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## Patterns of Socio-Economic Relations in Gold Mining in Bombana Regency

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### ABSTRACT

The purpose of this study was to determine the pattern of socio-economic relations in gold mining in Bombana Regency. This research was carried out in Tahi Ite Village, Rarowatu District, Bombana Regency by using a qualitative approach. The results showed that the pattern of socio-economic relations in gold mining in Tahi Ite Village, Rarowatu Subdistrict, Bombana District intertwined, among others; 1) Government's Social-Economic Relationship with the Community, namely the transfer of management with consideration of income. 2) Government's Socio-Economic Relations with Investors, namely increasing regional own-source revenue (PAD) through profit-sharing/royalty 3) Investor's Social-Economic Relationship with the Community, namely the opening of employment opportunities. 4) Socio-Economic Relations Among Communities, namely land management by way of profit sharing or percent of the land.

### INTRODUCTION

Indonesia is a nation that is rich in natural resources which, if managed properly, can bring prosperity and social welfare to the people of Indonesia and create a just and prosperous society based on Pancasila and the 1945 Constitution. In managing natural resources as stated in the Constitution 1945 article 33 (section 3) reads: the earth, water and natural resources contained therein are controlled by the State, and to be used as much as possible for the prosperity of the people. This shows that the state protects natural resources and will be used for the welfare of the people.

Mining as a non-renewable natural resource. Mining is a major contributor to local economic capital through the provision of local labor, regional growth opportunities, and local business potential. But on the other hand, mining takes human resources which to some extent impedes community development. The mining industry sector that continues to grow can certainly contribute to employment. The existence of the industrial sector can provide employment opportunities for the workforce. Those who are absorbed in the mining industry sector will certainly get a salary as wages at work. Of course with wages, workers can use them to meet their daily needs. The presence of the

mining industry certainly provides an alternative life change for the surrounding community who are looking for work for better survival. In the context of change (Upe, 2018), it is emphasized that mining practices are not merely oriented towards growth but empowering development, capturing participatory openly, and that is no less important must consider future aspects.

Good management and utilization of mineral natural resources is a determining factor for the sustainability of the environment and human life activities. In Indonesia, the use and management of natural resources are very dependent on government policies in its time. In the current era of decentralization, the granting of authority from the central government to local governments in natural resource management has a very different impact than in the era of centralization. Local governments that have the power to exploit all the potential natural resources in their area, can transfer their rights by permitting the private sector or industry engaged in mining to manage and utilize natural mineral resources.

Rarowatu Subdistrict Tahi Ite Village is one of the gold mining activity centers located in Bombana Regency with precious gold metal content having the second-best grade in the world after Ballarat, in

Australia. Since the discovery of the precious gold metal in Bombana in 2008 accidentally by a local resident named Engka. The village of Tahi Ite, which was far from the word crowd, now has blue tents adorned the outskirts of the mountains of miners from various ethnic groups making makeshift tents as long as they can be occupied by rest and cooking for daily living needs (Upe, 2016).

Traditional mining by the community is carried out both within the area of the company that has a mining business license (IUP) or outside of the company area itself. openly by using tools such as; drilling machine, excavator, ten-wheeled car, tank car.

It is undeniable that the mining activities carried out by several actors including the community (miners, landowners), the company (investors) and the government cause environmental damage, pollution of the river due to the traditional miners and companies making the river contaminated with mercury material endangering health, mud caused by mining activities so that local people find it difficult to find clear water for their daily needs. In addition to the lack of water discharge, surface damage caused by irregular excavation leaves traces and logging of trees resulting in the decreased absorptive capacity of the soil to obtain gold ore without thinking about environmental safety. The same thing in the results of the study (Upe, 2019) explains the three problems in gold mining in Bombana Regency, namely ecological, social, and economic impacts.

Ecologically the exploitation of gold mining in Bombana Regency has destroyed the ecological structure that is so realistic, for example, destruction of natural morphology, water crisis for farmers, and the threat of mercury pollution to the sea and ponds. Using dangerous chemicals such as mercury has caused health problems as well as symptoms of itchy rashes. Meanwhile, the effect of mining exploitation from the socio-economic aspect is the existence of socio-economic imbalances and the marginalization of local communities from their natural resources. Land conflicts between companies and communities also often occur as a result of the control of mining land in areas claimed by residents as their land or their ancestral heritage. Likewise, the hopes of community welfare and regional development from the gold mining management process in Bombana Regency have not

shown significant results, but even produce new conditions, namely the emergence of risky societies.

