

AN ACT TO PROVIDE FOR EMERGENCY ASSISTANCE TO THE GOLD MINING INDUSTRY OF THE PHILIPPINES, TO AUTHORIZE THE APPROPRIATION OF FUNDS THEREFOR, AND F OTHER PURPOSES.

REPUBLIC ACT NO. 1164, June 18, 1954

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

SECTION 1. Short title.—This Act shall be known "The Emergency Gold Mining Assistance Act of the Philippines."

SEC. 2. Definition of terms.—When used in this Act the following terms shall, unless the context otherwise indicates, have the following respective meanings:

- "Gold producer" means any person, corporation partnership or association which produced gold in nineteen hundred and fifty-three whether as principal product or as by-product;
- "Government" means the Government of the Republic of the Philippines;
- "Board" means the entity or office created by the President of the Philippines to carry out the provisions of this Act;
- "Marginal mine" means¹ any mine which makes a total net profit less than what shall be determined as "base profit" for that particular mine;
- "Base profit" is that profit equal to the quotient of the total remaining capital investment divided by the anticipated remaining lifetime of the ore reserve plus ten per cent; or ten per cent of the gross receipts, which ever is lower;
- "Sub-marginal mine" means any mine which was in operation at any time during the year nineteen hundred and fifty-three whose cost of production was one hundred twenty-five pesos or more per ounce: Provided, That such mine shall cease to be sub-marginal if after six months from the start of operation after the enactment of this Act, its cost of production improves to the level of the marginal mine;
- "Net profit" means, for purposes of this Act, the gross receipts from the sale of gold bullions minus the total cost of production as defined in this Act;
- "Anticipated lifetime of a mine" shall be based upon the formula of calculating the total positive ore reserve plus total reasonably probable ore reserve plus total reasonably possible ore reserve as reported by the particular mine and approved by the Board, divided by Biannual tonnage extracted;
- "Total remaining capital investment" includes investment in the mines property, plant and equipment, not yet amortized and/or depleted;
- "Mines property" includes mining claims, surface tents, shafts, main tunnels, and other capital development;
- "Plant and equipment" include mill, hoist house, headframe, power house, and other permanent buildings and

structures together with all equipment utilized in operation;

- "Gross receipt" means the gross output of mines or the actual market value of bullion from each mine or mineral lands operated as a separate entity without any deduction for mining, milling, refining, transporting, handling, marketing, or any other expenses;

- "Cost of production" of bullion from a mine means the cost incurred by the producer and properly attributable to the production of bullion and includes mining, milling, smelting, refining, production tax, domestic marketing expense, transportation, administrative costs which exclude expenses for foreign office and personnel, depreciation and depletion under standardized procedure to be adopted by the Board to be created to carry out the provisions of this Act, and amortization on capital loans;

- "Direct short term assistance" refers to a direct assistance to sub-marginal mines, to marginal mines, and to mines above the marginal classification, which assistance shall exist for a period of two years from the effective date of this Act;

- "Newly mined gold" means any gold fresh from the mill which has never been in trade or commerce, certified as such by the gold producer and confirmed by the Board;

- "Free market" means domestic open market;

- "Assistance" is the amount given by the Government to gold producers during the effectivity of this Act;

- "Official price" means the equivalent in Philippine peso of thirty-five dollars United States per ounce of gold or any official price that may be fixed later by the Philippine Government;

- "Ounce" means troy ounce which is one-twelfth part of a pound of 5,760 grains, or 480 grains or 31.1035 grams;

- "Refined gold" means gold that has been purified to the fineness acceptable to the Central Bank;

- "Designated year" means the calendar year nineteen hundred and fifty-three;

- "Peak year" means any post-war year before nineteen hundred and fifty-four when there was maximum output of gold in ounces in each particular mine;

- "Mine with gold as principal product" refers to a mine where the receipts from whatever source from the sale of gold is more than fifty per cent of the total receipts;

- "Mine with gold as by-product" refers to a mine where the receipts from whatever source from the sale of gold is fifty per cent or less of its total receipts.

SEC. 3. Direct short term assistance.—To assist the gold producers meet the present emergency, there is hereby created a Direct Short Term Assistance.

SEC. 4. Mines with gold as principal product.—Newly mined gold produced as principal product may be sold either to the Government through the Central Bank in the form of refined gold at the current official price per ounce plus the assistance provided in section six hereof or in the domestic free market without benefit of the assistance, at the choice of the gold producer.

