

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



Senate
Office of the Secretary

'17 DEC 12 A10:22

S E N A T E

RECORDED BY: 

COMMITTEE REPORT NO. 197

Submitted by the Committee on Accountability of Public Officers and Investigations (Blue Ribbon) on DEC 12 2017

Re: **Proposed Senate Resolution No. 92** – RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO INVESTIGATE, IN AID OF LEGISLATION, THE REPORTED DESTRUCTIVE MINING OPERATIONS AND ILLEGAL EXCAVATIONS IN THE PROVINCE OF ZAMBALES, WITH THE END IN VIEW OF DETERMINING THE EXTENT OF DAMAGE CAUSED AND THE INDIVIDUALS TO BE HELD ACCOUNTABLE THEREFOR, FOR THE PURPOSE OF PROVIDING REMEDIAL LEGISLATIONS TO FURTHER STRENGTHEN OUR ENVIRONMENTAL PROTECTION AND CONSERVATION LAWS AND ADDRESS THE POSSIBLE BREACH TO OUR NATIONAL SECURITY

Recommending the approval of the Committee Report and its attached bills, as follows:

Senate Bill No. 1633
AN ACT AMENDING SECTION 9 OF PRESIDENTIAL DECREE 1586 BY INCREASING THE PENALTIES THEREOF AND FOR OTHER PURPOSES

Senate Bill No. 1634
AN ACT PROVIDING FOR THE MANDATORY DOMESTIC PROCESSING OF ALL MINERAL ORES BEFORE EXPORTATION AND A CERTIFICATION SHOWING PRESENCE OR LACK OF RARE EARTH ELEMENTS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7942 OTHERWISE KNOWN AS THE PHILIPPINE MINING ACT OF 1995 AND FOR OTHER PURPOSES

Sponsor: Senator Richard J. Gordon

MR. PRESIDENT:

The Committees on Accountability of Public Officers and Investigations (Blue Ribbon) and Environment and Natural Resources have conducted an inquiry, in aid of legislation, on **Proposed Senate Resolution No. 92** introduced by Senator Panfilo M. Lacson, entitled:

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEES TO INVESTIGATE, IN AID OF LEGISLATION, THE REPORTED DESTRUCTIVE MINING OPERATIONS AND ILLEGAL EXCAVATIONS IN THE PROVINCE OF ZAMBALES, WITH THE END IN VIEW OF DETERMINING THE EXTENT OF DAMAGE CAUSED AND THE INDIVIDUALS TO BE HELD ACCOUNTABLE THEREFOR, FOR THE PURPOSE OF PROVIDING REMEDIAL LEGISLATIONS TO FURTHER STRENGTHEN OUR ENVIRONMENTAL PROTECTION AND CONSERVATION LAWS AND ADDRESS THE POSSIBLE BREACH TO OUR NATIONAL SECURITY.

The Committee on Accountability of Public Officers and Investigations (Blue Ribbon) has the honor to submit to the Senate its Report and its attached bills, after conducting an inquiry.

Recommending the adoption of the recommendations contained herein.

COMMITTEE REPORT

Background

The Province of Zambales, particularly the Municipalities of Masinloc, Candelaria and Santa Cruz, have been known to have abundant deposits of high-grade mineral resources. Its mining industry has accounted for a significant proportion of the economic activity and livelihood of the communities.

In early 2012, Concerned Citizens of Santa Cruz, a coalition of residents from affected mining areas, reported that nickel ore mining has resulted in adverse effects and posed continuing threats to the environment and well-being of the affected communities.¹

The Multi-Disciplinary Team of the Mines and Geosciences Bureau (MGB) found that Benguet Corp., Nickel Mines, Inc., Eramen Minerals, Inc., Filipinas Mining Corporation/LNL Archipelago Minerals, Inc. and Zambales Diversified Metals Corporation have violated Section 39 (v) of the Revised Implementing Rules and Regulations (IRR) of Republic Act No.

¹ Proposed Senate Resolution No. 92

7942 otherwise known as the Philippine Mining Act of 1995², as also embodied in DENR Administrative Order No. 2010-21. The contractors were found to employ unsystematic mining or stripping methods where benches³ are being used as stockpile areas. It was also found that farmlands, fishponds, river systems and shorelines were heavily silted.⁴

Two years thereafter, in July 2014, the nickel mining operations of four (4) mining firms (Benguet Corp., Nickel Mines, Inc., Eramen Minerals, Inc., Filipinas Mining Corporation/LNL Archipelago Minerals, Inc. and Zambales Diversified Metals Corporation) were suspended by the Mines and Geosciences Bureau (“MGB” for brevity) for practicing unsystematic strip mining methods that led to inefficient recovery of minerals and caused adverse environmental impact such as siltation in bodies of water and generation of dust. In its Joint Suspension Order dated July 7, 2014, the MGB suspended the mining operations in Sta. Cruz, Zambales subject to the following conditions:

1. Issues arising from the tree-cutting and earthballing operations shall be fully addressed;
2. The construction of an exclusive mine haul road shall be completed;
3. All mined-out and open areas shall be fully rehabilitated;
4. The Final Mine Rehabilitation/Decommissioning Funds shall be fully deposited;
5. All farmland, fishponds and water bodies adversely affected by the mining operations shall be rehabilitated and the owners concerned duly compensated;
6. All damaged portions of roads due to the hauling operations shall be fully repaired.

