

Labor, employer groups call for wage reform

Made Anthony Iswara

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Labor and employer organizations are calling for reform of the minimum wage system amid concerns that the current mechanism for determining the minimum wage will disadvantage some regions and sectors.

Speaking during a discussion on Wednesday on revising Government Regulation No. 78/2015 on the minimum wage, Indonesian Workers Organization (OPSI) secretary-general Timboel Siregar acknowledged that not all provisions in the regulation needed to be changed, as some were beneficial for both for employers and workers.

However, the provision related to the formula for determining the minimum wage should be changed because it could lead to the further widening of income disparities between regions, he said.

Under the current formula, annual increases in the minimum wage are based on the inflation rate and GDP growth, as determined by Statistics Indonesia (BPS).

President Joko "Jokowi" Widodo expressed his approval of revising the regulation during a meeting with labor leaders recently. Prior to the meeting, Jokowi promised on the campaign trail in April that he would revise the regulation if reelected as president.

The Manpower Ministry's wage director Adriani said the revision was under discussion within the ministry, adding that she could not predict when the revised regulation would be announced.

Manpower Minister M Hanif Dhakiri said previously that there was no need to revise the minimum wage formula as it benefited both workers and employers.

Last year, the ministry increased the minimum wage by 8.13 percent, based on the inflation rate of 2.88 percent and the economic growth of 5.15 percent, as announced by BPS.

"It's better for us to go back to square one, so labor organizations, industry players and the government can deliberate a for-

mula to determine the minimum wage," Timboel said.

Meanwhile, head the Indonesian Employers Association (APINDO) advocacy committee Darwoto said that the current minimum wage formula placed a burden on labor-intensive sectors like the textile industry because the minimum wage was required to be increased every year even if employers suffered financial losses.

Instead, he suggested that the minimum wage be a "safety net" that allowed flexibility for each sector to review their respective spending power.

He said the association welcomed the policy in 2015 with open arms, as it finally provided a sense of assurance amid skyrocketing minimum wages between 2012 and 2014.

However, he said that if going forward, minimum wage increases were to be determined through a negotiation process between workers, employers and the government, labor organizations and activists should refrain from holding protests during the deliberation period. In the past, labor unions have held widespread protests to pressure the government to meet their demands.

"It's about finding a win-win solution," Darwoto said.

Research director of the Center of Reform on Economics (Core) Piter Abdullah said the current formula for determining the minimum wage could have long-term negative effects.

He explained that the high labor costs could discourage both foreign and domestic investors from conducting business in Indonesia. The lack of investment would then cause the economy to slow down, affecting employment, he said.

If the country was unable to increase its economic growth, it would be unable to benefit from its demographic dividend, predicted to peak in 2030, when the working age population would account for 70 percent of the total population, he said.

The demographic dividend could turn into disaster if a large number of working age people were unable to find jobs, he said.

Govt needs to be cautious in lowering airfares

Riza Roidila Mufti

THE JAKARTA POST / JAKARTA

The long debate on airfares has entered a new chapter as the government has decided to review the current price ceiling following pressure from the public to bring down domestic airfares.

Transportation Minister Budi Karya Sumadi confirmed on Thursday the current price ceiling would be lowered 15 percent to ensure airlines would reduce their fares. "That [15 percent] is the range of the cut. We will finalize it and report it to the Office of the Coordinating Economic Minister next Monday," he said after a meeting with President Joko "Jokowi" Widodo.

Coordinating Maritime Affairs Minister Luhut Pandjaitan earlier said he hoped the revision of the price ceiling would reduce airfares by an average of 15 percent.

Minister Budi has been under pressure from the public to reduce the airfares after a number of budget carriers stopped special offers a few months ago, resulting in a sharp increase in domestic airfares. The Business Competition, Supervisory Commission (KPPU) conducted an investigation into alleged cartel practices by airlines, which in turn rejected the allegation, saying the increase in airfares was unavoidable because of rising operating costs resulting from higher jet fuel prices.