SEC. 5. Mines with gold as by-product.—In cases of mines in which gold production is a by-product to some other metals they shall not be entitled to an assistance from the Government but are permitted to sell their newly mined gold at the domestic free market.

SEC. 6. Manner of payment under the Direct Short Term Assistance.—

- Any marginal gold producer shall be entitled to an assistance from the Government sufficient to bring the total, official price plus assistance, to one hundred eleven pesos and seventy-two centavos per ounce production within the effectivity of this Act, not to exceed the production during its post-war peak year: Provided, That in case there is excess production, the assistance to be paid on the excess shall be that which will bring the total, official price plus assistance, to one hundred five pesos and forty centavos per ounce.

- In cases of operating gold mines which are over the marginal classification, such mines shall be given an assistance that will bring the total, official price plus assistance, to one hundred and five pesos and forty centavos per ounce.

- In cases of gold mines which are sub-marginal, such mines shall be given the same assistance as those given to the marginal gold producer.

SEC. 7. Term.—This direct short term assistance shall be effective for a period of two years from the date of approval of this Act.

SEC. 8. Issuance of receipt.—During the two-year assistance period as provided in section six hereof, the Central Bank shall issue a receipt indicating the number of ounces of gold so sold and paid for.

SEC. 9. Board to carry out provisions of this Act.—The President of the Philippines is hereby authorized to create a Board of five members who shall be appointed by the President of the Philippines with the confirmation of the Commission on Appointments, which Board shall carry out the provisions of this Act and determine the mine or mines that shall be entitled to the benefits hereof.

SEC. 10. Submittal of quarterly reports.—Gold producers shall each submit to the Board quarterly reports containing their volume and value of gold production, cost of production as defined in this Act, and such other data and information as may be required by the Board.

SEC. 11. Examination and inspection.—The Head of the Board and his duly authorized representatives shall be vested with the authorities and prerogatives of the Director of Mines and his deputies as to inspection of mines property and plants, and examination of books of accounts and records of any gold producer who shall give the necessary facilities for such inspection and examination.

SEC. 12. Determination of marginal and non-marginal mines.—The Board shall determine the marginal or non-marginal mines every semester of each calendar year during the effectivity of this Act.

SEC. 13. Rules and regulations.—The Board authorized to carry out the provisions of this Act shall promulgate such rules and regulations as may be deemed necessary to implement the provisions of this Act subject to the approval of the corresponding Department head.

SEC. 14. Fund to carry out the provisions of this Act.—The Secretary of Finance and the Governor of the Central Bank shall, within thirty days from the approval of this Act and from time to time thereafter, make an estimate of the internal revenue taxes, tax on foreign exchange, customs duties and other charges, payable by gold producers directly or indirectly (except those otherwise allocated by law for other purposes), as well as those arising from allocations of foreign exchange equivalent in value to gold sold to the Central Bank, and such estimates shall be certified by said officials. Upon such certification, the Central Bank of the Philippines is authorized to charge the current account of the National Treasury in said Bank in an amount equivalent to such certification and the amount so charged shall be set aside in a trust fund to be known as "Emergency Gold Assistance Trust Fund", which is hereby appropriated to be disbursed exclusively for the purpose of carrying out the provisions of this

SEC. 15. Duties and functions of the Board.—The Board shall be the administrative office to carry out and implement

ment the provisions of this Act and shall have, among others, the following functions and duties:

- To undertake the payment of the assistance as herein provided to gold producers selling newly gold to the Central Bank;
- To determine the gold producer that may to receive assistance under the provisions of this Act,
- To study and work out a long term assistance plan to help the gold mining industry;
- To make inspection of mine properties and plants and to examine books and records of the gold producers;
- To do such other acts as may be necessary to carry out and implement the provisions of this Act.

SEC. 16. Penal provisions.—All statements representations, or reports required under this Act shall be under oath, and any person, making knowingly any false statement representation or report under oath shall be subject punishment for perjury under the provisions of the Revised Penal Code, upon conviction therefor by a competent court.

SEC. 17. Any mining company that takes advantage of the benefit of this Act shall not use the assistance herein provided for purposes of increasing salaries of personnel receiving compensation in excess of two thousand four hundred pesos annually.

SEC. 18. All acts or parts thereof which are inconsistent with any provision of this Act are hereby repealed.

SEC. 19. This Act shall take effect upon its approval.

Approved, June 18, 1954.

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