

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Diliman, Quezon City

Fifteenth Congress
First Regular Session

House Bill No. 5473



HON. BERNARDO M. VERGARA AND HON. RONALD M. COSALAN

EXPLANATORY NOTE

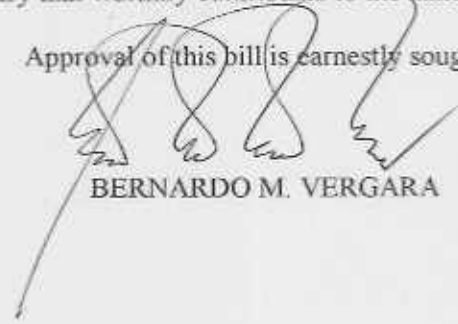
The proposed bill seeks to address the perceived inequity in the allocation and distribution of socio-economic benefits derived from the mineral resource industry, particularly for indigenous cultural communities and indigenous peoples (ICCs/IPPs) whose ancestral domains and/or ancestral lands have been subject to mining operations.

Under existing legislation, the royalty payments due to these affected ICCs/IPPs are indeterminate and are set only at the rate that may be agreed upon by the parties concerned. This has placed the affected ICCs/IPPs at a distinct disadvantage during bargaining, oftentimes resulting in royalty payment determination that is just and equitable.

This bill sets the royalty payments for affected ICCs/IPPs at one per cent (1%) of gross revenues will increase the confidence of existing and prospective investors on the consistency and stability of Philippine mining policies. Essentially, it underscores the government's declared policy of providing for a predictable, stable, and clear-cut policy environment for investments, while at the same time considering the costs of investors that are deducted from income as profits to business before the sharing system for royalty payments.

Fixing the royalty for ICCs/IPPs will deepen public trust in mining projects, enhance business confidence within the mining industry, and further foster added growth to an industry that worthily contributes to the national and local economy.

Approval of this bill is earnestly sought.


BERNARDO M. VERGARA


RONALD M. COSALAN

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"AN ACT SETTING THE ROYALTY PAYMENTS DUE TO INDIGENOUS CULTURAL COMMUNITIES FROM THE EXPLORATION, DEVELOPMENT AND UTILIZATION OF MINERAL RESOURCES LOCATED WITHIN THEIR ANCESTRAL LANDS, AMENDING FOR THE PURPOSE SECTION 17 OF REPUBLIC ACT NO. 7942, OTHERWISE KNOWN AS THE PHILIPPINE MINING ACT OF 1995."

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

SECTION 1. Section 17 of Republic Act No. 7942, otherwise known as the Philippine Mining Act of 1995, is hereby amended to read as follows:

"Section 17. Royalty Payments for Indigenous Cultural Communities . In the event of an agreement with an indigenous cultural community pursuant to the preceding section, A royalty payment, upon utilization of the minerals shall be given to the indigenous cultural community by the contractor, permittee, or mining operator. The royalty shall be one percent (1%) of the gross output and shall form part of a trust fund for the socioeconomic well-being of the indigenous cultural community."

SECTION 2. All other laws, rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

APPROVED,