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RI's GDP to improve ahead of election

JAKARTA: Ahead of the 2019 presidential election, Indonesia's economic growth will be better than this year as long as commodity prices remain stable, projected the nation's biggest mutual fund manager, PT Schroders Investment Management Indonesia.

Schroders head of intermediary business Teddy Oetomo expects the gross domestic product (GDP) growth to expand by between 5.1 to 5.5 percent in 2018, similar to Bank Indonesia's projection.

"With conservative assumption of commodity prices, we believe that next year's economic growth can be sustained by the growth in government and private consumption," he said recently.

Next year, regional elections will be held in three provinces, Central Java, East Java and West Java, which all account for 40 percent of the country's total population. Therefore, the money in circulation will be huge and private consumption will rise, he said.

In 2018, however, the pressure for Indonesia's economy will most likely come from global risks, such as the rise in United States Federal Reserve interest rates and the forthcoming change of the US central bank's officials.

"There's not much to worry about in our country. Our debt ratio is one of the lowest compared to other countries, and Indonesia posted trade surplus, and the banking liquidity is still in check," he explained. —JP

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RI, Oz negotiate deals for three products

JAKARTA: Indonesia and Australia are negotiating to exchange zero import tariffs for three products from each country.

Australia has asked Indonesia to remove import tariffs for skim milk and skim milk powder; copper cathode and hot rolled coil (HRC) and cold rolled coil (CRC) steel, while Indonesia has asked Australia to lift import tariffs on Indonesian textiles, clothing and footwear.

The Indonesian government would calculate the request comprehensively to seek a win-win agreement, the Industry Ministry's industrial resilience and international access director general Harjanto said in a statement.

As an example, Indonesia might ask Australia to also invest in Indonesia in return for the user specific duty free scheme (USDF5) or zero tariffs from Indonesia for its products in addition to the removal of import tariffs for the three Indonesian products, the official said.

"They can export raw materials but they should also invest here so there's a technology transfer. We can then also export the end product [we make from Australian raw materials]," he said in the statement issued on Thursday. — *JP*

Tax collection

among Indonesia's latest fiscal challenges

Grace D. Amianti

THE JAKARTA POST/WASHINGTON DC

: IMF

It is not the time for the government to be complacent as it must continue fiscal reform to win public trust in a bid to increase tax collection, the International Monetary Fund (IMF) says.

In its latest assessment, the IMF suggests the country push further fiscal reform, particularly in tax collection, as its tax ratio — the ratio of tax revenue to gross domestic product (GDP) — sits at around 10 percent, much lower than other countries in ASEAN and the Asia-Pacific region.

In comparison, Singapore, Malaysia and Thailand recorded tax ratios of 14 percent, 15 percent and 17 percent, respectively.

"And there's a need to strengthen that [fiscal reform] in order to create a scope for the government's ambitious agenda, for ad-

ressing the infrastructure gap and raising social spending," said Kenneth Kang, IMF's Asia and Pacific department deputy director, on the sidelines of the 2017 IMF-World Bank Annual Meetings in Washington DC.

In terms of structural reform, the IMF called for Indonesia to improve its business environment through the further liberalization of its foreign direct investment (FDI) regime — which includes the Negative Investment List (DNI) — and streamlining complex regulations.

A few months ago, the World Bank called on the government to further relax the DNI.

The bank acknowledged in its June Indonesia Economic Quarterly report that relaxing the DNI would be a difficult decision for the government.

"Now is the best time to push structural reform [in Indonesia],

which will also boost confidence, sentiment to drive consumption growth," Kang said.

Another important structural reform for the country lies in steps to boost employment, especially for the youth, as by some es-

timates, young Indonesians make up between 20 percent and 30 percent of the country's unemployed, indicating that the country is lagging behind in terms of education and job opportunities.

According to Kang, the country needs to improve education, rationalize labor regulations and boost formal employment to increase job opportunities. Indonesia's unemployment rate decreased to 5.33 percent this year from last year's 5.81 percent, according to Central Statistics Agency (BPS) data.

In her global policy agenda assessment, IMF managing director Christine Lagarde said countries should promote resilience and build trust in institutions by strengthening governance, adding that the IMF would strengthen its engagement in governance and corruption issues.

Shinta Kamdani, deputy chairman of international relations at the Indonesian Chamber of Commerce and Industry (Kadin), said the government must accelerate permit processing and deregulation efforts, as the country remained among the top attractive investment destinations in the

region.

The IMF highlights in its World Economic Outlook report that global economic growth may reach 3.6 percent and 3.7 percent in 2017 and 2018, suggesting limited recovery.

