

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 6322



Introduced by Hon. ANGELO B. PALMONES

EXPLANATORY NOTE

Energy and power are basic in the development of any nation. Almost twenty years ago in 1992 the Philippines experienced extensive and severe shortage of electric power in Metro Manila in widespread brownouts of up to 12 hours a day resulting greatly reduced production in the government and the private sector. This caused a huge decline in the gross domestic product of the country.

Recently Mindanao suffered similar shortage of energy because of reduced generation from the hydroelectric power plants particularly the Maria Cristina power plant. Mindanao experienced 3-4 hours of rotating brownouts. This is particularly disastrous to the economy because the whole of Mindanao contributes about more than 18% to the total GDP of the country. This power and energy shortage in Mindanao could easily as well happen to other parts the country. It is important therefore that the country has the resources to repair existing power generating units or build new ones.

One source of funds for the purpose is the royalties and revenues from the utilization of mineral resources.

This proposed Act amends RA No. 7942, the Mining Act of 1995 for the purpose of utilizing twenty percent (20%) of all royalties and revenues from all mining operations in the country.


ANGELO B. PALMONES
Representative, AGHAM Party-list

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AN ACT

**AMENDING REPUBLIC ACT NO. 7942 OTHERWISE KNOWN AS AN ACT
INSTITUTING A NEW SYSTEM OF MINERAL DEVELOPMENT, UTILIZATION,
AND CONSERVATION TO UTILIZE TWENTY PERCENT OF ROYALTIES AND
REVENUES FROM THE UTILIZATION OF MINERAL RESOURCES FOR THE
DEVELOPMENT, GENERATION AND DISTRIBUTION OF POWER AND FOR
OTHER PURPOSES**

**Section 1. Utilization of twenty percent of royalties and revenues from the use of
mineral resources** Section 5 of RA No. 7942 shall be amended as follows:

Sec. 5 Mineral Reservations. 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 upon the recommendation of the Director through the Secretary. Mining operations in existing mineral reservations and such other reservations as may thereafter be established, shall be undertaken by the Department or through a contractor: Provided, That a small scale mining agreement for a maximum aggregate area of twenty-five percent (25%) of such mineral reservation, subject to valid existing mining quarrying rights as provided under Section 112 Chapter XX hereof. All submerged lands within the contiguous zone and in the exclusive economic zone of the Philippines are hereby declared to be mineral reservations.

A ten per centum (10%) share of all royalties and revenues to be derived by the government from the development and utilization of the mineral resources within mineral reservations as provided under this Act shall accrue to the Mines and Geosciences Bureau to be allotted for special projects and other administrative expenses related to the exploration and development of other mineral reservations mentioned in Section 6 hereof. **PROVIDED FURTHER THAT ANOTHER TWENTY (20%) OF ROYALTIES AND REVENUES SHALL BE UTILIZED**

**FOR THE DEVELOPMENT, GENERATION AND DISTRIBUTION ENERGY
AND POWER.**

Section 2. Implementing rules and regulations. The Department of Environment and Natural Resources and the Department of Energy shall prepare and issue jointly the implementing rules and regulations of this Act within 90 days from the approval of this Act.

Section 3 – Repealing Clause. All laws, decrees, orders, rules and regulations or portions thereof, inconsistent with this Act are hereby repealed or modified accordingly.

Section 5 – This Act shall take effect 15 days after its complete publication in two newspapers of general circulation.

Approved.