² Section 39 (v). A stipulation that the Contractor shall utilize the best available appropriate and efficient mining and processing technologies;

³ Bench: floor or ground anywhere underground (<http://www.mining.com/top-ten-mining-terms-you-should-know-97491/>. Last accessed April 19, 2017)

⁴ (Document No. 1) – Memorandum dated June 26, 2014 of OIC-Assistant Director Elmer B. Billedo, Mines and Geosciences Bureau (MGB) to the Regional Director of MGB Regional Office No. III re Assessment of the Mining Operations of Benguet Corp., Nickel Mines, Inc., Eramen Minerals, Inc., Filipinas Mining Corporation/LNL Archipelago Minerals, Inc. and Zambales Diversified Metals Corporation in Sta. Cruz and Candelaria, Zambales

An audit of the mining operations was undertaken by a composite team of the DENR to determine compliance with the mining and environmental laws. After several months, on February 10 and 20, 2015, the MGB Regional Office (MGB RO) No. III issued the Temporary Lifting Orders (TLOs) after the said mining contractors showed substantial compliance with the conditions imposed under the Suspension Order. The MGB said that although there are ongoing actions on the part of the mining contractors to comply with the conditions, the validation team recommended to maintain the suspension order until all conditions have been fully complied with.⁵ After the 90-day deadline for the mining companies to comply with the conditions, the MGB suspended the operations of LnL Archipelago Minerals Inc., Benguet Corp., Nickel Mines Inc. and Eramen Minerals Inc. in the municipalities of Sta. Cruz and Candelaria, Zambales. The MGB did a validation of their compliance and found that the nickel mining operations of the said mining firms in Zambales were unable to comply with all conditions set by the bureau for the permanent resumption of operations.⁶

In the same month, July 2015, Zambales Governor Hermogenes Ebdane Jr. was indicted for graft and usurpation of official functions for allegedly issuing a mining permit beyond his mandate and favoring a mining company. The indictment stemmed from the complaint filed by Consolidated Mines, Inc. ("CMI"), the mineral rights holder of the Coto Chromite mines. The CMI has been operating the Coto Mines for more than five decades. Ebdane, as Zambales governor, allegedly issued the small scale mining permits to Geoking Asia Mining Corporation ("Geoking"), allowing them to take, haul, transport and ship chromite mines valued at more than P211 million from Coto Mines where CMI is the mineral rights holder.

⁵ <http://mgb.gov.ph/2015-05-13-02-02-11/mgb-news/73-mgb-to-zambales-miners-suspension-order-stays>. Last accessed on March 15, 2017

⁶ <http://www.philstar.com/business/2015/07/01/1471828/3-zambales-mining-operations-suspended-anew>. Last accessed on March 15, 2017

Ombudsman Conchita Carpio Morales found probable cause to charge Governor Ebdane for violation of the Anti-Graft and Corrupt Practices Act and the Revised Penal Code under the Usurpation of Official Functions.⁷ In a 32-page resolution, the Ombudsman Special Panel for the Environment said Ebdane usurped the functions of the Provincial Mining Regulatory Board (PMRB) by issuing several Small-Scale Mining Permits (SSMPs) to Geoking to haul chromite from the site of the Coto Chromite Project in Sitio Coto in Masinloc, Zambales, despite the existing agreement between the provincial government and large-scale mining company, CMI.⁸

In October 2016, Typhoon Lando poured intense rain and wreaked havoc across Luzon for days. Typhoon Lando's torrential rains caused flooding as the cyclone barreled through the Luzon landmass. Environmental advocates and residents of Sta. Cruz town in Zambales in Central Luzon blamed nickel mining operations in the province for the thick reddish-brown mud-flood covering streets in some barangays there. Locals asserted that the recent mud-flood hitting some barangays was the second since July 2016, and that the possible destruction of mining ponds resulted in the flow of mud into the river systems in the area.⁹

Proposed Senate Resolution No. 92

This chain of events led to the birth of Proposed Senate Resolution Number 92 ("PSR 92"). This resolution was authored by Senator Panfilo Lacson which directed the appropriate Senate Committees to investigate, in aid of legislation, the reported destructive mining operations and illegal excavations in the Province of Zambales. The inquiry aimed to determine the extent of damage caused thereon and the individuals accountable

⁷ <http://newsinfo.inquirer.net/702542/former-pnp-chief-indicted-for-graft-as-governor#ixzz4UroStmOt>. Last accessed January 5, 2017

⁸ <http://www.gmanetwork.com/news/story/515218/news/nation/ombudsman-indicts-zambales-governor-ebdane-for-graft#sthash.ZlJRt0Qq.dpuf>. Last accessed on January 5, 2017

⁹ <http://www.gmanetwork.com/news/story/541722/news/regions/nickel-mining-in-zambales-blamed-for-mud-flood-in-typhoon-s-wake#sthash.naCuCJEk.dpuf>. Last accessed on January 5, 2017

therefor. It also sought to provide remedial legislations to further strengthen our environmental protection and conservation laws and address the possible breach to our national security.