With limited recovery, policymakers should seize opportunities by taking more action through structural reform to guard stability.

The IMF has forecast Indonesia's economic growth to pick up to 5.3 percent next year from 5.2 percent in 2017. The country's economic growth, however, stagnated at 5.01 percent in the second quarter.

The 2017 IMF-World Bank Annual Meetings concluded on Oct. 15. Indonesia will host the same event next year in Bali. More than 18,000 delegates are set to attend the international meeting.



Reuters/Yuri Gripas

Money talks: Indonesian Finance Minister Sri Mulyani Indrawati (*left*), World Bank president Jim Yong Kim (*center*) and International Monetary Fund (IMF) managing director Christine Lagarde attend a Development Committee plenary during the IMF-World Bank annual meetings in Washington on Saturday.

Oil, gas firms to be exempt from GW tax

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

The government is formulating a decree that will exempt upstream oil and gas contractors from paying groundwater (GW) tax, a move that will ease their burdens when they operate under the gross-split scheme.

At present, groundwater tax is calculated by each reGENCY or municipal administration, with contractors operating in accordance to the water obtaining value (NPA) formulated by the Energy and Mineral Resources Ministry through Decree No. 20/2017.

Upstream contractors pay such a tax because they use huge amounts of groundwater to extract oil and gas. This often happens when contractors

Upstream contractors use huge amounts of groundwater to extract oil and gas

Govt has yet to complete draft of regulation

try to maintain the production of mature and depleted oil fields through enhanced oil recovery (EOR) activities.

"The tax should only apply to groundwater from aquifers that can be utilized for human activities. However, the water that comes from oil and gas fields is toxic and has no use for humans. That's why we urged contractors to transfer such water to reservoirs," the ministry's oil and gas director general, Ego Syahrial, said recently.

"Therefore, we want to nullify the NPA of such water so that contractors don't need to pay the groundwater tax."

Ego said, for instance, the production of 100,000 barrels of oil at the Minas field in Riau Islands required 4.9 million barrels of water.

As a result, the field's operator, PT Chevron Pacific Indonesia, the local unit of American oil and gas giant Chevron, was forced to pay in advance the groundwater tax to the regional administration before eventually being reimbursed by the central government through a cost recovery scheme.

However, as the government intends to replace the cost recovery scheme with the gross-split sliding scale for all new contracts, such a tax exemption will be crucial to make upstream projects

more economical for contractors.

The new scheme will no longer require the government to reimburse exploitation costs to contractors during the length of their contracts. As a result, companies will carry the burden of these costs themselves.

Moreover, as of today, the government has yet to complete the drafting process of the government regulation (PP) on gross-split taxations, resulting in further uncertainties among upstream contractors.

Pri Agung Rakhmanto, a researcher with the Jakarta-based energy think-tank ReforMiner Institute, said it was the right move for the government to exempt contractors from the groundwater tax because the collection of such a tax violated the assume-and-discharge provi-

sions stated in their production sharing contracts (PSC).

As assume-and-discharge system is touted to guarantee that investors do not have to pay additional fees or taxes during the long duration of their PSC, many of which last for more than 30 years.

"With the cost recovery scheme, it was natural for the government to apply an assume-and-discharge system because the contractors only helped produce oil and gas for the country. But with the gross-split scheme, contractors had to bear all the risks, making upstream projects unattractive to them," Pri Agung said.

The government hopes that EOR activities result in the recovering of around 2.5 billion barrels of oil in reserves by

2050. Hence, a high-tax system is feared to discourage investors from undertaking the costly EOR activities in the future.

The country's proven oil reserves dropped to 2,959 million stock tank barrels (mmstb) at the end of last year from around 5,000 mmstb in the early 2000s due to a lack of new discoveries.

Of the reserves, 55.45 percent was depleted and 3.95 percent had not been developed.

"Therefore, Energy and Mineral Resources Minister [Ignatius] Jonan has underlined the importance of making production costs more efficient. Companies should operate efficiently so that they will be able to undertake EOR activities," said Saleh Abdurrahman, the secretary-general of the National Energy Board (DEN).

Govt takes over halal label

Marguerite Afra Sapiie

THE JAKARTA POST/JAKARTA

It's official: The Indonesian Ulema Council (MUI) has given up its authority to issue halal certification, nearly three decades after the clerical body was given the authority by then president Soeharto following mass hysteria over the circulation of lard.

The Religious Affairs Ministry has finally established the Halal Products Certification Agency (BPJPH) as the sole halal certification body in the country.

The new agency, which was officiated on Wednesday, is mandated by the 2014 halal certification law to regulate procedures and applications for halal certification, as well as collecting the fees for issuing certificates.