Air Asia Indonesia CEO Dendy Kurniawan said the airline might not be affected by a possible change in the price ceiling. "It will not affect us greatly, because we play in the price floor area and not in the price ceiling area," he said, adding that Air Asia's fares were lower than those of other airlines.

Garuda Indonesia commercial director Pikri Ilham Kurniansyah said the airline would obey the regulator. "In Garuda's case, income from ticketing is around 2 percent. Thus, we anticipate ancillary revenue from cargo and advertising. At Garuda, a small advertisement sticker in the airplane could cost millions of rupiah, and our income from advertising is really huge; advertising in our [in-flight] television is also profitable," he said.

Sriwijaya president director Joseph Adriaan Saul said Wednesday that whatever decision the government would make, Sriwijaya would heed it. However, the changes might affect Sriwijaya's business. "If in the end some routes are no longer profitable, we will have to stop our services to save the company," he said.

Aviation expert and Indonesian Ombudsman commissioner Alvin Lie urged the government to be careful in revising the airfare price ceiling. The government should not only listen to consumers but also the interests of airlines, as a wrong move could threaten the country's airline industry.

"If the government brings down the airfares ahead of the Idul Fitri holiday season as a form of public service, the government has to make sure it involves all [parties], from airlines and airport operators to the air navigation firm and other stakeholders," he said.

Alvin also urged the government to be more transparent on the cost structure and components used to determine the airfare price floor and ceiling, so that airfares were reasonable and fair.

The government will reassess the cost structure of airfares and figure out which costs could possibly be reduced. The cost structure for determining ticket prices includes the jet fuel cost, aircraft leasing cost, maintenance cost and facilities costs, such as for airport services.

The Indonesia Consumers Foundation (YLKI) president director Tulus Abadi said it would be difficult for consumers to accept high airfares, because they were used to low airfares in the past, when most airlines offered big discounts.

— ARYA DIPA CONTRIBUTED TO THIS STORY FROM BANDUNG.

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TRAFFIC

Govt to limit export, import distribution during 'mudik'

Rachmadea Aisyah

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The government is to limit the number of vehicles transporting export or import goods on the peak days of mudik in late May and early June to prevent congestion during the annual Idul Fitri exodus.

The Transportation Ministry is distributing QR code stickers for displaying on vehicles that are permitted to use major mudik routes during the Idul Fitri holiday.

Land transportation director Ahmad Yani at the ministry's directorate general for land transportation said that the government applied a similar measure last year for several commercial vehicle associations.

"We are still prioritizing passenger vehicles for the mudik season, but we will provide special treatment for vehicles carrying exported and imported goods, as

their [distribution] cannot be delayed to ensure economic stability," Yani recently told reporters at the ministry.

Road authorities can scan the unique QR code on the stickers to read information about the vehicle and its chassis number, so the stickers cannot be misused for transporting unregistered cargo, Yani added.

"We aim to have the stickers ready two weeks before May 31, when we will begin limiting the number of freight vehicles," he said.

The stickers are to be distributed in cooperation with the Organization of Land Transportation Owners (Organda) and the Indonesian Truck Business Association (Aprindo).

Around 100 vehicles belonging to Organda members and 5,000 vehicles belonging to Aprindo members have already registered for the stickers.

"We estimate that around 800 of our members' trucks will be transporting staple goods during this year's mudik," Organda vice chairman for passenger vehicles Priyatmedi said on the same occasion. "Out of that number, 100 trucks will be transporting export or import containers."

Aprindo vice chairman for cross-country vehicles Yusuf Wijdjaja said that it should be easier to oversee export and import distribution during the exodus season due to a significantly lower volume of transported goods, with many production and trading activities halting temporarily over Idul Fitri.

"We applied for 5,000 stickers based on our calculations of the number of trucks that applied for the same facility last year," he said at the press conference. "The figure should not change by much."