In addition to ecological damage and land conflicts between the company and the landowner it also has a positive impact, that is, the company empowers the local community by recruiting as employees and increasing the income of the local community through mining. These problems are inseparable from the effects of multi-factor relations, including the community (miners, landowners, drum machine owners), the company (investors), and the government. On this basis, this study aims to analyze the pattern of socio-economic relations in gold mining in Tahi Ite Village, Rarowatu District, Bombana Regency.

## **MATERIALS AND METHODS**

The location of this research was carried out in Tahi Ite Village, Rarowatu Subdistrict, Bombana Regency, with the consideration that in this village gold mining activities involved various kinds of actors including the community (miners, drum machine owners, landowners), the company (investors), and the government, still ongoing in the complexity of patterns of economic relations. In this study using a qualitative descriptive approach type Bogdan and Taylor (Upe, 2016). Research Informants are taken as many as 25 people were determined by using purposive sampling, Data types and sources namely primary and secondary data, data collection techniques namely by interview, observation, documentation. Data analysis techniques namely data reduction, data display, and conclusions.

## **RESULTS AND DISCUSSION**

Patterns of Multi-Actor Socio-Economic Relations in Gold Mining in Tahi Ite Village, Rarowatu District, Bombana Regency. To be clearer, the researcher divides into four patterns of socio-economic relations that exist in gold mining in Tahi Ite Village including the Patterns of Government's Social Economic Relations with the Community, Government's Patterns of Social-Economic Relations with Investors, Patterns of Socio-Economic Relationships of Investors with the Community, Patterns of Social Relations -Economy Among Peers, which is still ongoing in a periodically vulnerable period.

### **1. Government's Socio-Economic Relationship with the Community**

At the beginning of the relationship between the local government and the community in giving the authority to mine at the gold mine site by the Regent of Bombana, Artikurahman at that time, where the Regent of Bombana officially opened the location of the gold mine into a community mine, this triggered the mobilization of miners from outside Bombana District even from outside the Province of Southeast Sulawesi to come in search of gold in the village of Tahi Ite as researchers found in the field the majority of miners who are still active in gold mining activities are not native to Bombana Regency they come from outside Southeast Sulawesi such as Java, Manado, South Sulawesi, Irian Jaya, and Kalimantan.

When mining activities carried out by the people were legitimized by Artikurahman, the Regent of Bombana at that time, the people who carried out the activity freely dredged the potential of existing natural resources, the freedom was with the proposition for the welfare of the people as stated by the Regent of Bombana or from outside Bombana. We prioritize the interests of the people not the interests of investors or investors, "said Artikurahman when opening a gold mine, which was accompanied by the Chairman of the Mine Control Team who was also Assistant I to Secretary of Bombana, Slamet Rigay, and Deputy Regent of Bombana, Muh. Subhan Tambara (Mining Magazine, November 19, 2008).

Based on the news content of the mining magazine above, the researcher quoted that the relation between the local government and the miners was solely for the welfare of the people, but over time the mining activities carried out by the people were disastrous for traditional miners, aside from jumping the mobilization of miners from outside the area on one side due to damage ecology and land conflicts due to traditional mining activities are a fundamental reason for local governments to close mining sites that were once a people's mining, are now turned into illegal mining.

Responding to this problem, the local government also took steps to bring order to the miners who had been mining in the Tahi Ite River. After one month the miners freely scooped up natural resources without government control, then at the end of September 2008 closed the gold mine

for one month. It was not only miners from outside Bombana who were prevented from mining but local Bombana residents. The miners will be permitted after Eid (1429 H), with the condition that they must have a mining permit which is regulated by the Bombana District Government. To make the mine location more effective, the Bombana District Government directed officers from the Bombana police station, Koramil, forestry police, and civil service police units.

The steps taken by the local government at that time were for environmental safety, considering that traditional miners left traces of excavations in the form of mouse holes being carried on the ground or those on uncertain land surfaces and using mercury that could damage the environment. The problem is that the government stops traditional miners with the argument because of environmental safety while investors who are permitted by local governments to manage gold mining sites in the village of Tahi Ite are no different from traditional miners conducted by the community.