"BPJPH has the authority to issue, revoke and manage all administration related to halal certification of domestic and imported products, while the MUI still holds the authority to issue halal edicts," BPJPH head Soekoso told *The Jakarta Post* on Friday.

The MUI, he added, still held

BPJPH aims to improve halal certification process

Govt yet to decide on halal label fees

the authority to certify halal auditors and accreditation for the Halal Audit Agency (LPH), that could be carried out by universities or civil society organizations, as mandated by the law.

The BPJPH is expected to improve the halal certification process, that under the MUI was considered as lacking transparency and accountability, and once marred by bribery allegations.

The agency is now working to create an online registration system for requesting halal-certification, expected to finish in early 2018, Soekoso said.

Applicants who want to obtain halal certification for their products must register at the agency. The applicant can choose an LPH, who would audit the process of production of the specified products. The existing LPH is currently the MUI's Food and Drug Anal-

ysis Agency.

The LPH auditor would then hand over the report to the BPJPH, that would later submit the audited report to the MUI for the latter to issue edicts on whether the products are worthy of being certified halal or not. The BPJPH will issue a halal certificate for the product within seven days after of the MUI's edict.

If applicants' documents are in line with the requirements, the whole process would take less than 60 days, Soekoso said.

Meanwhile, the fees for halal-certification were still being deliberated on by the Finance Ministry and the details of the fees will be defined in the ministerial regulation, expected to be issued by the end of October.

"The fees will automatically be directed to the Finance Ministry as non-tax revenues. The payment is made through appointed banks that are integrated through an online system," Sukoso said, adding the system was set up to prevent illegal practices such as bribery.

The MUI has held the sole power to issue certification for halal

products since 1989, including the authority to set halal standards, auditing products, issuing edicts and collecting the fees from applicants.

Some lawmakers have called for an audit of MUI's financial reports regarding the halal-certification fees in the past, suspecting the outfit had amassed a substantial amount of revenue from the process. However, this was difficult due to MUI's status as a privately run religious organization.

MUI deputy chairman Zainut Tauhid Sa'adi said the outfit supported the BPJPH as the MUI expected the government agency would push more products to be certified as halal, and make Indonesia one of the biggest halal product producers in the world. On the LPPOM website, fees for a halal certificate range from Rp 1 million (US\$74) for small and medium enterprises up to Rp 3.5 million, excluding the fees for audit, registration and training. The certificate is valid for two years and should be renewed before expiry.

Under the 2014 Law, however, halal certificates issued under the

BPJPH are valid for four years, unless the products change their composition.

LPPOM deputy chairman Oesmena Gunawan said the issuance of halal certificates usually took less than one month to three months, depending on whether the applicants had correctly submitted the documents and requirements to request halal certification.

Meanwhile, Indonesian Food and Beverage Association (Gapmi) chairman Adhi S. Lukman said the government-owned halal certification agency could strengthen the bargaining position of Indonesian halal certification on the world stage compared to when the certificates were issued by MUI.

However, he noted the BPJPH faced challenges especially since Article 4 of the 2014 Law mandated that all products distributed in Indonesia should be halal-certified.

The BPJPH should be able to issue halal certification for at least 6,000 large and medium enterprises, as well as 1.5 million small food enterprises, but at the same time it still depended on MUI's edict to issue halal certificates.

Poor occupational safety leads to workers' fatalities

The Jakarta Post

JAKARTA

Amid the government's ambitious infrastructure and industrial development plans, labor protection remains poor in the country, with seven workers dying every day due to work-related accidents.

Many companies still view personal protective equipment as an expense to curb, director general of occupational safety at the Manpower Ministry Sugeng Priyanto said.

"Some companies even use outdated or substandard products to cut costs, which risks the safety and health of laborers," he said on Thursday.

These conditions have led to a high number of work accidents, including fatalities. Working at unsafe heights without protective equipment was the second largest cause of death after road accidents, according to the ministry's data.

Up to November 2016, as many as 101,367 cases of occupational incidents occurred in 17,069 companies, out of 359,724 registered companies. The number of fatalities was recorded at 2,382 people.

Many work-related accidents take place because of lack on awareness of occupational safety

Protective equipment seen as extra expenses

The figure has decreased from 110,285 cases in 2015, but the number of fatalities was only 530, and the ministry believed that there may have been a mistake in the records due to the conversion of labor insurance firm Jam-sostek into the Workers Social Security Agency.

Herman Prakoso Hidayat, the ministry's occupational safety and health supervision director, said the ministry had been conducting periodic monitoring of companies and urged them to provide personal protective equipment complying with the 2010 Manpower Ministry Regulation No. 8/2010 and the 2016 Government Regulation regarding occupational safety in tall buildings.