PSR 92 also included alarming allegations such as the following:

1. In 2011, former Zambales Governor Hermogenes Ebdane Jr. issued several small-scale mining permits and other permits to a mining firm which allegedly allowed the illegal hauling, transporting and shipping of minerals from the province;
2. Incumbent Zambales Governor Amor P. Deloso alleged that these mining companies were allowed to excavate massively for over two years which practically flattened the mountains and damaged a large area of the Municipality of Santa Cruz forested highlands;
3. Governor Deloso further alleged that the soil and rocks taken from these areas were shipped, dumped and used to reclaim almost 3,500 hectares of disputed islands in the West Philippine Sea.

These allegations established the need to conduct an inquiry so as to account for those personalities behind these allegedly highly anomalous acts and to enact remedial legislations, if necessary.

Since PSR 92 exposed possible misfeasance, malfeasance and nonfeasance in public office, hence the same was primarily referred to the Committee on Accountability of Public Officers and Investigations, otherwise known as the Blue Ribbon Committee, and secondarily to the Committee on Environment and Natural Resources (the "Committees"). These Committees, in the exercise of their oversight functions, have the power to place responsibility and demand accountability from persons, who in the course of the investigation, are found to be responsible for misfeasance, malfeasance, and nonfeasance in

the alleged destruction caused to the environment, for non-compliance with regulatory rules, and for allowing or tolerating activities which may have compromised our national security.

Committee Hearings

The Committees conducted three (3) hearings thereon: on September 15, 2016, October 17, 2016 and November 23, 2016. The hearings were attended by the following resource persons: Engr. Leo L. Jasareno, OIC, Senior Undersecretary for Environment, DENR; Usec. Arturo Valdez, Head, Anti-Environmental Crimes Task Force/Task Force Kalikasan; Zambales Governor Amor D. Deloso; Atty. Danilo U. Uykieng, Assistant Director, MGB; Mr. Lope O. Cariño, OIC, Regional Director, MGB Region III; Dr. Peter N. Tiangco, CESO I, Administrator, NAMRIA; Ms. Ofelia T. Castro, Assistant Director, NAMRIA; Atty. Jay Daniel R. Santiago, General Manager, PPA; Dir. Gilbert C. Gonzales, EMB; Ms. Lormelyn Claudio, EMB Region III; Mr. Rodolfo Dan N. Arzaga Jr., Director, NICA; Mr. Hermogenes E. Ebdane Jr., Former Governor, Zambales; Atty. Stanley B. Fabito, Counsel for Mr. Ebdane; RADM William M. Melad, Commandant, PCG; Dr. Carlo A. Arcilla, Professor, NIGS; DND Usec. Eduardo D. Del Rosario; DND Asec. Teodoro Cirilo T. Torralba III; Ms. Raquel Solano, DFA; Ms. Josephine Ignacio, Coordinator and Convenor, Defender of the Environment for Genuine Development.

At the onset of the first hearing, Governor Amor Deloso revealed the following:

- 1.) Two mountains have been levelled because of mining – Mount Pin Magong and Mount Binabag in Brgy. Guisguis, Santa Cruz, Zambales.
- 2.) For two years, 999 trucks were operating day and night. Hence, during one heavy rain episode, the whole of Santa Cruz was flooded because there were no more trees in those mountains.

3.) There has been no rehabilitation, no reforestation, and no remedial measures in place while mining operations have been suspended.

In response to Governor Deloso's assertion, DENR Usec. Jasareno and others from MGB (Regional Director Ms. Claudio) reported that suspension has been in place since 2014 against the four major mining companies, in reaction to the complaints filed by Defenders of Zambales (Ms. Jo Ignacio), and Concerned Citizens of Sta. Cruz, Zambales (Dr. Ben Molino). The suspensions were imposed for violations of orders from the MGB: building of a separate road exclusively for mining trucks, dredging of silted rivers, payment of compensation to owners of damaged fishponds and farmlands, proper benching¹⁰ of open pits, etc. Fines of P25,000 were imposed upon the erring companies.

DENR also declared that, aside from monitoring compliance from suspended mining companies, they are also going to introduce the concept of perpetual liability against them.

Dr. Arcilla of UP NIGS, however, negated Governor Deloso's revelations that the mountains have been levelled. According to Dr. Arcilla, laterite deposits can only be found on the surface of mountains – up to a depth of 15 to 20 meters. None can go beyond that depth because one would start hitting solid rock. Hence, a mountain cannot be levelled by reason of mining for laterite deposits as in the case here.

