

# Intergovernmental Relations in Mining: The Case of Unlicensed Gold Mining in Kuantan Singingi Regency, Riau-Indonesia

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This study discusses the intergovernmental relations in mining management in Riau Province. The presence of a new local government law requires a change of authority in the field of mining to the provincial government from the previous one to the district government in terms of issuing permits. The existence of gold mining without a permit requires the provincial government to manage the mining sector through cooperation with the district government. This research examines the extent to which this authority affects illegal mining activities in Kuantan Singingi Regency. Using the theory of intergovernmental relations, this article looks at how the relationship between the provincial government and the district affect the enactment of mining authority on the provincial government. The transfer of authority to the province shows the weakness of the district's position in terms of overcoming the problem of gold mining without permission. Further, the absence of regional regulations concerning gold mining activities has caused weak regulation of gold mining management in Riau Province.

**Key words:** *Intergovernmental Relations, Local Government, and Mining.*



## Introduction

Intergovernmental relations (IGR) is a term/concept that emerged in 1940. Previously IGR as a concept, appeared in the 1930s (Wright 1975). Intergovernmental relations (intergovernmental relations) involves the interaction, relations and behavior of actors at each level of government institutions (Anderson, 1960 and Bello, 2014). Meanwhile, the concept of intergovernmental relations can be applied in various forms of the state both in federal and unitary states. Intergovernmental relations can apply in a federal state system, can also apply in a unitary state system and does not only include international relations (Bamgbose, 2008; Solomon, 2014 and Bello, 2014). For those who view that inter-government relations only apply in federal countries, this is a misunderstanding (Ayoade, 1981). Thus this gives the sense that the concept of intergovernmental relations also applies in a unitary state like Indonesia, as is done in this study.

Based on this opinion, this study looks at intergovernmental relations in Indonesia as a unitary state-related explicitly to the issue of gold mining in Indonesia, especially in the Kuantan Singingi Regency, Riau Province after the enactment of Law Number 23 of 2014 concerning Regional Government. This study is critical because of the relationship between levels of government in managing gold mining activities in Kuantan Singingi Regency, Riau Province. In this context, mining management really needs intergovernmental relations. Referring to Law Number 23 the Year 2014 concerning Regional Government, that the authority to manage mining sector becomes the authority of the government and provincial, a regional government which in the previous law namely Law Number 32 the Year 2004 concerning Regional Government that mining affairs also become a government matter district area.

The phenomenon in the field shows that the transfer of mining authority to the provincial government has led to the rise of illegal gold mining activities carried out by people who are in the district area. This is related to the weak supervision carried out by the provincial government of the mining activity due to the distance of the range of control between the provincial government and the mining area in the district. Further, there are no specific Regional Regulations (PERDA) governing permits to carry out mining activities as well as local regulations on legal (official) areas of mining areas that can be mined by the community.

Based on the empirical phenomenon, this study tries to answer how the relationship between the provincial government and the regency in managing gold mining without a permit in Kuantan Singingi Regency, Riau Province? The initial argument developed in this study is that coordination between provincial and district government actors has not been created so that the problem of gold mining without a permit has not yet been overcome.



The term intergovernmental relations is used in two senses. First, in the field of international relations, this term refers to relations between national governments that are members of regimes or international associations. While the second term used is in public administration, where it refers to the relationship between levels of government in the nation-state, whether in a federation or unitary state (Bevir, 2011).

Intergovernmental relations (IGR) occur in all countries both federal and unitary states. However, the different dimension is the authority possessed or referred to as "the degree of decentralization" (Hendratno, 2009). According to Adamolekun (1983: 45) that in a unitary state, relations between governments will be referred to as interactions between national governments and sub-national governments. According to Opeskin (2001), the term intergovernmental relations is usually used to refer to relations that occur between the central government, regional and local governments, as well as the relationship between one of the government spheres, where this relationship aims to facilitate the achievement of common goals through the creation of cooperation whereas Thornhill (2002) which defines relations between governments consists of all political actions and transactions at the national level, sub-national units of government and government institutions.

Intergovernmental relations constitute the interaction, relations and behavior of officials among government activities. Bello (2014) sees that intergovernmental relations are not just relationships between different government institutions but also involve both citizens and government institutions, officials and government officials that contain an intergovernmental relations system consisting of facilitative systems and relationships that enable government units to participate effectively and carry out the mandate so that government objectives are achieved.