"We have not reached all industries or workers because according to the Central Statistics Agency (BPS) data, there are

around 20.3 million companies, 65 percent of which are small and medium enterprises that are harder to monitor," Herman told *The Jakarta Post*.

Herman also said most Indonesian workers did not see protective equipment as important.

"We don't usually use any personal protective equipment and we are just fine. Nothing bad has happened," he said, mimicking the laborers' excuse.

Besides an obligation, protective equipment also had to comply with Indonesian National Standards.

The regulation on Occupational Safety is defined under the 1970 Law, which also contains criminal sanctions. The law stipulates that negligence can carry up to five years of imprisonment, while deliberate neglect could result in life imprisonment.

However, Indonesian Workers Union Association (Aspek) president Mirah Sumirat claimed many multinational companies had been complying with occupational safety and health.

"Having no personal interest, we found that Japanese companies are more aware about this regulation on occupational safe-

ty," she said.

Most small and medium enterprises had not met the occupational safety and health requirements due to costs. The enterprises still struggle to pay salaries and operational costs leaving safety as something they do not prioritize. Moreover, workers are more concerned with income levels than safety matters, Mirah added.

In addition to a lack of awareness, enforcement by the government was still weak, she said, citing a 2015 accident where an American doughnut chain worker died in a faulty elevator in Bekasi, West Java. The victim's family was given some compensation, but eventually withdrew their police report because of pressure from the company.

Mirah urged the government to punish companies who did not comply with safety regulations, including revoking permits.

"But maybe the government is afraid that investors would run away," she said, adding there should be education for both employees and employers on the importance of occupational safety and health that could increase productivity. (dra)

No new coal power stations in Java, Jonan says

Fergus Jensen
REUTERS/JAKARTA

Indonesia will not approve any new coal-fired power stations on the heavily populated island of Java as the country strives to reach its renewable energy development targets, the energy minister said on Thursday.

"We will not approve any coal-fired power plants in Java, this island, any more," Energy and Mineral Resources Minister Ignasius Jonan told a press conference.

Java is home to about two thirds of Indonesia's population of 250 million, but the island is also far better supplied with electricity than the rest of the archipelago, particularly eastern Indonesia.

"We will push, very hard, in the

No more coal-fired power stations to be approved in Java

Coal makes up 57% of energy mix

near future that Java should build the renewables, as well as geothermal especially, as well as gas-fired power plants," Jonan said, referring to gas power plants "at the well head."

The government has also revived plans to develop high voltage undersea power cables linking the islands of Sumatra, Java and Bali, he said.

"So whenever Java needs the power, Sumatra can send it to Java and the other way around."

Indonesia is committed to a

target to increase the renewable portion of the energy mix to 23 percent by 2025 from about 12 percent at present, and expects to reach 18 percent in the next three years, Jonan said.

However, the government will continue to prioritise price in deciding power sources, he added.

"While I do understand that it's not easy to compete with coal-fired power plants, especially with mine-mouth power plants, they do have to compete with gas power," Jonan said, referring to "strict" power tariff negotiations.

In the first nine months of this year, Indonesia signed a total of 1,023 megawatts of renewable energy contracts, about double the total amount signed in the three years before that, Jonan said.

Coal makes up around 57 per-

cent of the energy mix in Indonesia, the world's top thermal coal exporter, with consumption expected to reach 101 million tons this year.

State electricity utility PLN, tasked to oversee President Joko "Jokowi" Widodo's target to build 35 gigawatts (GW) of new power stations in Indonesia, is under pressure to improve its efficiency and reduce costs.

Jokowi recently "advised" that PLN could halve its target to contribute 5 GW to the program from more than 10 GW at present, Jonan said.

"If PLN thinks their financial position in the long term or even in the mid term will not be quite sound, it's acceptable for them not to continue," he said. "They can offer it to the private sector."

PLN reveals problems with 4,000-MW projects

Fedina S. Sundaryani

THE JAKARTA POST/JAKARTA

State-owned electricity utility company PLN has hit a speed bump in its objective to increase the national power procurement capacity.

The company recently revealed that it faced challenges in developing three large coal-fired power plants with a combined capacity of more than 4,000 megawatts (MW) on Java due to objections from locals and civil society groups, as well as issues related to environmental impact analysis (Amdal).

The three power plants consist of units 5 and 6 of the Tanjung Jati B power plant in Central Java, the Cirebon 2 power plant and the Indramayu power plant in West Java.

PLN strategic procurement director I Nicke Widyawati said that the company pushed back the operating start date of all three power plants because of the challenges.