On the issue of possible breach to our national security, Gov. Deloso avowed that 3,500 hectares have been reclaimed by the Chinese in Scarborough Shoals which converted the sea into 3,500 hectares of reclaimed area where the Chinese built an airport and a missile station. There was also an assertion that the soil used in the reclamation came from the mining operations in Zambales.

Dr. Arcilla, on the contrary, commented that to reclaim 3,500 hectares, the operation would need 350 billion tons, which would require about seven million shiploads. The

¹⁰ Bench: floor or ground anywhere underground (<http://www.mining.com/top-ten-mining-terms-you-should-know-97491/>. Last accessed April 19, 2017)

soil/sand taken from the mountains being mined (mostly laterites or iron oxide) will turn the water around the island red in color, and would not also be suitable for reclamation. Such has not happened.

Hence, in the course of the inquiry, the Committees found that:

1. Damage has indeed been caused in the environment because of irresponsible mining;
2. The regulatory agencies and the regulations they administer are toothless, with already ridiculously low penalties even for multiple violations;
3. Rare earth metals – some more expensive than gold – are present in the mineral raw materials we export without our knowledge. Hence, for national security purposes, there is a need to screen well the minerals being exported, and if rare metals are indeed present.

A lot of contrary and supporting findings were further discovered during the second hearing:

- A. Flooding and damage to farms and houses in Sta. Cruz was a result of heavy rains. As to whether the activities of the four big mining companies contributed to the flooding and destruction of arable lands, rivers and those coastal areas by the sea, not mentioning the roads and other infrastructure, this issue still has to be scientifically determined.

In support of this finding, NAMRIA, as shown in their August 26, 2016 letter reply to our request for data on mountain height variations, found no significant height variations on mining sites from 2005 up to the present.

In addition, a Certification from the Provincial Agriculture Office of Iba, Zambales issued on November 3, 2016 evidenced that the damage to crops which occurred

during Typhoons Karen and Lawin was not attributed to mining operations in the province. It was solely caused by typhoons.

- B. The soil from the mountains in Zambales is not fit for reclamation. In the letter of Dr. Carlo Arcilla, NIGS, to the Committees, he stated that most of the mountains of Zambales comprise ultramafic rocks which, when weathered, produce red, lateritic, iron-rich soils which dominate the Zambales area. These soils are not ideal for reclamation of islands in the West Philippine Sea. However, there are lahars found in the rivers draining in the slopes of Mount Pinatubo. These materials are sandy and rich in feldspars and quartz and also contain significant amount of "black sand" or magnetite and ilmenite. These materials could be used for reclamation. In fact, much of the materials from the lahars were used by land reclamation efforts in Singapore.

It was also found during the hearing that the alleged number of truckloads shipped from Zambales to somewhere in China, assuming them to have been used for reclamation purposes, is not sufficient for such reclamation project. Former Governor Ebdane even categorically stated that there is no reclamation in Bajo de Masinloc. Governor Deloso confessed that he had only based his claims from oral reports given to him. DND and NICA, in their communication sent to the Committees also belie this assertion of Governor Deloso. Shipment logs of the Philippine Ports Authority (PPA) and the Philippine Coast Guard (PCG), which are submitted to the Committees, also do not support the claim that the soil from the ports of Zambales is shipped to reclaim the West Philippine Sea.

- C. There are no missile silos operated by the Chinese military in the mountains of Zambales. The allegation was apparently sourced from a parody website, appearing as a news item.

D. An Investigation and Compliance Report¹¹ was submitted by the Regional Investigation and Assessment Team (RIAT) of MGB to the Committees. In its assessment on Zambales farmlands, on the one hand, it concluded that a total Php 3.2 Million has to be paid by BNMI, EMI and LAMI as compensation for damages. The distribution of payment was based on the weight of contributory factor that affect the farmlands. Among the three, BNMI has the largest share in the amount of Php 2.8 million.

On the other hand, in its evaluation on Zambales fishponds, it was found that the fishpond owners were not operating legally due to failure to present proof of ownership and business permits. The RIAT recommended that instead of compensation for damages, the fishpond owner/operator will be given monetary assistance as start-up capital, amounting to Php 987,272, equally shared by BNMI, EMI, LAMI and ZDMC.

The report also stated that the mining companies already paid the said amount to the farmers and fishpond owners/operators.

In the third hearing, the following issues were discussed:

- A. It has been asserted that illegal mining and illegal logging were rampant in the area. These (both legal and illegal) indiscriminate mining and logging activities may have contributed to environmental degradation (flooding, siltation, etc.) and the destruction of roads.
- B. The concept of perpetual liability was highlighted by Chairman Gordon as he recalled what happened to Acoje Mining. Engr. Jasareno, on the one hand, strongly recommended that in the future, the right or privilege to mine should attach with it the perpetual liability of mining firms. Dr. Arcilla, on the other hand, called the

¹¹ (Document No. 25) Certification from Zambales Provincial Disaster Risk Reduction and Management Council issued on November 3, 2016

attention of the Committees to the problem of illegal logging. He said that the footprint of mining activities is much smaller than logging activities. Mining cannot be the sole cause of environmental degradation. The Committees should look into the real culprit, which is deforestation.

