

**THE EXTERNALITIES OF GOLD MINING COMPANIES
(A CASE STUDY OF PT AGINCOURT RESOURCES IN SOUTH TAPANULI)**

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Abstract: *Indonesia is blessed with a wealth of natural resources in the mining sector. Mining activities are often controversial because they are seen as problem makers. Whereas in reality mining company do not always provide negative externalities, but can provide positive externalities in the social, economic and environmental sectors. The purpose of this research is to examine how the positive externalities of PT Agincourt Resources in South Tapanuli Regency, in terms of the social, economic and environmental sectors. The research method is qualitative research with a literature study approach. Data collection techniques using documentation techniques. Data analysis uses source triangulation technique. The results of the study, First, in the social sector, company provide positive externalities, such as in the health sector, company routinely carry out free cataract operations, in the education and infrastructure sector, company build library buildings, school infrastructure, bridges and community tours. Second, in the economic sector the company prioritizes local communities as company employees, the company also provides free job training. Third, in the environmental sector, the company is committed to preserving the environment by planting trees every year, and the company is committed to preserving the Batang Toru river.*

Keywords: *Positive Externality, Social, Economic, Environment.*

A. Introduction

Indonesia is gifted with an abundance of natural resources, one of which is mining-related natural resources. The mining industry is one of the activities that processes natural resources, and it certainly has externalities, both positive and negative in terms of social, economic, and environmental aspects (Latipa Henim Siregar, 2021). In 2019, Indonesia produced 109 tons, and 117.5 tons of gold in 2021. Indonesia is the 9th largest gold producing country in the world (Almadinah Putri Brilian, 2022). The gold mines are spread across several regions, including one in Sumatra. The Martabe gold mine in South Tapanuli, North Sumatra, has 168 million tons of gold reserves (Ilmu Tambang, 2021).

Economic activity, by definition, has links with other activities; if an economic activity is carried out in accordance with established laws, it will almost always produce positive externalities. In contrast, activities carried out in against the law will lead to negative externalities (Dewi Rizqi Arrochimi, 2022).

The existence of mining sector activities is frequently controversial among the general public. Because it is considered as the most damaging industry in terms of environmental damage caused by company waste (Friskilia Junisa Bastiana Darongke, 2022), landslides,

forest destruction, decreased air quality, sedimentation, and decreased water quality (Novita Ratna Swari, 2022). The mining industry commonly causes conflict between communities and companies due to land acquisition issues (Erika, 2018). Negative assumptions concerning negative impacts raised by the community appear to give mining companies a bad image as problem makers, whereas in reality mining companies do not always only provide negative externalities, but are also able to provide positive externalities in the social, economic and environmental sectors (Muhammad Suciadi, 2020).

The mining industry is one of the sectors driving economic growth, exports, government revenues, employment, and remote area development (Adis Imam Munandar, 2018). As a guide in the management of natural resources in the mining and mineral sector, the government stated Law No. 4 related to Mineral and Coal Mining Law in 2009, which states that "Mining businesses must provide the greatest possible economic and social benefits for the welfare of the Indonesian people; and Mining businesses must be able to accelerate regional development and encourage the economic activities of the community/small and medium entrepreneurs and encourage the growth of mining supporting industries." The law explicitly states that all natural resources management in the Mineral and Coal Mining Sector is required to improve the local economy in order to achieve social, environmental, and economic benefits (Pujiyono, 2019).

According to Muhammad Suciadi's research (Muhammadiyah University of Yogyakarta, 2020), mining companies have a positive impact on the social and economic aspects of society. The higher the number of people arriving from other islands, the larger the market opportunity for MSMEs (Micro, Small, and Medium Enterprises). Social activities are becoming more active as a result of the company's contribution, specifically the provision of public facilities such as places of worship, education, *posyandu*, and *poskamling*. Furthermore, increasing opportunities for people to work so that with the increase in the community's economy will have an impact on increasing welfare. Then, in a research conducted by Reynold Ronny Nahuway (University of Papua, 2018), 80% of research respondents stated that the existence of companies had positive externalities, such as the ability to absorb labor, improve skills, and create business opportunities for the community (Reynold Ronny Nahuway, 2018).