"[The problems] mostly had to do with the public, especially civil societies that were concerned about coal, since the environment is an extremely sensitive

Non-financial issues hamper three coal-fired power plants projects in Java

Only eight out of PLN's 18 operational regions see reserve margin over 30%

subject. However, both our large-scale and small-scale [power plants] have used super critical [technology] so that the carbon emissions would lower," she told reporters recently.

Meanwhile, PLN president director Sofyan Basir said issues over Amdal at the Cirebon power plant were ongoing for the past two years.

Even so, the former banker assured that the postponement in the development of 9,000 MW worth of power plants on Java was accounted for in this year's power procurement business plan (RUPTL), which maps out its power procurement program for the next decade.

The postponement was made following the lower growth rate in demand than initially expected.

Electricity procurement is a large part of President Joko

"Jokowi" Widodo's 35,000-MW program, which aims to record a 30 percent surplus in national electricity reserve margins with more efficient operational costs.

Although the electrification ratio reached 92.8 percent by the end of the first half of the year, data from PLN shows that only eight out of 18 of the firm's operational regions recorded a reserve margin over 30 percent by the end of 2016. The latest RUPTL shows that PLN hopes to raise the reserve margins of 16 operational regions by 2019 and raise the electrification ratio to 100 percent by 2024.

Both PLN and the government acknowledged it was unlikely and unnecessary for all 35,000 MW to start operating in 2019. Instead, PLN has predicted that only around 23,000 MW would be procured within the designated time frame, while the remaining capacity would be procured through to 2023.

Separately, Energy and Mineral Resources Minister Ignatius Jonan has reiterated that the government would not approve the development of coal-fired power plants on Java in the

future, as the focus would shift to gas and renewables.

"We will not approve any coal-fired power plants on Java, this island, anymore," he said as reported by Reuters.

Java is home to approximately two thirds of the country's population of 250 million people. It is far better supplied with electricity than many other parts of Indonesia.

Jonan's emphasis on halting the development of all unsigned coal-fired power plant projects might also have been spurred by growing concern that the fossil fuel power plants might lead to PLN's fiscal ruin.

Coal-fired power plants are expected to remain a major power producer for the next decade, making up more than 50 percent of the fuel mix, but it comes with a hefty cost.

As a result of excess capacity from coal-fired power plants on Java and Bali alone, PLN is projected to pay US\$16.2 billion for idle capacity between 2017 and 2026, according to a recent report from United States-based Institute for Energy Economics and Financial Analysis (IEFFA).

Longest toll road in Sumatra officially opens

Apriadi Gunawan and Anton Hermansyah

THE JAKARTA POST/KUALANAMU/
JAKARTA

President Joko "Jokowi" Widodo inaugurated two toll roads in North Sumatra on Friday that are expected to boost connectivity in the province.

The toll section Parbarakan to Sei Rampah, spanning 41.65 kilometers, is the longest toll road in Sumatra, as part of the Medan-Kualanamu-Tebing Tinggi toll road. The 10.46 km Helvatia-Sei Semayang-Binjai section is part of the Medan-Binjai toll road. Both were officially opened to the public.

Jokowi welcomed the completion of the toll roads that are part of his administration's ambitious infrastructure development plans.

The Kualanamu-Tebing Tinggi toll road is set to connect to another toll road that leads to the famous Lake Toba area. The Public Works and Public Housing Ministry and State Owned Enterprises Ministry had completed the land procurement, with construction aimed to reach completion by the middle of next year.

The toll road could bolster tourism and the local economy of the Lake Toba area.

Jokowi inaugurates longest toll in Sumatra spanning 42 km as part of the Medan-Kualanamu-Tebing Tinggi toll road

Toll roads projects aimed to spur connectivity and economy

"Currently it takes five hours to drive from Medan to Toba, but when the toll road is completed, we predict it will take only two hours," President Jokowi said in his speech in Kualanamu on Friday afternoon.

The shortened trip would also be beneficial for the mobility of people and goods.

"If mobility is quick and the cost of transportation more efficient, goods carried by trucks will have lower prices," he added.

The president cited that transportation costs in Indonesia are 2.5 times higher than in neighboring countries like Singapore and Malaysia. Good connectivity of people and goods will eventually support the country's competitiveness.

PT Jasa Marga Kualanamu Tol consortium, that carried out the Medan-Kualanamu-Tebing Tinggi toll road project, is currently working on a 13.4 km sec-

tion of road consisting of two km in Tanjung Merawa, and the Sungai Rampah to Tebing Tinggi road spanning 10.15 km.