- C. The desire of the government to effectively monitor the shipments of minerals from the Philippines may be defeated by the use of private ports. Atty. Santiago, General Manager of PPA, revealed that most of the mining operations land at private ports. PPA, at present, does not have a sufficient number of personnel to monitor activities therein. The only way PPA is notified of these activities is when they have to seek clearance from PPA that the port fees or the dues have been paid. This is the biggest loophole that the government needs to address.
- D. Chairperson Gordon declared that he will propose a budget amendment to increase the allocation for DENR and NAMRIA. The said budget increase aims to provide allotment for the purchase of additional drones which will be essential in their monitoring and assessment functions.

ISSUES

In the course of these three hearings, the Committees dealt with the following central issues:

- A. Who should issue mining license permits?
- B. Was damage caused to farmlands and barangays during heavy rains attributable also to mining activities?
- C. Was soil from Zambales utilized in Bajo de Masinloc Reclamation?
- D. Are there Chinese missile silos located in the mountain recesses of Zambales?

RECOMMENDATIONS

From the issues raised, and based on the discussions and findings during the hearings, the Committees respectfully submit the following recommendations:

- I. There is no centralized record of all issued mining permits particularly at the LGU level. MGB records represent only those mining tenements within the permitting authority of the National Government. The records pertinent to the mining permits issued by the Local Governments are in the custody of every Provincial/City Government concerned.¹²

The Committees therefore recommend that the DENR establish a centralized records system pertaining to mining. This will facilitate the performance of all government agencies which are monitoring and regulating mining activities. This would also provide ease to the public and on the part of other government agencies requesting for relevant information.

- II. The government must allocate additional funding for DOST and DENR. Their facilities and equipment used must be periodically upgraded and increased to reinforce their monitoring and assessment functions.

As an initial step, the allocation for procurement of additional drones for the use of the DENR was provided during budget deliberations in the Senate. The procured drones will be used to provide aerial surveillance to monitor the compliance of mining companies with our existing laws and the terms and conditions of their mineral agreements, and to inspect any violation/s thereof.

- III. As part of their monitoring and assessment functions, the DENR should submit a quarterly report to Congress by providing detailed account on the compliance of

¹² (Document No. 11) Letter dated September 13, 2016 of USec Mario Luis J. Jacinto, concurrent MGB Director, to Senator Richard J. Gordon re request for a copy of the exploration permits/licenses to operate of the mining companies

mining companies with our existing laws and the terms and conditions of the mineral agreements, and make recommendations in areas needing legislative action.

- IV. Begin the discussion on perpetual liability of mining companies to ensure that costs to repair whatever bad effects the activity causes is imposed upon those who have exploited our resources. This also will ensure that whatever dams, ponds, and other areas containing mining waste is taken cared of by these companies in perpetuity. Such discussion should also consider international mining practices on this issue to ensure competitiveness of the Philippine mining industry while also ensuring community protection and rehabilitation of the mine sites at the end of the mining period.
- V. Craft legislation raising the penalty for mining violations. The fines provided for in Presidential Decree 1586 (ESTABLISHING AN ENVIRONMENTAL IMPACT STATEMENT SYSTEM, INCLUDING OTHER ENVIRONMENTAL MANAGEMENT RELATED MEASURES AND FOR OTHER PURPOSES) have to be updated. The maximum penalty of P50,000 (and in some instances, a paltry P25,000) is not realistic anymore. The proposed bill increasing the penalties provided under Section 9 of PD 1586 is hereto attached as Annex A.
- VI. Establish a National Testing Laboratory for rare earth elements. Before minerals, ores, and others are exported to other countries, there must first be a required inspection by the Mines and Geosciences Bureau to determine whether more valuable and more expensive elements are present, i.e., vanadium, cobalt, scandium and/or other rare earth elements. We must know what we are selling to avoid being shortchanged. The principle of *Caveat Venditor* (Let the seller beware) must be emphasized. The proposed bill providing for the mandatory domestic processing of all mineral ores is hereto attached as Annex B. A proposed budget for the same is also attached as Annex C.

- VII.** Examine or enhance or modernize intelligence-gathering systems in the country. This is to minimize, if not avoid, false information which will jeopardize national security.
- VIII.** There must be assigned qualified PPA personnel in all private ports to monitor importation activities thereon. At present, all mining activities use private ports, but not all private ports are checked by PPA. This loophole can be a means for illegal importations and exportations to and from the country.

CONCLUSION

The mining industry has a significant role in the Philippine economy. Mining operations bring jobs and money into the local economy, spur the creation of farm-to-market roads, create infrastructure, and provide electricity, all contributing to economic progress.