The Martabe gold mining activity is operated by PT Agincourt Resources (PTAR), which covers 479 hectares. Mine construction began in 2008, and production began in 2012. (PT Agincourt Resources, 2020). The net profit achieved by PT Agincourt Resources (PTAR) over the last five years is shown below.

Table 1

Year	Profit (Mil. USD)
2017	151.3
2018	166.8
2019	215.8
2020	187.2

2021	242.6
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Source: Annual Report PT Agincourt Resources

Based on table 1, it describes the company's net profit for the last 5 years. From 2017 to 2019, PT Agincourt Resources (PTARnet)'s profit has always increased, then decreased in 2020, and increased in 2021.

The Regent of South Tapanuli, Dolly P. Pasaribu, expressed appreciation to the martabe gold mining company for its commitment to environmental preservation. This was stated by the Regent of South Tapanuli at the World Environment Day commemoration held at SMKN 2 Sipirok. The environmental commitment of PT Agincourt Resources (PTAR) is reflected in the planting of 200 tree seedlings and the distribution of 1,200 tree seedlings to the communities surrounding the Batang Toru and Muara Batang Toru mines (Juraida, 2022).

In the education sector, PT Agincourt Resources (PTAR) is committed to providing scholarships ranging from elementary school to state university. This commitment is reflected in PT Agincourt Resources' (PTAR) assistance to 228 scholarship recipients in 2022 (Yustinus Andri DP, 2022).

Following the explanation, the researcher wanted to investigate the positive externalities of the Martabe gold mine to the social, economic, and environmental conditions in South Tapanuli. The findings of this study are expected to shed insight into the fact that the existence of companies is not always a problem maker for society.

B. Literature Review

1. Positive Externalities

Economic activity is interconnected with other activities. Economic activity that complies with applicable regulations will almost certainly not cause a problem. On the other hand, when economic activities are carried out in not based on applicable regulations, new problems will arise. Impacts that arise due to economic activity are called externalities. Externalities, in general, are the effects of certain parties' activities on other parties who are not involved in these activities. Externalities can be beneficial (positive externalities) or detrimental (negative externalities). Externalities are also known as net costs and benefit costs caused by the actions of one party against another in economic terms (Eka Intan Kumala Putri, t.t).

2. Social, Economic, and Environmental Impacts

Measuring a company's positive social impact cannot be limited to theory; however, this positive impact will be recognized if the company's activities can lead to an increase in social resources and make an actual contribution to society (Inova Fitri Siregar, 2022). Economically, the existence of a company must be capable of increasing regional economic growth and employment opportunities in the community around the company (Nikmatul Fuadah, 2019). A company's existence must be environmentally friendly, and its activities must not have a negative impact on environmental sustainability, the state, as the bearer of responsibility for ensuring the fulfillment of the right to a good and healthy environment, must establish policies that can guarantee the fulfillment of this right (Reyhandhi Alfian Muslim, 2022).

C. Research Method

This study conducted qualitative research using a literature review approach. Data collection techniques rely on documentation, and data analysis relies on source triangulation.

D. Finding and Discussion

1. Social area

The company conducts broad community development programs, focusing on countryside in rings 1, 2, and 3. The company's assistance focuses on 15 communities in the Batang Toru and Muara Batang Toru Districts. Health, education, infrastructure, agriculture, and economic development are among the community development programs, since it is support for local cultural values and customs. Except for 2019, 2020, and 2021 (because it is still covid), the company has regularly done free cataract operations since 2011. PT AR has successfully treated at least 8,118 cataracts throughout 7,131 people. Since 2017, at least 1,255 students have benefited from scholarships funded by PT Agincourt Resources (PTAR) totaling 5.54 billion rupiah. The Martabe Achievement Program consists of three types, such as academic achievement awards, special non-academic awards, and sustainable achievement scholarship awards. The company also contributed to 14 communities "reading corner" by donating 829 books to the Sopo Daganak library (a multipurpose community building in Batangtoru, built with assistance from PT AR). The company also contributed to infrastructure, such as the construction of Pandang towers (community destinations), the construction of the Sopo Daganak Amphitheater (library), the repair of lapotorotop irrigation (agriculture), and increased public health center accreditation, as reflected in the provision of obstetricians and pediatricians. In the agricultural sector, the company helped fund a competency improvement certification program for 30 South Tapanuli Field Agricultural Extensionists (PPL). This collaborative program with the Ministry of Agriculture's Agricultural Training Center aims to produce highly competitive agriculturalists and strengthen the agricultural sector in South Tapanuli. The company received several awards for its various contributions to the social sector, including the Social Sector Initiative Silver Rating Award for Agricultural Facilities program and Facility Development Program in 2021. Jam Martabe received the Gold Rank Award for Excellent Primary Didakta in the Field of Education through E-Coaching. The Martabe Achievement Scholarship Program awarded a bronze award for Excellent Pratama Diktat in Education. Gold Cultural Initiative Award from the Arts and Culture Preservation Program. Silver Award in the health sector for Cipta Guna Sehati Category (CSR Indonesia).