The National Police Traffic Corps (Korlantas) will also be

deployed to aid Transportation Ministry officials in overseeing the restriction on operating export and import vehicles.

Road patrol and escorts head Sr. Comr. Bambang Sentot Widodo of the Korlantas law enforcement division said it would focus on the Cikampek and Cipali toll roads near the industrial parks in northern Java, where the annual exodus traffic was the heaviest.

In addition to these toll roads, Korlantas would assist in limiting the number of freight transport on 17 toll roads and seven highways across Java.

"We will stop all non-stickered import and export freight vehicles and redirect them to designated stops until the flow of mudik traffic has subsided, or until they can prove that they were approved for the stickers [but failed to display the stickers]," said Bambang. "Otherwise, we will remove them from the supervised roads or fine them."

Police disperse crowd trying to hold first 'people power' rally

Ghina Ghaliya and Marguerite Afra Sapiie
THE JAKARTA POST/JAKARTA

The police dispersed on Thursday a group of Prabowo Subianto-Sandiaga Uno supporters that attempted to hold a rally demanding that President Joko "Jokowi" Widodo and his running mate Ma'ruf Amin be disqualified from the presidential race.

Initiated by National Mandate Party (PAN) politician Eggi Sudjana and retired Army general Kivlan Zen, the protestors, grouped under the People's Elements for Justice and Truth (Gerak), gathered at their meeting point at Lapangan Banteng Park, Central Jakarta, at 12:30 p.m. before moving to the Elections Supervisory Agency (Bawaslu) at around 2 p.m. to deliver their demands on the street.

The rally was supposed to head to the General Elections Commission (KPU). However, without a rally permit from the police, they were limited to delivering their demands for several minutes at the Bawaslu office.

Eggi, who was named a treason suspect a few hours before arriving at the Bawaslu office, said the demand for Jokowi's disqualification was due to alleged fraud committed by him as a presidential candidate, not as the country's incumbent president.

"It is wrong for them to consider the people power movement treasonous because our concerns are not being addressed to a legitimate government. No, our concerns are about a fraudulent candidate. Please note that," Eggi told the press in front of the Bawaslu office on Thursday.

He said Jokowi needed to look at the previous presidents, who knew how to react when people carried out such movements. He cited an example of when first Indonesian president Sukarno let Soeharto seize power in 1966 with the controversial March 11 Indonesian presidential executive order (Supersemar).

"Soeharto also made his resignation because of people power [...] And one of the best was Abdurrahman "Gus Dur" Wahid,



Antara/Aditya Pradana Putra

Election protest: Former chief of the Army Strategic Reserves Command (Kostrad) Kivlan Zen (center) is among protesters at the Elections Supervisory Body (Bawaslu) in Jakarta on Thursday, calling for an investigation into alleged irregularities in the presidential election. The police later dispersed the protest, saying that it had no permit.

Police disperse crowd demanding disqualification of Jokowi from election race

KPU says election transparent, calls on those suspicious of fraud to report it to Bawaslu

who was surrounded by people at the Presidential Palace but sincere enough to [accept] being deposed," he said.

Eggi said the protesters would hold a rally on Friday at the KPU and the Bawaslu office.

As the protesters arrived at the Bawaslu office, the police were waiting for them in front of the building and immediately formed a barricade to secure the building.

The police also dispersed the protesters at their meeting point, but they regathered at Bawaslu.

"If you have a permit, please give it to us, but if there is no permit, please leave the location," the police said through a loudspeaker.

Central Jakarta Police chief

Sr. Comr. Harry Kurniawan said the protesters did not have a permit to hold a rally on Thursday. "Alhamdulillah [thank God], in this holy month of Ramadan, they left in an orderly and peaceful manner. They had no permit."

Eggi said he was heading to Bawaslu to show evidence of Jokowi's fraud, claiming that ballots were cast for the incumbent in Malaysia.