However, we are also sensitive to the known environmental impacts of mining. It appears that the indiscriminate and untrammelled mining activities have contributed to environmental degradation: destruction of roads due to never-ending use by heavy trucks, flooding, siltation, and others. If these continue, more damage will be caused, and deaths can occur. We do not want this happening.

What we need is responsible mining. Responsible mining is finding ways to extract and process mineral resources with the least environmental disruption and damage. Advanced technologies are being incorporated into mining, all over the world, to reduce its negative environmental effects. Mining should be pro-people and pro-environment in sustaining wealth creation and improved quality of life.

Mining need not be stopped but it must be adequately regulated. We do not have to burn the whole house to catch a rat. If a commercial plane crashes because the airline did

not follow maintenance standards, do we ban the entire aviation industry from flying the skies? If buses and jeepneys figure in road mishaps because of lack of discipline among drivers or lack of proper maintenance of the vehicles, do we prevent the entire land transportation industry from plying the streets? No, because these industries are crucial to our everyday lives. We stop the violators, impose stricter regulations and ensure full compliance.

We should focus our efforts NOT on stopping the entire industry but only those activities that are illegal and pose danger to the environment and to public health, safety, and welfare. We recognize that the enactment of responsive laws to govern mineral exploration, mining and investment decisions and an effective institutional structure, are fundamental for the sustainable utilization of the country's mineral resources. Our objective should be a more responsive and realistic set of regulations: a clearer demarcation between licensing and regulation, sharper teeth against wrongdoers, and a greater economic benefit of all.

Respectfully submitted:

Chairman:

RICHARD J. GORDON

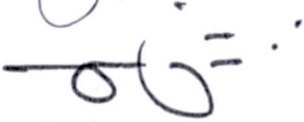
Committee on Accountability of Public Officers
and Investigations (Blue Ribbon)

Members:

SONNY ANGARA

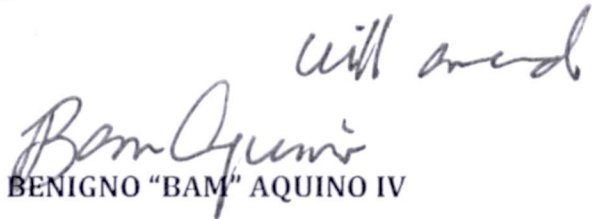


WIN GATCHALIAN



JOSEPH VICTOR G. EJERCITO

PAOLO BENIGNO "BAM" AQUINO IV

with amend


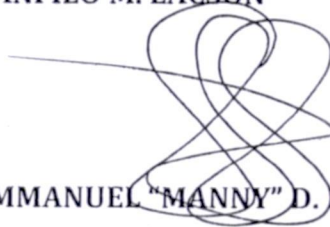
FRANCIS "CHIZ" G. ESCUDERO



GREGORIO B. HONASAN II


amendment - barangay
RISA HONTIVEROS
may interpellate / propose amendments,

PANFILO M. LACSON



EMMANUEL "MANNY" D. PACQUIAO

LOREN B. LEGARDA

recreation, with interpellate / amend


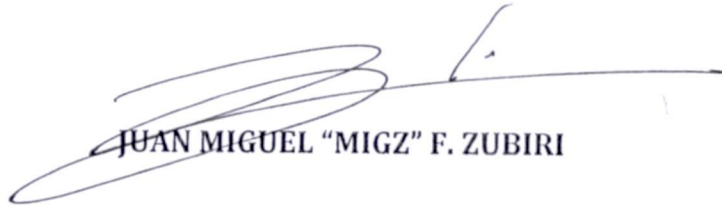
FRANCIS "KIKO" N. PANGILINAN

Grace Poe may interpellate
GRACE POE

CYNTHIA A. VILLAR



JUAN MIGUEL "MIGZ" F. ZUBIRI



ANTONIO "SONNY" F. TRILLANES

Ex-Officio Members:



FRANKLIN M. DRILON
Minority Floor Leader



VICENTE C. SOTTO III
Majority Floor Leader

RALPH G. RECTO
President Pro-Tempore

HON. AQUILINO "KOKO" PIMENTEL III
President
Senate of the Philippines
Pasay City

'17 DEC 12 AIO 122

SENATE
S.B. No. 1633

RECEIVED BY: 

Introduced by Senator Richard J. Gordon, Chairman, and the Members of the Committee on
Accountability of Public Officers and Investigations (Blue Ribbon)

AN ACT
AMENDING SECTION 9 OF PRESIDENTIAL DECREE 1586 BY INCREASING THE
PENALTIES THEREOF AND FOR OTHER PURPOSES

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

1 Section 1. Section 9 of Presidential Decree 1586 (Environmental Impact Statement
2 System Law) is hereby amended to read as follows:
3

