

Losses from mine closures seen at P77 B annually

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By *Madelaine B. Mirafior*

The annual loss from mine closures and suspension orders that the Department of Natural and Environment Resources (DENR) have recently issued could go up as high as P77 billion, a government official said.

Of the total 41 metallic miners, 23 were asked to close down and five were suspended as the result of Environment Secretary Lopez's nationwide audit versus the sector.

Only 12 miners have passed the audit while the decision for one company was left hanging as of now.

Based on the computation provided by a DENR official, who refused to be named, the total value of all the mining investments stand at P278.12 billion as of 2016, while the sector paid tax of as much as P10.1 billion in 2015.

Of this, the country is at risk of losing as much as P64.82 billion starting this year if the closure and suspension orders were finally implemented. This could go up to around P77 billion once the DENR decided to suspend the one with "deferred" status.

According to the data the official provided, companies that were up for closure and suspension account for more than 20 percent of the total mining investments, hiring more than 50 percent of the sector's total employment.

Close to 42 percent of the taxes and fees the government collected from the industry also came from them.

This is not far from the estimates provided by Chamber of Mines of the Philippines (COMP) last week, which stands around the annual losses of P66.6 billion.

As for the taxes paid by large-scale mines, COMP said the government stands to lose as much as P16.7 billion yearly.

In its final list, it turned out that instead of 21 mines like it earlier said, the DENR closed down 23 mining firms and suspended five companies.

Instead of agreeing with the decision of Lopez, another source from the DENR said that Leo Jasareno, the former Mines and Geosciences Bureau (MGB) chief who once led the mining audit and eventually became Lopez's consultant after President Rodrigo Duterte axed him out of the position, should be held accountable for all the issues surrounding the audit and the sector.

This, after Lopez blamed MGB, an agency under the DENR in charge of the mining sector, for the long-delayed result of the audit.

The silent brawl between the DENR and MGB started when Duterte appointed Mindanao-based Mario Luis Jacinto as Environment Undersecretary and concurrent MGB director to establish a balance within the agency.

As of now, the DENR is yet to provide the recommendation reports of MGB — tasked to review the initial reports of the audit — for each mining companies that were recommended for suspension.

Lopez declined to provide these documents, saying the MGB report is in contrast with the decision of DENR.

“Jasareno led the mining audit at first. Lopez should blame him, not the entire MGB. It was during his term as MGB director when these mining firms start to operate in the first place. Despite the moratorium, former Environment Secretary Ramon Paje let some new mining projects to proceed. Jasareno was there, too,” a source from MGB told Business Bulletin.

“And if she (Lopez) doesn’t think MGB, under the new supervision, couldn’t perform well, then why did she ask us to review the audit results? It seems to us that she already has her own results even before we finish reviewing them,” she added.

Philippine Mine Safety and Environment Association (PMSEA) believes that MGB’s report will be crucial in enlightening the sector about the decision of Lopez.

“It appears that full details of the results of the Mining Audit have yet to be furnished to the concerned companies. The closures/suspensions, if affirmed, will have far reaching effect especially in mining communities that plays host to these mines – employees and their dependents, contractors, and mine-dependent small businesses will be the biggest losers,” PMSEA President Louie Sarmiento said.

“In the spirit of transparency and due process, the PMSEA exhorts the DENR to release the results of the mining audit to clear any doubts and air of suspicions. As always, as a partner organization, the PMSEA is offering its expertise to the DENR,” he added.

The Philippines is the world’s top nickel ore supplier yet the mining sector still contributes less than 1 percent to the economy.

But Lopez said she “doesn’t care” about the growth of the country’s Gross Domestic Product.

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