

[REPUBLIC ACT NO. 7076, June 27, 1991]

**AN ACT CREATING A PEOPLE'S SMALL-SCALE MINING PROGRAM
AND FOR OTHER PURPOSES**

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

SECTION 1. *Title.* - This Act shall be known as the "People's Small-scale Mining Act of 1991."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to promote, develop, protect and rationalize viable small-scale mining activities in order to generate more employment opportunities and provide an equitable sharing of the nation's wealth and natural resources, giving due regard to existing rights as herein provided.

SEC. 3. *Definitions.* - For purposes of this Act, the following terms shall be defined as follows:

- a. "Mineralized areas" refer to areas with naturally occurring mineral deposits of gold, silver, chromite, kaolin, silica, marble, gravel, clay and like mineral resources;
- b. "Small-scale mining" refers to mining activities which rely heavily on manual labor using simple implements and methods and do not use explosives or heavy mining equipment;
- c. "Small-scale miners" refer, to Filipino citizens who, individually or in the company of other Filipino citizens, voluntarily form a cooperative duly licensed by the Department of Environment and Natural Resources to engage, under the terms and conditions of a contract, in the extraction or removal of minerals or ore-bearing materials from the ground;
- d. "Small-scale mining contract" refers to co-production, joint venture or mineral production sharing agreement between the State and a small-scale mining contractor for the small-scale utilization of a plot of mineral land;
- e. "Small-scale mining contractor" refers to an individual or a cooperative of small-scale miners, registered with the Securities and Exchange Commission or other appropriate government agency, which has entered into an agreement with the State for the small-scale utilization of a plot of mineral land within a people's small-scale mining area;
- f. "Active mining area" refers to areas under actual exploration, development, exploitation or commercial production as determined by the Secretary after the necessary field investigation or verification including contiguous and geologically related areas belonging to the same claim owner and/or under contract with an operator, but in no case to exceed the maximum area allowed by law;

- g. "Existing mining right" refers to perfected and subsisting claim, lease, license or permit covering a mineralized area prior to its declaration as a people's small-scale mining area;
- h. "Claimowner" refers to a holder of an existing mining right;
- i. "Processor" refers to a person issued a license to engage in the treatment of minerals or ore-bearing materials such as by gravity concentration, leaching, beneficiation, cyanidation, cutting, sizing, polishing and other similar activities;
- j. "License" refers to the privilege granted to a person to legitimately pursue his occupation as a small-scale miner or processor under this Act;
- k. "Mining plan" refers to a two-year program of activities and methodologies employed in the extraction and production of minerals or ore-bearing materials, including the financial plan and other resources in support thereof;
- l. "Director" refers to the regional executive director of the Department of Environment and Natural Resources; and
- m. "Secretary" refers to the Secretary of the Department of Environment and Natural Resources.

SEC. 4. *People's Small-scale Mining Program.* - For the purpose of carrying out the declared policy provided in Section 2 hereof, there is hereby established a People's Small-scale Mining Program to be implemented by the Secretary of the Department of Environment and Natural Resources, hereinafter called the Department, in coordination with other concerned government agencies, designed to achieve an orderly, systematic and rational scheme for the small-scale development and utilization of mineral resources in certain mineral areas in order to address the social, economic, technical, and environmental problems connected with small-scale mining activities.

The People's Small-scale Mining Program shall include the following features:

- a. The identification, segregation and reservation of certain mineral lands as people's small-scale mining areas;
- b. The recognition of prior existing rights and productivity;
- c. The encouragement of the formation of cooperatives;
- d. The extension of technical and financial assistance, and other social services;
- e. The extension of assistance in processing and marketing;
- f. The generation of ancillary livelihood activities;
- g. The regulation of the small-scale mining industry with the view to encourage growth and productivity; and
- h. The efficient collection of government revenue.

SEC. 5. *Declaration of People's Small-scale Mining Areas.* - The Board is hereby authorized to declare and set aside people's small-scale mining areas in sites onshore suitable for small-scale mining, subject to review by the Secretary, immediately giving priority to areas already occupied and actively mined by small-scale miners before August 1, 1987: *Provided*, That such areas are not considered as active mining areas: *Provided, further*, That the minerals found therein are technically and commercially suitable for small-scale mining activities: *Provided, finally*, That the areas are not covered by existing forest rights or reservations and have not been declared as tourist or marine reserves, parks and wildlife reservations, unless their status as such is withdrawn by competent authority.