4 Section 9. Penalty for Violation. Any person, corporation or partnership found
5 violating Section 4 of this Decree, or the terms and conditions in the issuance of
6 the Environmental Compliance Certificate, or of the standards, rules and
7 regulations issued by the National Environmental Protection Council pursuant to
8 this Decree shall be punished by the suspension or cancellation of his/its
9 certificate or and/or a fine in an amount not [to exceed Fifty Thousand Pesos (P
10 50,000.00)] LESS THAN FIVE HUNDRED THOUSAND PESOS (P 500,000.00) BUT
11 NOT MORE THAN TWO MILLION PESOS (P 2,000,000.00) for every violation
12 thereof[,] AND DEPENDING ON THE EFFECT AND DAMAGE IT CAUSED, at the
13 discretion of the National Environmental Protection Council.
14

15 IN ADDITION TO THE PENALTIES IMPOSED IN THE PRECEDING PARAGRAPH
16 AND SUCH OTHER LIABILITIES AS MAY BE ENACTED UNDER OTHER SPECIAL
17 LAWS, ANY PERSON, PARTNERSHIP OR CORPORATION FOUND VIOLATING
18 SECTION 4 OF THIS DECREE OR THE TERMS AND CONDITIONS OF THE
19 ENVIRONMENTAL COMPLIANCE CERTIFICATE SHALL BE OBLIGED TO
20 SHOULD THE FULL COST OF THE REHABILITATION, REPARATION, OR
21 RESTORATION OF THE DAMAGE CAUSED BY ITS VIOLATION.
22

23 *Sec. 2. Implementing Rules and Regulations.* – The Secretary of the Department of
24 Environment and Natural Resources shall promulgate the necessary rules and regulations
25 for the effective implementation of this Act.
26

27 *Sec. 3. Repealing Clause.* – All other laws, decrees, orders, issuances, and rules and
28 regulations or parts thereof inconsistent with this Act, are hereby repealed or amended
29 accordingly.
30

31 *Sec. 4. Separability Clause.* – All other provisions of Presidential Decree No. 1586 not
32 affected thereby shall remain in full force and effect.
33

34 *Sec. 5. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
35 publication in at least (2) national newspapers of general circulation.
36

37 Approved,

'17 DEC 12 AIO :22

SENATE
S.B. No. 1634

RECEIVED BY: 

Introduced by Senator Richard J. Gordon, Chairman, and the Members of the Committee on
Accountability of Public Officers and Investigations (Blue Ribbon)

AN ACT
PROVIDING FOR THE MANDATORY DOMESTIC PROCESSING OF ALL MINERAL ORES
BEFORE EXPORTATION AND A CERTIFICATION SHOWING PRESENCE OR LACK OF
RARE EARTH ELEMENTS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7942
OTHERWISE KNOWN AS THE PHILIPPINE MINING ACT OF 1995 AND FOR OTHER
PURPOSES

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

1 Section 1. Section 3(y) of Republic Act No. 7942, otherwise known as the "Philippine
2 Mining Act of 1995" is hereby amended to read as follows:
3

4 (y) Mineral processing means the milling, beneficiation or upgrading of ores
5 or minerals and rocks or by similar means to convert the same into
6 marketable products, AND/OR THE PROCESS OF SEPARATING
7 COMMERCIALY VALUABLE MINERALS FROM THEIR MINERAL ORES.
8

9 Sec. 2. Section 53 of Republic Act No. 7942, otherwise known as "The Philippine
10 Mining Act of 1995" is hereby amended to read as follows:
11

12 Section 53. Ore Transport Permit. A permit specifying the origin AND
13 DESTINATION and quantity of non-processed mineral ores or minerals shall be
14 required for their transport. Transport permits shall be issued by the mines
15 regional director who has jurisdiction over the area where the ores were
16 extracted. In the case of mineral ores or minerals being transported from the
17 small-scale mining areas to the custom mills or processing plants, the Provincial
18 Mining Regulatory Board (PMRB) concerned shall formulate their own policies
19 to govern such transport of ores produced by small-scale miners. The absence of
20 a permit shall be considered as prima facie evidence of illegal mining and shall
21 be sufficient cause for the Government to confiscate the ores or minerals being
22 transported, the tools and equipment utilized, and the vehicle containing the
23 same. Ore samples not exceeding two metric tons (2 m.t.) to be used exclusively
24 for assay or pilot test purposes shall be exempted from such requirement.
25

26 Sec. 3. Section 55 of Republic Act No. 7942, otherwise known as "The Philippine
27 Mining Act of 1995" is hereby amended to read as follows:
28

29 Section 55. Minerals Processing and Minerals Processing Permit. ANY
30 MINERAL ORES EXTRACTED UNDER THE PROVISIONS OF THIS ACT SHALL

31 BE PROCESSED WITHIN THE COUNTRY. NO PERSON GRANTED WITH
32 PERMIT FOR PURPOSES OF MINING OPERATION SHALL BE ALLOWED TO
33 EXPORT THE UNPROCESSED MINERAL ORES TO OTHER COUNTRY FOR
34 PURPOSES OF TRADING MINERAL PRODUCTS WITHOUT A CERTIFICATION
35 OF COMPLIANCE SHOWING PRESENCE OR LACK OF RARE EARTH
36 ELEMENTS OR OTHER VALUABLE MINERALS.
37