KPU head Arief Budiman said the commission was very transparent throughout the election process and that anyone who suspected there was fraud could report to Bawaslu and ask for information from the KPU at any time.

"If they want to know about our servers, our operator and our ongoing real count system [Situng], I would show and tell them everything," he said.

Coordinating Political, Legal and Security Affairs Minister Wiranto said the government would take stern legal action against anyone who incited the people into conducting actions that were against the law and the Constitution.

The minister held a meeting on

Thursday with members of a newly established legal team — comprising legal experts and academics — who assisted Wiranto's office in evaluating statements and actions by public figures that allegedly caused public unrest after the elections last month.

"We will punish anyone who obviously violates the law through illegal measures," Wiranto said.

He said there should no longer be accusations that the government had brought back the New Order era or that Jokowi was a dictator, because the police were simply enforcing the law.

"Therefore nobody should speak about revolutions as [...] they have great consequences and carry a huge risk," he said.

Wiranto said the team, which was previously criticized by activists for its heavy-handed approach to criticism, was working on giving the ministry and the police legal advice on dealing with subversive statements and movements.

The minister, however, refused to comment when asked whether the team had assisted the police before the latter named Eggi a treason suspect.

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KPU: Situng errors benefit, disadvantage candidates

Ghina Ghaliya

THE JAKARTA POST/JAKARTA

The Elections Supervisory Agency (Bawaslu) began on Wednesday a hearing into alleged data errors that have been reported as fraud by the campaign team of former presidential candidate Prabowo Subianto and his running mate, Sandiaga Uno.

The hearing was the Bawaslu's response to a complaint Prabowo's team filed on Friday, claiming that 73,000 data entry errors the General Elections Commission (KPU) published of its ongoing vote tally in the real count system (situng) constituted fraud. The team also demanded Bawaslu to stop publishing the count on the internet.

KPU legal division member Setya Indra Arifin said there were indeed errors on the KPU website, but the number was not as high as 73,000.

The KPU reported 244 findings related to errors on its website as of May 6. Of the 244, 68 were based on public complaints while 176 were based on KPU monitoring.

"Two hundred and eighteen of them have been resolved, while here are still 26 in the correcting process," Setya said. "Again, the

KPU reports 244 findings, most of which caused by human errors

KPU claims to have resolved 218 cases

mistakes are purely in the scanning and data verification process. They were human errors."

The Prabowo team's law division spokesperson, Sahroni, said the 73,000 cases submitted to the Bawaslu were only "presumptions", which means they are only based on reports and not verified.

"Seventy-three thousand faults were our presumptions; 244 have been proven and corrected," Sahroni claimed, despite that the KPU corrections were not only made based on reports from the Prabowo camp.

The KPU has made corrections to the 244 cases that benefited and disadvantaged both camps after verification.

Sahroni did not elaborate on the type of errors found by the team. He concurred with the KPU's details.

"It will be difficult if you ask for a breakdown [...] The most common cases were ones in which they added extra 1s in front of the

Did the errors benefit or disadvantage candidates?

- 24 errors decreased votes for Joko "Jokowi" Widodo and Ma'ruf Amin
- 63 decreased votes for Prabowo Subianto and Sandiaga Uno
- 46 increased votes for Jokowi and Ma'ruf
- 30 increased votes for Prabowo and Sandiaga
- 10 caused both candidates' votes to decrease
- 12 caused both candidates' votes to increase
- 38 caused Jokowi's votes to increase and Prabowo's to decrease
- 21 caused Jokowi's votes to decrease and Prabowo's to increase

Source: KPU

results and extra zeros behind them. That was proven," he said.

At the hearing, the camp brought two witnesses for the Situng case and two for the results of quick counts. The four witnesses were citizens who happened to examine the website.

One of the witnesses, Hanfi Fajri, said he examined the numbers and compared them to the C1 vote tally forms attached to the situng website. He said the numbers were often inconsistent.