2. Economic area

In regard to the economy, the company provides an opportunity for the community to work, with nearly 73.92 percent of employees being local residents until the end of 2021. This percentage increased from 73.71 percent in 2020 to 73.55

percent in 2019. Katarina Siburian Hardono, Senior Manager Corporate Communications at PT Agincourt Resources, explained that PTAR is committed to providing job opportunities for local communities. The company's goal from the start was to employ at least 70% of the local population. Employees have access to a variety of training courses as well as opportunities for government certification in a variety of skills, such as operating equipment that supports local jobs.

Aside from that, the company made a significant contribution to the district's economy, distributing US\$ 4,144,609 or equal to IDR 59 billion in 2020. increased over the previous year, which was only US\$4,123,100. In 2018, it was \$3,733,219 USD. While 2017 was the highest in the last five years, totaling US\$7,709,178, and 2016 totaled US\$200,000.

3. Environmental area

The company is committed to environmental preservation, as evidenced by the planting of 200 tree seedlings. PTAR has planted over 41,000 tree seedlings between now and 2021. Meanwhile, over 5,000 local plant seeds were prepared at the PTAR nursery facility. Since 2012, research from the Center for Environment and Population, Research Institute of the University of North Sumatra (USU) has shown that residual water from the Martabe Gold Mine process has no significant effect on water quality in the Batangtoru River. The results of routine monitoring by the Department of Environment PT Agincourt Resources and the Martabe Gold Mine Water Quality Monitoring Team consistently show that the remaining process water meets the government's quality standards. PTAR follows and implements all aspects of Good Mining Practice in order to manage the environment and biodiversity in accordance with applicable regulations. PTAR also works with several universities in the fields of education, science, research, and biodiversity conservation, including the Bogor Agricultural Institute (IPB), Jakarta National University (Unas), North Sumatra University (USU), South Tapanuli Muhammadiyah University (UMTS), and Aufa Royhan University Padang Sidempuan. A survey of the composition and diversity of flora and fauna in Batangtoru was conducted, as well as Pre-Land Clearing Fauna Inspection training with forestry experts from the USU Faculty of Forestry.

Every month, the Integrated Team, in collaboration with the PTAR Environment Department, collects water samples from the Batangtoru River to assess the quality of the remaining water. Compliance with the quality of water remaining from the Martabe Gold Mine process according to quality standards based on the Minister of Environment's Decree No. 202 of 2004 concerning Wastewater Quality Standards for Businesses and/or Gold Ore Mining Activities and/or Copper, as well as the Minister of Environment and Forestry's Regulation P.68/MENLHK/Setjen/Kum.1/8/2016 concerning Domestic Wastewater Quality Standards.

PTAR maintains a nursery facility in the mining area to provide Batangtoru native trees to the Reclamation Program. PTAR continues to ensure that every tree planted is of the highest quality and is regularly maintained. Annually, a team from

the Ministry of Energy and Mineral Resources studies and evaluates the success rate of reclamation plant growth as well as the overall condition of the area to ensure that the company's reclamation-revegetation activities are properly and correctly carried out. The company received several awards for its various contributions to the environment, including the 2019-2020 Blue Environmental Management Proper Award. The Main Category Good Mining Implementation Award recognizes environmental aspects of mineral and coal mining practices (Environment and Forestry Ministry).

E. Conclusion

1. The company has positive externalities in the social sectors of health, education, infrastructure, agriculture, economic development, and cultural values and customs.
2. In economics area, the company has a positive externality value as a source of employment for the local community and makes a major contribution to the regional economy.
3. The company has a positive externality value in the field of environment in order to preserve the regional environment and the Batang Toru River.

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