The Medan-Kualanamu-Tebing Tinggi toll road is part of the Trans Sumatra toll road spanning 61.7 km, consisting of seven sections that have been targeted to begin full operation next year. The construction of the Medan-Kualanamu-Tebing Tinggi toll road was smoother than the Medan to Binjai project, where some sections were still plagued by land disputes. Jokowi said he had ordered his subordinates and the National Land Agency (BPN) to settle the disputes for the sake of the project and in the people's interest.

Bina Marga directorate general at the Public Works and Public Housing Ministry Arie Setiadi Moerwanto said the Medan-Binjai toll road was the most difficult to complete compared to other Trans Sumatra toll projects. "Most of the land is under the power of those who do not actually own the land, but people who have lived on and managed the land for a long time. It's a challenge for us," he told reporters on the sidelines of the event.

The roads are among the 16

new toll roads developed by state-owned toll road operator Jasa Marga. The firm aims to operate 210 km of new toll road by the end of this year, as part of the Jokowi administration's push for infrastructure development to spur the country's economy.

The event in North Sumatra followed the inauguration of the first toll road in South Sumatra a day earlier by the president. Jokowi inaugurated the 7.75 km long Palembang-Pemulutan toll road on Thursday.

The Palembang-Pamulutan toll road is the first of three sections, totaling 21 km.

The Palembang-Indralaya toll road began construction in 2015. The second section is the Pemulutan-Kota Terpadu Mandiri road spanning 4.9 km, and the third section is the 8.5 km Kota Terpadu Mandiri-Indralaya road.

Jokowi said the toll road would be free of charge until the end of 2017. At that time the construction of the second and third section would be completed.

"Despite the toll road requiring a fee, I want the people to see and enjoy it until the end of this year. When all three sections are connected we will start to charge," he said on Thursday.

Govt cuts target

for gas network construction

Fedina S. Sundaryani

THE JAKARTA POST/JAKARTA

The government may have to put the brakes on its ambitious plan to massively develop domestic gas infrastructure as it lowers its previous target for next year because of budget re-allocation.

After intensive discussions on the 2018 state budget with the House of Representatives, the Energy and Mineral Resources Ministry has decided to build gas networks for only 78,000 households in 17 cities next year, fewer than the 118,000 households in 20 cities previously proposed.

The ministry's oil and gas director general, Ego Syahrial, at-

tributed the amendment of the target to the reallocation of next year's budget, which was approved by the House's Commission VII overseeing energy.

"There are other programs to be prioritized, including those in the new and renewable energy sector and upstream well drilling," he told reporters recently.

The government started developing gas networks in 2009 in order to help the public switch from oil or wood to gas, which is thought to be more efficient and environmentally friendly.

The government launched last year a 2016-2030 road map for gas infrastructure development, estimated to require US\$48.2 bil-

lion in investment.

According to the roadmap, of the total, \$25.6 billion will be needed for liquefaction, \$12 billion for pipeline development and \$6.1 billion for regasification.

Moreover, \$2.2 billion will be used to develop gas networks, \$1.93 billion for gas stations and compressed natural gas (CNG), and around \$49 million for liquefied petroleum gas (LPG) processing and distribution facilities.

The Energy and Mineral Resources Ministerial Decree No. 6/2016 stipulates that gas supply should be prioritized for the transportation sector, households and small customers.

While Ego did not disclose the specific budget for the gas network development, the oil and gas directorate general is set to receive a total of Rp 1.72 trillion (\$128 million) to support all of its programs next year.

In addition to the change in the budget allocation, the ministry is apparently more realistic about its target because of the snail-paced progress of the current development.

So far, we have only managed to build gas infrastructure covering 1.9 million households, or 24 percent of the overall goal by 2019. The existing networks have been established in 26 cities across 14 provinces.

"So my estimate is that we will reach around 40 to 45 percent of the 2019 target," Ego said.

The government has also enlisted the assistance of state-owned firms to develop gas networks across the country. This year, the Energy and Mineral Resources Ministry has ordered state-owned oil and gas firm Pertamina and state-owned gas firm PGN to build gas networks connecting 59,809 households across 10 cities.

In addition to developing gas networks, the government has also been racking its brains about how to cut down on gas prices for the industrial sector.

President Joko "Jokowi" Wido-

do has ordered that gas prices at the plant gate be cut to under \$6 per million British thermal units (MMBTU), while prices currently average at around \$9 per MMBTU across the country.

Energy and Mineral Resources Deputy Minister Arcandra Tahar said that a ministerial decree would soon be issued to manage the midstream gas sector — pertaining transmission and distribution — in order to ensure that the logistics are as efficient as possible.

"[According to the new decree] the internal rate of return will be set at 11 percent, while the margin for traders will be limited at 7 percent," he said.