"There were approximately 20 forms that we have examined, some of which displayed the presidential election results but had attached C1 forms from the legislative elections," Hanfi said during the hearing.

Hanfi said he even saw an attached C1 form from the Cililin district, West Java, that was not the

official one because the candidate pair names were those of fruit.

"That was hilarious. Was the KPU hungry when uploading it?" he said.

Looking at the Prabowo team's evidence and hearing the witnesses, Setya said it had proven that the situng website was indeed useful.

"There were some good points from the witnesses. They used the situng itself and therefore it is clear that the system is very useful, even for those who accuse us of cheating," Setya said.

The camp brought forward a number of pieces of evidence during the trial, which were screenshots of C1 forms based on the situng and several videos that had gone viral.

Sahroni said the camp did not have the original C1 forms to submit as evidence to the hearing, but it would instead submit them for another lawsuit that it has planned to lodge in the future.

"We will submit another lawsuit regarding the gradual real count process. We are waiting for it [...] We will do more actions until the official announcement on May 22, not only to the Bawaslu but to all agencies related to elections," he said.

New capital plan in question

**Kharishar Kahfi and
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THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo has concluded a two-day journey to different cities in Kalimantan in search of options to set up a new capital, after his administration decided to move ahead with a plan to create a new administrative hub away from overcrowded Jakarta.

He said he was assessing the "feel" of each city touted as an option for the new capital.

Upon completing the two-day city-hopping trip across the island, the President seemed impressed with at least two locations: Bukit Soeharto in East Kalimantan and the Triangle Area near Palangkaraya in Central Kalimantan.

The mention of the two options, however, raised concerns among environmentalists that moving the center of government to Kalimantan might lead to environmental disasters in or around the new capital.

The Triangle Area is located in Palangkaraya, Katingan re-

Environmentalists fear
land clearing could spell
disaster

Jokowi aims to survey
more potential capital
cities soon

gency and Gunung Mas regency. The Presidential Office previously stated that an area of 300,000 hectares had been earmarked by the provincial administration as an option for the new capital.

It was believed to be a suitable site for building a new political and administrative hub, because it was vast in size and known to be relatively free from natural disaster risks.

Meanwhile, Bukit Soeharto is a 61,850-ha forest area located near the mid-point of the toll road connecting Samarinda and Balikpapan, the two largest cities in the province, both of which have airports.

According to a 2007 forestry ministry regulation, the area has been declared a grand forest park, which functions as a conservation area.

Dwi Sawung of the Indone-

sian Forum for the Environment (Walhi) is among the first experts to raise concern over the potential environmental ramifications if either of the two areas were turned into a new major city.

"Most land in Kalimantan is peatland. They might need to do preliminary work, like digging and solidifying the peatland, before starting to construct infrastructure for the new capital," Dwi said.

Such changes to the peatland, he added, could threaten existing carbon reserves and worsen global warming, despite the government's attempts to mitigate climate change.

Massive land clearing around the site of the new capital could exacerbate the situation.

Bukit Soeharto has been declared a *taman hutan rakyat* (grand national park) or *tahura*, according to a 2007 forestry ministerial regulation, as the area was meant to be preserved as conservation area. However, the area has been scarred by illegal logging and the opening of plantations by residents for years.

"Despite current conditions, further land clearing would worsen the [environmental impact]. It might lead to flooding similar to [that often seen in] Jakarta."

World Resources Institute (WRI) Indonesia senior manager for forest and climate Arief Wijaya echoed Dwi's statement, saying an impact on the environment was an inevitable consequence of the planned relocation.

"Therefore, the government should conduct a comprehensive study on the project's impact on the environment of the new capital, as well as its economic benefits," Arief said.

Presidential spokesperson Johan Budi said the government would soon form a joint team of officials from relevant ministries and state institutions, which would be tasked with spearheading the further assessment of each location considered for the new capital.