### **2. Government's Socio-Economic Relationship with Investors**

Government relations with investors, wherein the current era of decentralization local governments have the authority to empower the potential of natural resources in their regions to be managed properly, therefore local governments can transfer their rights by granting licenses to private parties or investors engaged in mining.

Steps were taken by the Regional Government in managing the location of gold mines in Tahi Ite Village to the company by issuing mining business licenses, one of which is a mining business permit owned by PT. Tiran Indonesia Number: 2253/2008 / KW / 08, concerning the granting of mining permits. The government said that the presence of a mining company would bring prosperity to the people of Bombana, especially in the village of Tahi Ite. Behind this discourse, the community refused to leave the location of the gold mine which was originally a people's mining status. Citizens assess management policies that require the government not to side with the people, but rather to attract investors. Residents chanted injustice in managing the Bombana gold mine in Tahi Ite Village. Imagine, behind the forced eviction of traditional miners, they were shown the activities of companies holding mining business licenses freely exploiting.

Where residents of Tahi Ite Village, Rarowatu District came to the Bombana Regent's Office to carry out a rejection. The axis of rejection by the residents was greeted with ferocious security forces deployed to secure the action, so that citizens' actions were often accompanied by clashes with the authorities (Metro TV, 22 April 2009).

In addition to the socio-economic risks experienced by residents, Bombana gold mining also harms regional losses as stated by Muh. Hakku Wahab, head of the Southeast Sulawesi energy and mineral resources department, has lost around Rp. 185 billion. Funds of this magnitude are based on calculations on non-tax state income paper. Supposedly, the discovery of the Bombana gold mine can benefit the region, but the proof is that none of the regions enjoys even the tax, not in favor of the region” (Kendari Ekspres, July 27, 2009).

Regional losses from gold mining in Bombana Regency were also stated by the vice-chairman of the Southeast Sulawesi Regional Parliament. Saying about contributions to the region is also unclear. Before gold was discovered, PAD Bombana amounted to Rp 3 billion in 2007-2008. However, after the discovery of the Bombana PAD dropped, in November 2009 it was only over Rp2 billion, (Kendari Pos, 1 December 2009). The Democratic Party politician also assessed that the company's presence in Bombana so far has not had a significant positive thing. For the product's process, the company still uses a traditional mining system, no different from the miners traditionally carried out by the community.

It seems that the presence of the company has not had a significant influence on people's welfare. This is seen by the small number of royalties received by the regions. As stated by Tafdil, “It is ironic indeed, the contribution of third-party royalty payments to the Bombana District Government compared to the number of mining companies with 84 mining IUP holders conducting exploration or exploitation” if we want to be honest, the volume the mines exported may be larger than those reported in the regions. (Antara News, June 23, 2014).

While royalties obtained by the regional government must go through the central government first before being distributed to the regions, the royalties obtained by the Bombana district government from companies that manage

gold mines in their regions where royalties are managed nationally by the central government are only distributed to each province and district. The amount of royalties obtained by the province and district depends on the amount of production of the company itself.

The company also revealed that in addition to paying royalties or profit sharing, the company also paid taxes to the region each year. The local government also said that it had ordered the company regarding the company's deposit at the time about post-mining reclamation but contrary to what was stated by the company, the company said that the status of PT. Tiran Indonesia is only an exploration stage, not exploitation, in this case, the mining process because the parties are still taking care of the status of protected forest land. Where is the contract of PT Tiran Indonesia for 15 years since the permit was issued in 2008 until now it still operates? While for post-mining reclamation later, his party has committed to the local government at that time with a deposit for reclamation costs.

### **3. Investor's Socio-Economic Relationship with the Community**

Investor relations with the community, before PT. Tiran Indonesia cooperates in the form of partnership or profit-sharing with the community who own the land, the presence of the company in the gold mine is rejected by some people. The people who owned land in Tahi Ite Village refused, the community was excited that the presence of the company in the mining location wanted to seize the land even though it was not, where the company held socialization with the landowners and the miners about cooperation in the form of partnership or profit-sharing.