Residents praise, criticize new Jakarta-Cikarang line

The Jakarta Post
JAKARTA

People living in Bekasi, West Java, feel bittersweet about the newly opened commuter line linking Jakarta to its satellite town Cikarang, located east of the capital.

They welcomed the new line but complained about the insufficient number of trips serving thousands of passengers that travel between the two areas every day.

Rani Wulandari, 23, said she no longer had to travel 11 kilometers from her house in Tambun to Bekasi Station because the line stopped at Tambun Station, which is 2 km away from her house.

Rani, who works as a call center operator at an e-commerce company in Jakarta, said she had used the commuter line as daily transportation from Bekasi to Jakarta for about two years.

Upon arrival at Tambun Station on early Monday, Rani said that she saw the platform heading to Jakarta packed with people and she, therefore, decided to take the

Four additional stations packed with passengers all day

Train operator said it cannot operate more trains until new rail tracks constructed

opposite line going back to Cikarang, which is two stations away from Tambun.

"I did that in order to get a seat," she told *The Jakarta Post*, adding that she would travel that way every day moving forward.

State-owned train operator PT Kereta Commuter Indonesia (KCI) began operations of the Jakarta Kota-Cikarang line last week, extending the train further east to reach Cikarang, Bekasi regency.

The new route adds four stations—East Bekasi, Tambun, Cibitung and Cikarang—to the previous line that went to Bekasi Station in Bekasi City.

Although the extended service was long-awaited by residents living in Cikarang, a thriving residential-industrial area located 44 km from Jakarta, not all commut-

ers are catered to.

KCI recorded that the route served 23,000 passengers on its first day.

Rani said it was her first experience riding a heavily packed train that forced passengers to open windows for air circulation. "That was my worst experience. People kept jostling to get inside even though some passengers shouted that the cars were already full," she explained.

She also complained about a lack of trains, which had caused the passengers to wait for almost one hour for the next train. As a result, the passengers, most of whom were workers, felt they had no choice but to force themselves onto crowded trains.

Miyati, 48, waited at Cikarang Station for about an hour on Tuesday because she missed the train that departed at 11:05 a.m. She planned that day to visit her family in Cakung, East Jakarta.

As a result, Miyati waited for the train that was scheduled to depart at 12:30 p.m.

"I would be trapped in traffic congestion if I used *angkot* [public minivan], so I preferred to wait

for the train as it can take me to Cakung within minutes," she said.

KCI spokesperson Eva Chairunnisa said that the operator aimed to gradually accommodate 20,000 passengers from every station.

Responding to customer complaints, Eva said that the existing railway tracks cannot accommodate many trains.

"We cannot wait until the double-double track (DDT) project is finished because we need to accommodate the thousands of passengers immediately," she said.

Eva suggested that passengers plan accordingly to the train schedule to avoid crowded train cars.

Separately, Indonesian Transportation Society (MTI) transportation expert Djoko Setijowarno said that, ideally, the line should have began operations after the completion of the DDT project so that the tracks between the city trains and intercity train could be separated.

"I am sure once that project is finished, the trips will run smoothly. KCI also have to add more trains to accommodate the passengers," he said. (en)

Pressure mounts for KPK to probe Setya again

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

Two weeks have passed since South Jakarta District Court judge Cepi Iskandar issued a controversial ruling declaring the Corruption Eradication Commission's (KPK) decision to name House of Representatives Speaker and Golkar Party chairman Setya Novanto a suspect illegal.

The public has been urging the antigraft body to rename Setya, who was deemed a key figure in the case, a suspect in a high-profile graft case pertaining to e-ID procurement in 2010.

However, the KPK has not made any move to put the politician back on its suspect list in one of the biggest graft cases in the country's history.

KPK spokesman Febri Dian'syah has repeatedly said that the pretrial ruling would not stop graft busters from resolving the case. He, however, has been avoiding questions as to when the KPK would rename Setya a suspect.

KPK gives no clear clue if it will name Setya suspect again

Constitutional Court's recent ruling suggests KPK can rename Setya suspect

"We have yet to talk about it as we are still looking at the pretrial ruling and several facts [related to the case]," he said recently.

The KPK's perceived lethargy has sparked protests, including from university students and anticorruption activists.

Dozens of University of Indonesia students held a demonstration in front of KPK headquarters in Jakarta on Friday, demanding that graft busters immediately make a move against the House leader.

The demand echoed that of activists, who say the KPK should not wait any longer.

"It is not reasonable for them to take this long to rename

[Setya a suspect] as they already have hundreds, if not thousands, of pieces of evidence that were shown during the pretrial hearing," Indonesia Corruption Watch (ICW) activist Febri Hendri said.