The subsequent opinion of Sanzone and Reagan (1976), which broadly explains the intergovernmental relations, shows the relationship of government behavior related to specific policies considered in the administrative context at each level of government. Subnational governments must have financial resources and professional competence to effectively respond to social problems and respond to the needs of disadvantaged groups to develop, at various levels in national accountability policy strategies.

Meanwhile, an explanation of intergovernmental relations by Wright (1974), saw the focus of intergovernmental relations on the behaviors of government employees / officials, representatives of various government units concerned with achieving goals and implementing policies. Based on this opinion, Wright (1974) divides the characteristics of intergovernmental relations into several distinctive features which include: all units, interaction of officials, continuous and cumulative, all public officials, policy emphases (fiscal focus).

## Research Methods

This research uses a qualitative approach with a case study method. Effendy, Ghony and Almansur (2012) explain that qualitative research has two main objectives, firstly, to describe and uncover (to describe and explore). Second, describe and explain (to describe and explain). The setting of the research is described in such a way that basic questions develop as to what and how the phenomenon occurred, who was involved in the incident, when it happened, and where the place of the incident emphasizes quality. Thus the method is relevant to reveal, explain, and analyze intergovernmental relations in the management of unlicensed gold mining in Kuantan Singingi Regency, Riau Province.

The selection of qualitative methods in this study is based on several reasons to reveal research issues relating to; the context of intergovernmental relations in the management of unlicensed gold mining (PETI), the meaning of government level entities, interactions between actors involved in mining operations and management, actor actions, actor behavior and relations between actors related to the problem of gold mining in Riau.

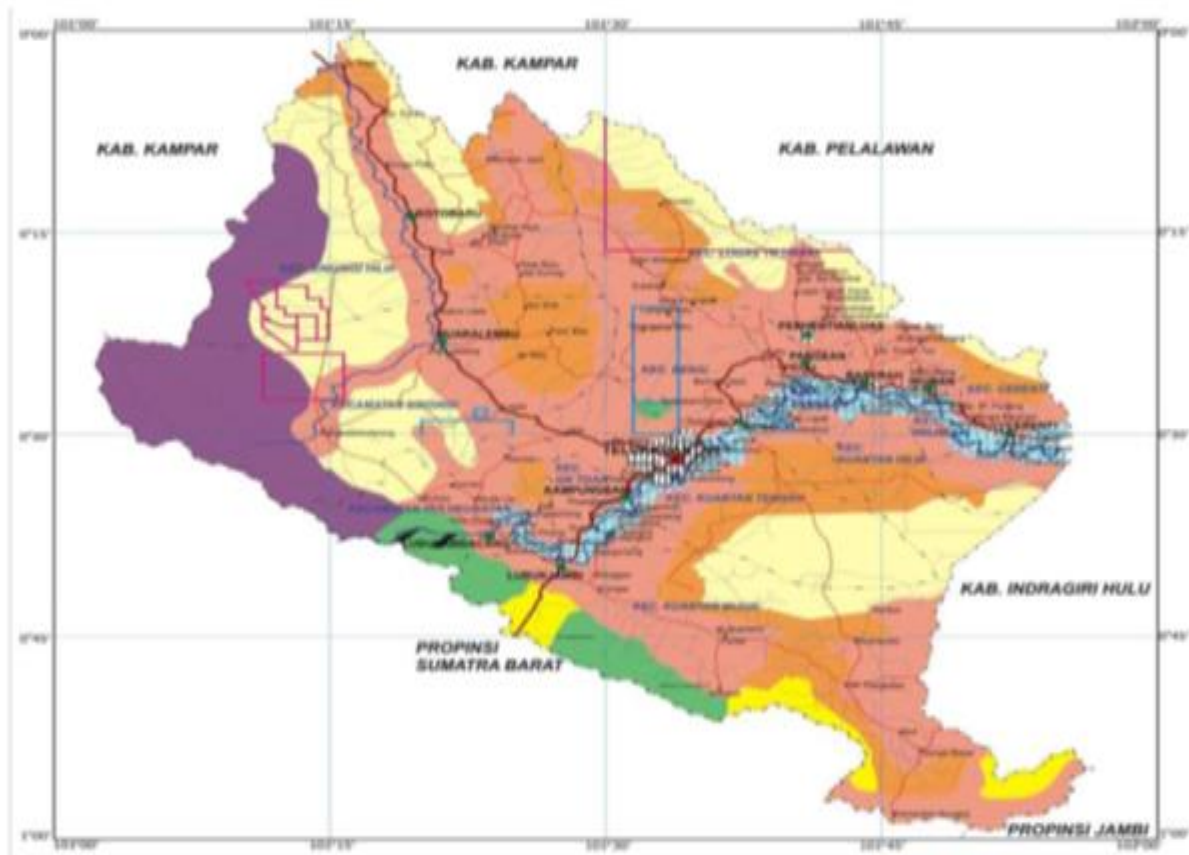
The data in this study came from primary data obtained from data collection through interviews with actors involved in gold mining issues in Riau Province which consisted of the head of the Mineral and Coal Department of Energy and Mineral Resources in Riau Province, Assistant III of the Secretariat of the Kuantan Singingi Regency, Head of the Environmental Prevention and Pollution Section of the Kuantan Singingi Regency Environmental Office, Head of the Riau Province Environmental and Forestry Law Enforcement Section, Head of the Kuantan Singingi Regional Police Unit, Members of the Riau Provincial DPRD, members of the Kuantan Singingi Regency DPRD, Village Heads in Kuantan Singingi Regency, gold mining without permission and the community as victims of gold mining without permission. Meanwhile, secondary data used in this study were obtained from various sources such as government documents, minutes of meetings, reports, articles in journals, news in print, and online media.