SEC. 6. *Future People's Small-scale Mining Areas.* - The following lands, when

suitable for small-scale mining, may be declared by the Board as people's small-scale mining areas:

- a. Public lands not subject to any existing right;
- b. Public lands covered by existing mining rights which are not active mining areas; and
- c. Private lands, subject to certain rights and conditions, except those with substantial improvements or in bona fide and regular use as a yard, stockyard, garden, plant nursery, plantation, cemetery or burial site, or land situated within one hundred meters (100 m.) from such cemetery or burial site, water reservoir or a separate parcel of land with an area of ten thousand square meters (10,000 sq. m.) or less.

SEC. 7. *Ancestral Lands.* - No ancestral land may be declared as a people's small-scale mining area without the prior consent of the cultural communities concerned: Provided, That, if ancestral lands are declared as people's small-scale mining areas, the members of the cultural communities therein shall be given priority in the awarding of small-scale mining contracts.

SEC. 8. *Registration of Small-scale Miners.* - All persons undertaking small-scale mining activities shall register as miners with the Board and may organize themselves into cooperatives in order to qualify for the awarding of a people's small-scale mining contract.

SEC. 9. *Award of People's Small-scale Mining Contracts.* - A people's small-scale mining contract may be awarded by the Board to small-scale miners who have voluntarily organized and have duly registered with the appropriate government agency as an individual miner or cooperative: *Provided,* That only one (1) people's small-scale mining contract may be awarded at any one time to a small-scale mining contractor who shall start mining operations within one (1) year from the date of award: *Provided, further,* That priority shall be given to small-scale miners residing in the province or city where the small-scale mining area is located.

Applications for a contract shall be subject to a reasonable fee to be paid to the Department of Environment and Natural Resources regional office having Jurisdiction over the area.

SEC. 10. *Extent of Contract Area.* - The Board shall determine the reasonable size and shape of the contract area following the meridional block system established under Presidential Decree No. 463, as amended, otherwise known as the Mineral Resources Development Decree of 1974, but in no case shall the area exceed twenty hectares (20 has.) per contractor and the depth or length of the tunnel or adit not exceeding that recommended by the director taking into account the following circumstances:

- a. Size of membership and capitalization of the cooperative;
- b. Size of mineralized area;
- c. Quantity of mineral deposits;
- d. Safety of miners;
- e. Environmental impact and other considerations; and
- f. Other related circumstances.

SEC. 11. *Easement Rights.* - Upon the declaration of a people's small-scale mining area, the director, in consultation with the operator, claimowner, landowner or lessor of an affected area, shall determine the right of the small scale miners to existing facilities such as mining and logging roads, private roads, port and communication facilities, processing plants which are necessary for the effective implementation of the People's Small-scale Mining Program, subject to payment of reasonable fees to the operator, claimowner, landowner or lessor.

SEC. 12. *Rights Under a People's Small-scale Mining Contract.* - A people's small-scale mining contract entitles the small-scale mining contractor to the right to mine, extract and dispose of mineral ores for commercial purposes. In no case shall a small-scale mining contract be subcontracted, assigned or otherwise transferred.

SEC. 13. *Terms and Conditions of the Contract.* - A contract shall have a term of two (2) years, renewable subject to verification by the Board for like periods as long as the contractor complies with the provisions set forth in this Act, and confers upon the contractor the right to mine within the contract area: *Provided*, That the holder of a small-scale mining contract shall have the following duties and obligations:

- a. Undertake mining activities only in accordance with a mining plan duly approved by the Board;
- b. Abide by the Mines and Geosciences Bureau and the Small-scale Mining Safety Rules and Regulations;
- c. Comply with his obligations to the holder of an existing mining right;
- d. Pay all taxes, royalties or government production share as are now or may hereafter be provided by law;
- e. Comply with pertinent rules and regulations on environmental protection and conservation, particularly those on tree-cutting, mineral-processing and pollution control;
- f. File under oath at the end of each month a detailed production and financial report to the Board; and
- g. Assume responsibility for the safety of persons working in the mines.

SEC. 14. *Rights of Claimowners.* - In case a site declared and set aside as a people's-scale mining area is covered by an existing mining right, the claimowner and the small-scale miners therein are encouraged to enter into a voluntary and acceptable contractual agreement with respect to the small-scale utilization of the mineral values from the area under claim. In case of disagreement, the claimowner shall be entitled to the following rights and privileges:

- a. Exemption from the performance of annual work obligations and payment of occupation fees, rental, and real property taxes;
- b. Subject to the approval of the Board, free access to the contract area to conduct metallurgical tests, explorations and other activities, provided such activities do not unduly interfere with the operations of the small-scale miners; and
- c. Royalty equivalent to one and one half percent (1 1/2%) of the gross value of the metallic mineral output or one percent (1%) of the gross value of the nonmetallic mineral output to be paid to the claimowner: *Provided*, That such rights and privileges shall be available only if he is not delinquent in the performance of his annual work obligations and other requirements for the last two (2) years prior to the effectivity of this Act.