"The assessment will be extensive, not only in terms of demography or geography, but it will also cover an environmental assessment, such as to find out whether

or not [cutting down forest areas] would cause floods," Johan told *The Jakarta Post*.

The team would be responsible for advising the President on which location was most suitable for setting up a new political and administrative hub, including deciding on infrastructure development and the funding scheme, he said.

Jokowi's trip to East Kalimantan and Central Kalimantan would not be the last in the quest to survey possible cities for the new capital, and the President was also set to visit other locations soon, Johan added, without elaborating.

The government, however, would need to sit down with lawmakers to discuss the details of the plan, including the new location of the capital city as well as the budget needed for the move, before it could be finalized.

"There is still a lengthy process ahead before the relocation can take place, including the deliberation at the House as well as the process of moving itself," Johan said.

— SAUSAN ATIKA CONTRIBUTED
TO THIS STORY.

Govt opens

second oil, gas block auction

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Stefanno Reinard Sulaiman

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The Energy and Mineral Resources Ministry has kicked off the second round of its oil and gas block auction as part of the government's efforts to stem the decrease in national oil production.

The ministry announced Wednesday that it would offer four oil and gas working areas in the second round of the oil and gas block auction, which would be open until July 31. The oil and gas blocks on offer include a production working area and three exploration working areas.

The production area on auction is the West Kampar Block located in the border area of Riau and North Sumatra. The block produced 112 barrels per day in

Govt offers four oil, gas working areas until July 31

One block, West Kampar, produced 112 barrels per day in March 2017

March 2017, before operations ceased.

The government expects a signature bonus of US\$5 million from the auction of the West Kampar Block and an investment commitment for exploration work of at least \$64.43 million.

Meanwhile, the exploration areas to be auctioned are the offshore West Galal Block off East Kalimantan, the offshore Kutai Block off East Kalimantan and the offshore Bone Block off

South Sulawesi.

For West Galal, the government is asking a minimum signature bonus of \$29 million, while for the Kutai Block, the government requests a signature bonus of \$2.5 million and for the Bone Block, the minimum signature bonus is \$2.5 million.

The auction was opened just a day after the ministry announced the results of the first auction round, which was launched earlier this year. In the first tender, the government only determined winners for two of the five oil and gas blocks being offered. West Galal and West Kampar were among the unsold blocks in first auction.

The ministry's director general for oil and gas, Djoko Siswanto, told reporters on Wednesday

that the second auction would last for three months, one month longer than the first one.

From those four blocks, the government expected to secure at least \$39 million in signature bonuses and \$216.27 million in investment commitments for exploration activities.

In the first auction, the West Galal block actually attracted bids from two potential investors, namely United Kingdom-based Neptune Energy Ltd. and a consortium of state-owned energy holding company Pertamina and Italian ENI S.p.A.

However, Deputy Energy and Mineral Resources Minister Ar-candra Tahar said the two bidders had failed to meet all the auction requirements. The bidders rejected Tahar's explana-

tion and expressed dissatisfaction with the way the auction was conducted, saying the requirements for the signature bonus had been changed minutes before the auction was closed.

The Institute for Essential Services Reform (IESR), a local energy watchdog, said the ministry's unclear bidding requirements indicated that the government was not serious and failed to enforce transparency.

"The bidding process should have clear steps and the process should be predictable. How can you change the terms when the participants have already submitted their documents?" IESR executive director Fabby Tumawa said.

When asked about the reason for revising the requirements for

the West Galal Block at the end of the bidding process, Djoko said it had been changed for the sake of "fairness".

A representative of Neptune Energy declined to comment on the last-minute change in the bidding requirements.

ENI S.p.A representative Davide Casini Ropa, VP for exploration at ENI Muara Bakau BV, said he had no problem with the new amount and the last-minute change was a common thing.

However, Ato Suyanto, Pertamina's project manager for West Galal said after the announcement that his team with ENI S.p.A needed to discuss the block's economical aspect in view of the new requirements, especially the new signature bonus.