

The Need for Increased Regulation of Mining Activities

Recently there have been several articles about illegal mining companies and their impact on the environment. I would like to offer a different perspective on small mining companies and illegal mining practices.

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THERE are literally hundreds and hundreds of small mining or illegal mining activities that are now operating in Indonesia. The number of mining operations tends to fluctuate from time to time based on the decentralization of authority to local governments to issue mining licenses. However, typically these operations usually center on the exploitation of coal, nickel, tin, gold and other mineral resources. The real question of these operations is if they are bringing benefits to the local regions or to the Indonesian economy.

Such a question has continued to creep into my thoughts, a question needing to be answered. In my observation of several "illegal" mining activities, I have found that most of them do not apply good mining practices not only due to a lack of funding and technology but also because they do not have the know-how. In addition the lure of a quick profit often prevails over any other concerns. Local administrations usually gives them the mining licenses or permits without paying attention as to whether they are capable operators able to carry out good mining practices or whether they are just speculating and profit oriented. The local administrations usually do not conduct any inspections or supervise the process of the permits they have given away to the contractors.

In some areas, this type of situation is understandable and at the same time unforgivable. This is because many of the local administration officials who deal with the mining activities are "illiterate"

on mining operations. It is not uncommon to find that many local administrations appoint people with a non-mining background, such as people who have a background in the social sciences to lead their mining agencies. As a result, they do not understand how they should supervise or manage mining activities in their respective areas.

If we compare the small or "illegal" mining operators with the "true" mining operators, it is easy to see how they are different in managing their activities. They are different in the way they exploit their resources in terms of efficiency and environmental control.

The "true" mining operator will follow a certain procedure, starting from a general survey, exploration process and then designing proper and efficient mining plans well before beginning production. They are able to do it because they have the tools to do so. During the extraction process, for example in coal mining, they will use the proper equipment and all means necessary to mine the seam selectively. However, no matter how clever and selective they are, there is always a production of diluted ("dirty") coal, either diluted with the **roof** (top of the seam), the **parting** (non-organic material within the seam) or with the **floor** (the bottom of the seam). Such diluted material should go through a washing process to detach the non-organic material from the coal particle to produce a better quality coal for sale. Another way is to blend the "dirty" coal with high quality coal to produce medium quality coal, depending on the final quality requirements and the value of the blend required. In essence, they will try to exploit their resources as efficiently as possible not only to increase profits but to extend the life of

the mine. With such practices, they can normally increase the coal recovery up to 85%, meaning that they can extract and sell 85% of the coal available in the ground. Considering the size of the equipment today, which is relatively large, the 85% recovery can be considered acceptable. That is an example of a "true" mining operator, thanks to the proper mining practice.

But the case is very different with small mining practices. Because of a lack of knowledge and funding they usually try to cut corners by not applying proper mining practices. As a result, they cannot extract the coal seam efficiently with 85% recovery. In my observation of small or "illegal" mining activities in Kalimantan, their average recovery is only around 40 - 50%. This shortens mine life by half. The rest of the "potential" product (profit) becomes waste and is buried with the overburden or under the top soil. The practice is almost similar with other "illegal" non-coal mining practices I have observed across Sumatra and other islands.

There is no denying that the small mining firms have the right, just as large mining companies, to conduct businesses in this country and get licenses or permits from the local governments. But the government should be aware of its obligation to make sure that the small mining firms apply proper mining practices to avoid loss or wasting our natural resources. I am sure we are all not against the small mining activities but please consider a moment the most basic consequences of not doing it properly - waste due to the operation inefficiency will cost this country a lot of money.

Such mining practices have shortened the mine life time, which means a natural resource is wasted and can never to be

recovered. If a mining operation is expected to give benefits to the country, say for 30 years, but because of negligence and a lack of proper practices, it lasts only 15 years, who loses? The answer is simple, the people of Indonesia.

Various articles written on illegal mining and its impact on natural resources have discussed environmental damage and how operators have left the area after finishing their operation. This can be easily seen across the country, where popular illegal activity is scattered. These pits, where coal products are extracted, have been abandoned, filled with water and then left to become a hazard to not only humans but also animals. On the other side is the damage created by the illegal activity to the forests in their mining locations. What they have done is just digging the ore or the coal seam and then leaving the site.

Actually, media reports have long blamed the activity of these small mining companies, either legal or illegal, for causing environmental damage. Also the media mentions that the illegal activities have caused a financial loss to the country as they normally do not pay taxes, royalties and other dues. In addition, the illegal activities have also wasted our national assets significantly due to their irresponsible and unprofessional mining practices. It is up the government, both local and national, to take the initiative and prevent such further losses to our precious environment and resources and ensure all businesses follow the proper and regulated standards of any industry. ■

The writer is the Chairman of the Indonesian Mining Association (IMA) as well as the the Chairman of the ASEAN Federation of Mining Associations