He further compared a case in 2015 involving then Makassar mayor Ilham Arief Sirajuddin.

In May 2015, the very same district court ruled in favor of Ilham in his pretrial motion, ordering the KPK to drop the corruption case involving city-run water company PDAM, which caused state losses of Rp 38 billion.

The KPK, however, did not wait long as they named Ilham a suspect once again. He is currently serving time behind bars after he was found guilty in the case.

The KPK does not lack legal basis to issue another warrant for Setya, as a 2016 Supreme Court regulation allows the issuance of a new *sprindik* even after a sus-

pect status is revoked in a pretrial hearing.

The Constitutional Court ruled recently in a judicial review motion to allow investigators to use evidence from a previous dossier to rename a suspect, as long as they complete it substantially.

The ruling was made on Tuesday in a motion filed by Anthony Chandra Kartawiria, former president director of PT Mobile-8, who was renamed a graft suspect by the Attorney General's Office in 2016 in a case pertaining to tax restitution for the company.

KPK investigators also acquired new evidence recently from testimony made by a Federal Bureau Investigation (FBI) agent in Minnesota, United States, pointing to a bribe related to the scandal-ridden project in the form of a high-end watch allegedly given by late-businessman Johannes Marliem to Setya.

Anies ready to work

Agnes Anya

THE JAKARTA POST/ JAKARTA

It takes more than a political storm to shake Anies Baswedan.

Less than two years after being dismissed from President Joko "Jokowi" Widodo's Cabinet, the former education minister has returned to the political scene as Jakarta's governor-elect.

The path to his political revival was not easy; it was practically a leap of faith.

The former Paramadina University rector, who had been known as a moderate Muslim, joined the government's opposition coalition and made allies with conservative Muslim groups to earn a ticket in the Jakarta gubernatorial election.

While his efforts have paid off, they have placed him on the opposing side of Jokowi, whom he supported during the 2014 presidential election.

The President is slated to inaugurate Anies and his deputy Sandiaga Uno at the State Palace on Monday afternoon, cementing the fact that one of the most strategic public offices in the country is now in the hands of opposition parties.

"I consider myself a brave man. One thing's for sure, I feel people's struggles in various forms. Everyone contributes. Twenty-three pledges; not just merely programs. These are promises that must be fulfilled," Anies addressed his supporters during a

Anies will be focal point of Jokowi's opposition parties

Gov-elect pledges to realize campaign promises

gathering held by the Prosperous Justice Party (PKS) on Sunday.

Supported by the PKS and the Gerindra Party, Anies and Sandiaga beat incumbents Basuki "Ahok" Tjahaja Purnama and Djarot Saiful Hidayat by securing 58 percent of the vote in the second round of the election in April.

A popular reformist icon and an ally of Jokowi, Ahok's campaign suffered after he was accused of blasphemy, becoming the target of conservative groups that supported Anies, including the Islam Defenders Front (FPI).

In Sunday's event, male and female clerics showered Anies and Sandiaga with prayers and sermons, placing their hopes on them to bring progress to the city and happiness to residents.

A cleric prayed for Anies and Sandiaga to unite Jakartans following sectarian tensions during the election.

Echoing Jokowi's famous credo of "work, work, work," Anies emphasized that he would prove he was committed to realizing his campaign promises through hard work.

"There are many challenges faced by Jakarta. It is time to

work," he said.

The Kuningan-born politician from West Java also said a governor should not say too much and instead prove himself through his work.

During their campaign, Anies and Sandiaga, a businessman and a Gerindra Party member, declared 23 pledges as part of their priority programs.

The pledges include creating 200,000 jobs and entrepreneurs, stopping the Jakarta Bay reclamation project, offering paternity leave and increasing home ownership among the poor.

Their insistence to stop the reclamation project was recently put to the test when Coordinating Maritime Affairs Minister Luhut Pandjaitan ordered the projects to resume after a one-year suspension on account of environmental violations.

Anies and Sandiaga said they would maintain the stance

against their reclamation to protect fisherfolk, the coastal community and Jakartans.

Some political experts have criticized Luhut for meddling with the Jakarta administration should he insist that the incoming leaders follow his instruction while others have said Anies Sandiaga's failure to compromise would cause a rift with the central government.

"In the next 2.5 months, Anies and Sandiaga must start proving to the public that they can work that they did not win the election because of sectarian issues," said State Islamic University politics expert Adi Prayitno.

Anies and Sandiaga must prove their performance can exceed that of Ahok and Djarot by gradually realizing short-term programs.

"Moreover, they must start uniting Jakartans," said Adi.

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