This research is descriptive qualitative research such that the data analysis uses qualitative analysis techniques. Patton (2009) states that the process of qualitative data analysis requires a disciplined study, creative insight and careful attention to research objectives. In the process of collecting data, ideas about analysis will occur and form the beginning of analysis in research. This research focuses on collecting additional data to strengthen the initial idea; the researcher must be sensitive in looking for additional explanations and other patterns that form.

## Results and Discussion

In this section, the results of an empirical study of the relationship between provincial and district governments in the management of unlicensed gold mining in Riau Province are explained. How the relationship between the provincial government and the district can run synergistically and the achievement of community welfare in Kuantan Singingi Regency, Riau Province has been investigated. The following is a map of Kuantan Singingi Regency which can be seen in Image 1 below:

**Image 1.** Map of Kuantan Singingi Regency



**Source:** Kuantan Singingi Regency Central Statistics Agency, 2019

### *All Units (Government Entities)*

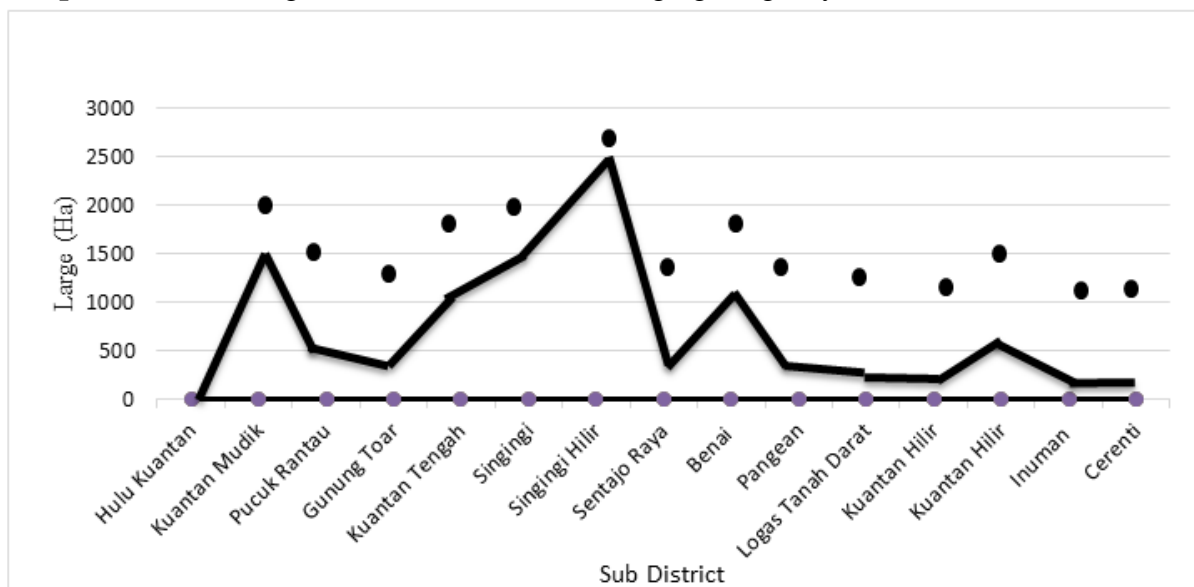
The authority of the mining sector rests with the provincial government with the birth of the Local Government Law No. 23 of 2014. This means that the district government does not have the authority in mining matters as it was before the law was born, where the district government still owns mining authority. The transfer of authority raises the pros and cons of

each official at the government level of authority held by the provincial government and the territory owned by the district government.

