

NATION

# DENR to open more mining areas

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The Department of Environment and Natural Resources (DENR) is set to declare more mineral reservation areas across the country in an effort to generate additional nontax revenue for the government, an environment undersecretary said Thursday.

The move came after the Philippine economy grew below expectations at 6 percent in the second quarter, partly due to the lackluster performance of the mining and quarrying sector as a result of the closure of some mining pits and imposition of excise on minerals.

Analiza Rebuelta-Teh, undersecretary for climate change and mining concerns, said the Mines and Geosciences Bureau (MGB) had begun identifying “mineralized areas” and “high-mineral potential areas,” including existing mines in operation, for declaration as mineral reservations.

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A number of sites are ready for endorsement to President Rodrigo Duterte for declaration as mineral reservations, pursuant to Republic Act No. 7942, or the Philippine Mining Act.

“The law provides that when the national interest so requires, such as when there is a need to preserve strategic raw materials for industries critical to national development, or certain minerals for scientific, cultural or ecological value, the President may establish mineral reservations,” Teh said in a statement.

Once an area is declared a mineral reservation, jurisdiction over it shall be transferred to the Philippine Mining Development Corp. (PMDC) to make it revenue-generating.

PMDC currently handles two mineral reservation projects—the Diwalwal gold mine in Compostela Valley province and the Dinagat Chromite-Nickel mining projects in the Caraga region.

Other government-declared mineral reservation areas are located in Zambales, Surigao del Norte and Surigao del Sur.

### **Uncollected revenue**

The DENR is looking at declaring more mineral reservations in response to recent audit findings that found that the government did not collect P2.7 billion from mining activities.

Teh said the DENR hoped to solve the problem of uncollected mining revenue by declaring more areas as mineral reservations, which would give the MGB mandate to collect royalties.

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The present mining law requires operators to pay royalty only in areas that were declared mineral reservations.

The fees represent about 5 percent of the market value of the minerals produced by mining firms in the reservation area.

Of the fees, 54 percent are given to the national government and 36 percent to the local government. The remaining 10 percent goes to the MGB.

### **COA finding**

In its 2017 report on the MGB, the Commission on Audit (COA) questioned the agency's failure to collect a total of P2.7 billion in royalties from five mining companies in the Caraga region between 2012 and 2016.

Mr. Duterte himself has repeatedly expressed exasperation that while mining companies continue to rake in profits, their activities have taken a heavy toll on the environment.

In his State of the Nation Address on July 23, the President vowed to prioritize the protection of the environment, warning mining companies against shortchanging the people in the exploitation of the country's mineral resources.

“Do not just give me taxes. I can get it from other sources. Give me what needs to be given to my countrymen,” he said.

In a speech during the 31st anniversary of the DENR on July 4, Mr. Duterte said he was considering stopping mining operations in the country as he expressed concern over the negative impact of these activities on the environment.

“I told Roy (Cimatu), Roy, there has to be a time that we have to decide just to tell them (the mining companies) frankly. Anyway, we're getting something like P70 billion (from the) mining industry. We can get that from other sources,” he said.

## **TRAIN 2**

According to Teh, the DENR has also proposed to the Department of Finance to include the imposition of royalty on mining firms operating outside mineral reservations in the second package of the Tax Reform for Acceleration and Inclusion (TRAIN) Act.

“Should an amendatory law be passed, the imposition of royalties on mining operations outside mineral reservations will be applied prospectively,” she said.

Rocky Dimaculangan, Chamber of Mines of the Philippines vice president for communications, said the group would have to review the impact of the agency's latest move first.

“We understand [the] government's desire to derive more revenue from the mining industry. We are studying the impact of the proposal and hope our inputs would be considered during deliberations,” he said.

Alyansa Tigil Mina (ATM), an antimining group, has reservations.

“We can understand if the government would like to declare existing mining operations as mineral reservations but we still oppose the move . . . even in the argument that we can expect more revenue,” ATM spokesperson Jaybee Garganera said.

He said the declaration of new mineral reservation areas would enable the government to convert land areas and waive permits, such as local government endorsements and environment impact assessments.

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