Where the community at that time owned land in the village of Tahi Ite which had the potential to contain gold overflows partnered with PT. Tiran Indonesia who have mining business licenses. Based on the land management contract agreement between PT. Tiran Indonesia and landowners who use drum and machines in the gold mining project which are attached in two pieces of paper owned by each landowner, where the first party as PT. Tiran Indonesia. The First Party oversees all activities of the Second Party as landowners who use drum machines and machines, the First Party has the right to terminate the cooperative relations with the Second Party unilaterally if there is a violation that

is not following the agreed agreement, the Second Party complies with all the rules issued by the party. First and first parties have the right to report the Second party to the authorities if there is a breach of contract.

From the results of the content sharing contract between PT. Tiran Indonesia with landowners who use drums and machines in partnership with companies, namely the use of drum machines to deposit 1.5 grams per day of production while the type of machine 0.5 grams per day of production. People who own land in Tahi Ite Village, Rarowatu District, are under the auspices of PT. Tiran Indonesia partnered with PT. Tiran Indonesia themselves; they are required to pay percent as determined by PT. Tiran Indonesia. The percentage of land applied by the company does not also become a burden for the landowners under the auspices of PT. Tiran Indonesia because the community sometimes after finished product does not directly pay a percent of the land to the company.

Company policy towards traditional miners where the company allows traditional miners to carry out mining activities within the area of their mining business permit provided that during the mining activity process does not use heavy equipment in the form of excavators that pass through company production or harm the company. Where the company itself revealed to the traditional miners to mine in the area as long as it was only for food needs. where the company also recruits the community to become its employees, the recruitment of the community as an employee of PT Tiran Indonesia as a form of corporate responsibility to improve the community around the mining area also uses community cars using being retested in the process of transporting materials. The salary given by the company to the car owner is 20,000 rupiahs per ret, which is one of the additional income for the people who own a car, given the lack of material vehicles owned by PT. Tiran Indonesia.

Utilization of human labor also to become workers in the company as employment has helped the government in reducing unemployment which is increasing every year. From the salaries obtained by the people who work in companies, they can help with the economic needs of their household.

#### **4. Socio-Economic Relations Between Communities**

The relation between miners and landowners, before conducting mining activities the miners survey land that has relatively shallow gold potential and certainly with the hope that in mining activities looking for gold is uncertain, why is that because not all miners are successful in conducting mining activities, both with the deep hole method, using a machine, pan, and by way of "Kodok-Kodok".

The agreement between the landowners and the miners must be obeyed by both parties as long as there is mining activity within the area. Agreements or rules where the miners process the material at the processing site (drum) that has been designated by the landowner or if the landowner has a processing site, the miner must process it at that place as well. Following the agreement or contract that has been established between the landowner and the miner, all material obtained by the miner is taken to the drum that has been determined, usually, the miner material is *ojek* with a motorcycle taxi that has been modified, sometimes also when the terrain is transported using a car, given the car's loading capacity itself more than a motorbike.

Meanwhile, for processing the miners cannot process their material which is still in the form of rocks, apart from not having facilities but also because of a contract being built with the landowner. The miners are directly bought by the owner of the drum that processes it, although the price range bought by the owner of the drum is different from what is on the market it doesn't matter to the miners as long as they still make a profit. Because miners who live in the mining area choose this alternative to sell their gold to the drum owners on the practical grounds that they no longer have to go out of the mining site to go sell their gold.

The relation between the drum owner and the landowner is very close because if the relationship between the two parties is not good then the drum owner does not get material supply for production. It could be that the landowner directs the community that mines in his area to process in another drum. Where the landowner controls the supply of material to the drum owner who only relies on other people's land if the owner of the drum also owns the land, the miner automatically

supplies the material for the sustainability of its production.

## **CONCLUSION**

Based on the results of the research, multi-factor socio-economic relations in gold mining in Tahi Ite Village, Bombana Regency illustrates a complex pattern of relations, including 1) the Government's Social-Economic Relationship with the Community, namely the transfer of management with consideration of income development. 2) Government's Socio-Economic Relationship with Investors, namely increasing local revenue and through profit-sharing/royalties. 3) Investor's Social-Economic Relationship with the Community, namely the opening of employment opportunities. 4) Socio-Economic Relations Among Fellow Communities namely land management by way of percent.

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