Mineral Governance, Conflicts, and Rights: Case Studies on Informal Mining of Gold, Tin, and Coal in Indonesia

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Outlines

• Introduction
• Governance Issues
• From Informal to Illegal
• Case Studies
• Conclusions
Introduction

• ANU thesis
• Fieldwork phase 2006 – 2007
• Mineral Commodity: gold, tin, and coal:
  – Aspinall, 2001
  – LIPI, 2003–2005
• In-depth interview and literature study
Governance Issues

• State’s Control Right (HMN)
  – Article 33 point 3 of 1945 Constitution of Republic of Indonesia:
    
    *Land and water and the natural riches contained therein shall be controlled by the State and shall be made use of for the benefits of the people*

• Mining Law 11/1967 vs Agrarian Law 5/1960

• Illegalising informal mining

• Decentralisation issues
From Informal to Illegal

• People’s mining (Mining Law 11/1967):
  ...the mining activity conducted by the locals in small-scale or in collective with simple tools for their own income.
  ...can only be carried out by the local people holding a Mining Authorisation for people’s mining.

• Illegal Mining (Ministry of Energy and Mineral Resources):

  Mining business conducted by personal, group of people, or company/foundation which has legal entity which in their operation do not have permit from government institutions according to the law.
The Statistics

• 90% of artisanal and small-scale mining in Indonesia are illegal (Aspinall, 2001).
• There are approximately 77,000 illegal mines in Indonesia with around 465,000 of estimated employment (UN, 1996; ILO, 1999; Avila, 2000 in Hilson, 2002).
• Indonesia’s Central Bureau of Statistics (BPS) records average informal sector employment in mining during 1997-2002 as 324,000 (Heriawan, 2004); or about ten times the average number of formal mining employment in the same period, which is 34,000 (PricewaterhouseCooper, 2004).
Research Locations
Pongkor

• Located in West Java; 80km southwest Jakarta.
• The largest gold deposit in Java with reserves 98t of gold and 1026t of silver.
• The mining company, PT Aneka Tambang Tbk (Antam) operates under Exploitation Mining Authorization KPDU 893 and covers area of 6047 ha.
• Three villages share access to Pongkor: Bantarkaret, Cisarua, and Malasari.
Pongkor's Informal Gold Mining Diagram

1. The Holes
   - Gurandils
     - Thieves
       - Apparatus
         - Sack Carriers
           - Gelundung outside Mt Pongkor Area
             - Gelundung in Mt Pongkor Area
               - Capital Owner
                 - Gembos & Gold Purchasing
                   - Gold Shops
                     - Gold Processing Company
                       - Waste sell/buy
Related Issues

- Pongkor’s informal mining is a recent phenomenon
- Gurandil Glorious Era
- Migrant workers lead to conflicts
- Security Forces
- Environmental Degradation
- Aftermath
The Local’s Voice

• Pongkor is Ours
• Unfair Aid Distribution
• Environmental Problems due to the company’s mining operation
• High Hopes on Employment
West Bangka

- A district located in Bangka-Belitung Province with Mentok as its capital
- 2820.61km\(^2\) or 17.17\% of the total provincial area
- Five sub-districts under West Bangka: Mentok, Tempilang, Simpang Teritip, Jebus, & Kelapa
- Mentok was once an important port during the colonial era and was the centre of British, then Dutch tin mining companies
Related Issues

• Bangka’s informal mining has a long history
• Pepper and Ruber Price Drop
• Private Smelters
• Environmental Degradation
• Over Supply → Tin Price Drop
• Timah’s Financial Loss
• Smelter Closure (Dark October)
TI’s Voice

• The government has been repressive in the past
• Timah pays lower and slower
• Local government never provides assistance in exploration; only deals with collecting fee and giving permits
• No clear regulation
South Kalimantan

• The smallest province in Kalimantan (37,530.52 km²).
• Has 11 districts and two municipalities with Banjarmasin as its capital.
• The second largest coal producing region in Indonesia after East Kalimantan, churning out 36.12 per cent of the nation’s coal output and contributing to IDR 250.96 billion in 2003.
South Kalimantan Informal Coal Mining Diagram

- Land Owner
- Mine
- Truck
- Stockpile (Middlemen)
- Load Out Port (Shipping Point)
- Barge
- Customers
Related Issues

• 1973 oil crisis → Keppres No.49/1981
• Involvement of KUDs
• Insatiable demands → Proliferation of PETI
• PETI in the decentralisation era
• A resistance movement against big mining companies
• Mining partnerships
Conclusions

• Being informal is desirable
  – formal and informal mining run in parallel operations
  – Awareness of Illegality
  – Cost-Benefit Analysis in Crime

• This resource is *ours*, not ours

• A thick grey line
Thank You