38 ANY PERSON EXPORTING THE UNPROCESSED MINERAL ORES WITHOUT
39 THE AFOREMENTIONED CERTIFICATE OF COMPLIANCE SHALL, UPON
40 CONVICTION, BE IMPRISONED FROM SIX (6) YEARS AND ONE (1) DAY TO
41 TWELVE (12) YEARS AND PAY THE FINE AMOUNTING TO TWICE THE
42 VALUE OF THE SEIZED MINERAL ORES. IN ADDITION, THE CARGO
43 CONTAINING THE UNPROCESSED MINERAL ORES SHALL BE CONFISCATED
44 IN FAVOR OF THE STATE. IN THE CASE OF ASSOCIATIONS, PARTNERSHIPS,
45 OR CORPORATIONS, THE PRESIDENT AND EACH OF THE DIRECTORS IN
46 SHALL BE RESPONSIBLE FOR THE ACTS COMMITTED BY SUCH
47 ASSOCIATION, PARTNERSHIP, OR CORPORATION.
48

49 No person shall engage in the processing of minerals without first
50 securing a minerals processing permit from the Secretary. Minerals
51 processing permit shall be for a period of five (5) years renewable for like
52 periods but not to exceed a total term of twenty-five (25) years. In the case of
53 mineral ores or minerals produced by the small-scale miners, the processing
54 thereof as well as the licensing of their custom mills or processing plants
55 shall continue to be governed by the provisions of Republic Act No. 7076.
56

57 *Sec. 4. Implementing Rules and Regulations.* – The Secretary of the Department of
58 Environment and Natural Resources shall promulgate the necessary rules and regulations
59 for the effective implementation of this Act.
60

61 *Sec. 5. Repealing Clause.* – All other laws, decrees, orders, issuances, and rules and
62 regulations or parts thereof inconsistent with this Act, are hereby repealed or amended
63 accordingly.
64

65 *Sec. 6. Separability Clause.* – All other provisions of Republic Act No. 7942, otherwise
66 known as “The Philippine Mining Act of 1995” not affected thereby shall remain in full
67 force and effect.
68

69 *Sec. 7. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
70 publication in at least (2) national newspapers of general circulation.
71

72 Approved,



Republic of the Philippines
Senate

28 November 2016

SENATOR LOREN B. LEGARDA
Chairperson
Committee on Finance
GSIS Financial Center Complex
Roxas Blvd., Pasay City

Dear Senator Legarda:

We are submitting to your Committee the proposed amendments in the amount of **TWELVE MILLION PESOS ONLY** to the proposed FY 2017 budget of the Department of Science and Technology (DOST) namely:

PARTICULARS	LOCATION	AMOUNT
Procurement of Portable X-Ray Fluorescence Spectrometer to analyze outgoing ores for compositions of Iron, Nickel, Titanium, Vanadium. This equipment is handheld to check onboard and onsite ores of black sand and nickel ores	Mariano Marcos State University, Environmental Laboratory	P2,000,000.00
	Eastern Visayas State University	P2,000,000.00
	MGB Region 2, Cagayan Valley	P2,000,000.00
	MGB Region 3 Zambales	P2,000,000.00
Upgrade of Inductively Coupled Mass Spectrometer to handle Rare Earth Element and Scandium Analysis as the national laboratory to test all raw nickel ore exports for rare earth elements and Scandium analysis.	National Institute of Geological Sciences, UP Diliman (Earth Materials Science Laboratory)	P4,000,000.00
	TOTAL	P12,000,000.00

Your kind and immediate consideration of this matter will be highly appreciated.

Thank you.

Very truly yours,


RICHARD J. GORDON

Supplementary Budget for DOST to provide Field and Laboratory Capability for Determining Compositions of Exported Raw Ores

Item	Cost/Item	Recipients
1 Portable X-Ray Fluorescence Spectrometer to analyze outgoing ores for compositions of Iron, Nickel, Titanium, Vanadium This equipment is handheld to check onboard and onsite ores of black sand and nickel ores	₱2,000,000 ₱2,000,000 ₱2,000,000 ₱2,000,000	Mariano Marcos State University, Environmental Laboratory Eastern Visayas State University MGB Region 2, Cagayan Valley MGB Region 3 Zambales
2 Upgrade of Inductively Coupled Mass Spectrometer to handle Rare Earth Element and Scandium Analysis as the national laboratory to test all raw nickel ore exports for rare earth elements and Scandium analysis. This budget will upgrade the current UPNIGS laboratory and include training of staff (also for other laboratories that will handle XRF)	₱4,000,000	National Institute of Geological Sciences, UP Diliman Earth Materials Science Laboratory
Total	₱12,000,000	