The existence of unlicensed gold mining (PETI) has indeed been known by relevant parties both from the provincial, district, village, and even the community. Furthermore, as the authority in the village area, most of the village heads are aware of the illegal mining activities, but due to economic reasons, the community has not fully taken firm action on the perpetrators of PETI. This correlates with the decline in prices of agricultural commodities such as rubber and palm oil. Most of the community's needs have a dependency on rubber and oil palm agricultural commodities, so that the decline in income from the sector, causing people to shift their livelihoods to illegal mining activities.

Meanwhile, the village head as the ruler in his area knows the gold mining activities without permits carried out by the community, but due to economic reasons that made the village head unable to take decisive action against the illegal gold miner. As for the other side that cannot be denied that the village government itself receives mandatory deposits on a regular basis by the owners of capital and illegal gold mining businesses. In addition, other forms in return for mining actors continue to contribute in the form of material and in the form of goods when there are certain events in the village concerned. This means that the village government as the lowest government structure, participates indirectly in inviting illegal mining actors to carry out their activities so that it can cause damage to the land.

**Graph 1.** Land Damage Due to PETI Kuantan Singingi Regency



**Source:** Kuantan Singingi Regency Environmental Agency, 2019.



Based on the Graph 1 above, it can be seen that most of the Subdistricts in Kuantan Singingi District suffered damage due to illegal gold mining activities carried out by the community and community groups that took advantage of these activities, which caused losses to the regions and the country.

### *Interaction of Officials*

Actors in this context are actors who play a role in influencing events in intergovernmental relations. In the relation between layers of government, the position of interrelated actors is equal with mutual understanding and there is interdependence so that there is a process of mutual understanding and knowledge of each other, sharing information, identifying problems together and planning actions to overcome problems in a way together (Goss, S. 2001). Meanwhile, the transfer of authority in the mining sector to the provincial government does not necessarily change the perceptions and beliefs of each actor both at the provincial and district governments on the issue of PETI in Kuantan Singingi Regency where the interaction is more directed at the interaction of non-decision making i.e. interactions have identified there is an active group or majority trying to influence policy. This type of interaction can also involve a third party or external to support one of the policy actors. These external influences become part of the power and interests of the elite.

Based on this criterion, the researcher concludes that the PETI activities can be carried out due to the presence of strong actors and the majority involved in protecting the PETI activities so that this can affect policy on PETI. This illegal mining activity by the local community has become a familiar and regular activity as a promising alternative livelihood and the results can be obtained in a short time. This means that the transfer of mining authority to the provincial government does not affect the views of relevant actors to minimize or reduce problems caused by PETI activities in Kuantan Singingi District. Thus the authority of the mining sector, especially related to the issue of PETI both belong to the provincial and district governments, the actors involved have not provided recommendations in the form of policies to resolve the PETI problem in Kuantan Singingi District so that if left unchecked, this will become a prolonged problem.

Furthermore, it can be concluded from this dimension that there is a close relationship between the dimensions of interaction between actors and the dimensions of the network. This can be confirmed by the explanation that the network positions two or more parties as a political entity that prioritizes the achievement of common goals/interests. Within a network, individuals and institutions are connected with others with a common goal or based on shared interests. Dependency between individuals and organizations allows them to interact to build a better network. Differences and disagreements in perceptions among actors can cause conflict and limit interaction, only when the actors can bring shared perceptions and

formulate common goals and interests which will lead to satisfying outcomes (Kickert, et al. 1997).

### ***Continuous and Cumulative (Regularities)***

Interaction between actors is a step to maintain relations between government units to remain synergistic to produce a policy related to gold mining activities. In fact the Riau Provincial Government must establish a network with the Kuantan Singingi Regency Government to overcome the PETI problem. The interrelationship between the interaction process that produces networking through regular and continuous interdependence between actors. Some essential points are that both formal and informal rules are a means of guarding the commitment and stability of relations between actors at the government level. Where formal rules relate to the decision-making structure, it can be in the form of regional regulations concerning the field of gold mining and regulation of official areas that can be explored by the community. While informal rules regarding daily practices and habits that are positive in order to ensure smooth relations between each level of government. The combination of the two affects the workings of government actors in determining steps and efforts for improvement. Besides, characteristics in the regularity of interactions rely more on negotiation, communication, and hegemonic influence between the institutions involved rather than increasing strict and binding supervision.

