this Act is declared unconstitutional, the other provisions not affected thereby shall continue to have force and effect.

SEC. 22. Effectivity. – This Act shall take effect fifteen (15) days after the completion of its publication in at least two (2) newspapers of general circulation.

14 Approved,

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