### ***All Public Officials (Administrators)***

The involvement of various formal actors is a step to determine the birth of a policy that can overcome the problems associated with PETI activities in Kuantan Singingi Regency. In Stoker's (Muhlis, 2011) view, especially by using the syllogism of the urban regime theory in understanding the actors involved in the policy process revealed that there were four categories of participants in the policy formulation process namely business groups, elected officials, community organizations and labor groups (community and labor organization), as well as technocratic officials.

Based on the responses given by the informants that it is necessary to have rules / policies relating to mining management, especially gold mines that are legally managed. This relates to the idea of a regional regulation on mining areas that are legally managed so that mining practices do not occur again without permission. This was also conveyed by the Riau legislator Commission A namely the Secretary of the Riau DPRD Commission A, Suhardiman Amby , about the importance of policies governing the legal management of gold mining. Based on this the researcher concludes that in controlling the problem of gold mining without permission in Kuantan Singingi Regency, Riau Province requires synergy of work between the local government and legislators in producing policies in the form of



regional regulations and other derivative regulations that specifically regulate the management of gold mining activities in an accountable manner so that can contribute to the region especially from the natural resource sector.

The involvement of official actors from government institutions, both executive and legislative, in making policies related to mining is needed to produce a legal product that leads to the interests of the community as a whole, especially in communities directly affected by unlicensed gold mining activities. If this is not managed correctly through regulation, it will have an impact on people's welfare in terms of sustainability. These impacts can be seen in the form of social, environmental, and cultural impacts.

The involvement of government actors is needed in overcoming gold mining activities without permission through good faith shown by each party at the government level, both district and provincial, namely the executive and legislative institutions. This involvement is undoubtedly in order to give birth to a policy in the form of rules that can provide legality to business actors, both individuals, community groups and business entities that want to benefit from gold mining activities that already have a permit. Positive impacts when the activity has an official permit from the government of course, environmental problems will also be overcome through good management. In line with this, one of the steps taken to overcome the problem of environmental pollution is to use equipment and instruments that are environmentally friendly and are made from non-mercury mining materials that are subject to supervision from the government.

### ***Policy Emphasis (Fiscal Focus)***

Unlicensed gold mining in Kuantan Singingi Regency, Riau Province, has clearly had an impact on the area. This was conveyed by many informants from the Riau Provincial Government and Kuantan Singingi District that the mining activities without permits have caused losses to the regions both in material and immaterial aspects which have become a cost burden that must be borne by the government. Meanwhile, from the illegal activities that are benefited are the owners of capital and cukong who reap huge profits from the practice of this illegal activity.

Even so, it is seen from several sides that the existence of unlicensed gold mining practices gives a correlation to the economic life of the community, especially the people who depend their lives on mining activities. This is based on information obtained from the community as perpetrators of PETI activities, which they make this unlicensed gold mining activity as a solution to their livelihoods when the price of other livelihood commodities decreases such as oil palm and rubber farming. However, on the other hand, of course, this can be detrimental to the region in terms of regional income aspects and also for the people who are victims of



these activities, especially those who are directly affected by PETI activities. Therefore, the government as an institution that is given the authority to issue policies that correlate to the addition of regional budgets through policies for protected areas as mining locations with the scale of people's mining areas.

Based on observations made from five dimensions of intergovernmental relations in the case of unlicensed gold mining in Kuantan Singingi Regency, Riau Province, it was found that there was a need for a policy in the form of a Regional Regulation on mining, especially regarding community mining areas (WPR), but this experienced obstacles related to the provincial Spatial Plan has not yet been completed so that the Regency Spatial Plan cannot be determined. There was an egosectoral of the Kuantan Singingi Regency Government to the mining authority owned by the Riau Province while the potential of natural resources in the form of gold was owned by the Kuantan Singingi Regency Government itself.

### ***Institutional Building***

The problem of gold mining without a permit will be minimized or even overcome if the mining authority returns to the district government. This relates to budget issues, because with the enactment of Law Number 23 of 2014 concerning Regional Government causes the district government to be fragile in terms of authority, so in the absence of that authority the district government cannot create, compile and plan a budget to overcome the PETI problem. Therefore an Institutional Building is needed as a mediator in solving the problem of unlicensed gold mining in Kuantan Singingi Regency. The institutional building which includes three stakeholders as referred to can come from the government to the government, the government to the private sector and the government to the community.

### ***Coordination***

Intergovernmental relations, especially in the management of unlicensed gold mining, provides an illustration based on field observations, one of which is that in intergovernmental relations for handling unlicensed gold mining issues in Riau Province, coordination is needed. While in this study, researchers found that in the issue of mining management in Riau Province, the interaction of actors was not only influenced by these indicators, but was also influenced by coordination. The picture is derived from the conceptual idea from the opinion of Fatile and Adejowon, (2009) that intergovernmental relations is the management and coordination of intergovernmental relations to achieve particular policy objectives. These patterns of relationships that may be vertical or horizontal play an essential role in the development of high-level coordination between various layers in their efforts towards the implementation of national goals, policies and programs. From the research findings, it is obtained that data for handling gold mining issues in Riau requires indicators of coordination

between actors at the government level, in this case, between the provincial and district governments and active community involvement.

### ***Supervision***

Apart from the need for coordination between actors in intergovernmental relations in handling unlicensed gold mining in Kuantan Singingi District, further research findings need to be disclosed based on conceptual ideas, and namely supervision is needed. According to Humes (1991: 4-7) that the relationship between the central government and regional governments is determined in its monitoring system. So Humes concluded that based on this surveillance system, governance relations within a country were formed. Bagir Manan (1994: 181) argues that supervision or control contains dimensions of control and also restrictions. The said supervision contains restrictions between the authorities of officials and also institutions/institutions that have the authority to supervise. Meanwhile, Manullang (1977: 136) provides a definition of supervision which is a process for assigning work according to the original plan. Furthermore according to Makmur (2011: 176) that Supervision is a form of thought patterns and patterns of action to provide understanding and awareness to someone or some people who are given the task to be carried out by using a variety of available resources properly and correctly, so that errors do not occur and actual deviations can create losses by the institution or organization concerned.

### ***Network***

Apart from coordination and supervision, network factors are also findings in research that must be disclosed and prove the initial ideas of this research. To handle the problem of gold mining without a permit, it is necessary to have an intergovernmental network and also other actors who influence the community who play a role in the implementation of gold mining in Kuantan Singingi Regency, Riau Province. The emergence of the concept of networks is a combination of economic and political pressure that has forced the government not only to look at public institutions but also to involve other sectors in policies that gave rise to the concept of a policy network (Policy Network). Povan and Kenis (2008) define the network as a response to market failure, hierarchy, and community development.

Based on the conceptual explanation above, it can be affirmed that in handling the problem of gold mining without this permit, the Riau Provincial Government must strengthen its network both with related agencies and with the Kuantan Singingi District Government as an area that has a gold mining location in Riau Province. As explained above that intergovernmental relations are required for the interaction between actors. However, this interaction is realized by strengthening the network between actors. Kenis & Schneider (1991) explain that in policy networks, the focus is on actors, the relationships between actors, and the limitations



on those relationships. As a public policy analysis tool, the policy network approach is sensitive enough to identify, analyze and categorize the relationships between government actors, actors from interest groups and other groups.

## **Conclusion**

This research has posed that intergovernmental relations can be used in understanding the problem of gold mining in Riau Province. Experimental conditions indicate that there are no regional regulations governing gold mining in Riau Province. Therefore a policy is needed in the form of Regional Regulations on mining, especially regarding community mining areas (WPR), but this has experienced obstacles related to the completion of the provincial Spatial Plan so that the Regency Spatial Plan cannot be determined.

There was an ego-sectoral section of the Kuantan Singingi Regency Government of the mining authority owned by Riau Province, while the Kuantan Singingi Regency Government owned the potential of natural resources in the form of gold. The issue of gold mining without a permit will be minimized or even overcome if mining authority rests with the district government. This relates to budget issues, because with the enactment of Law Number 23 of 2014 concerning Regional Government causes the district government to be fragile in terms of authority, so in the absence of that authority the district government cannot create, compile and plan a budget to overcome the PETI problem. Therefore an Institutional Building is needed as a mediator to solve the problem of unlicensed gold mining in Kuantan Singingi Regency. The institutional building which includes three stakeholders as referred to, can come from the government to the government, the government to the private sector and the government to the community.



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