

Judul : SOEs Ministry seeks Rp 72t fund for firms in 2022
Tanggal : Selasa, 13 Juli 2021
Surat Kabar : Jakarta Post
Halaman : 5

SOEs Ministry seeks Rp 72t fund for firms in 2022

Aviata latest holding company, handling aviation and tourism businesses

Vincent Fabian Thomas

The Jakarta Post/Jakarta

The State-Owned Enterprises (SOEs) Ministry has proposed more than Rp 72 trillion (US\$4.97 billion) in state capital injections (PMN) for state-owned companies next year, marking an increase of more than 7 percent from this year's allocation.

Minister Erick Thohir said many SOEs, particularly in the construction sector, were low short on capital to implement government projects and that some even lacked the cash to stay afloat in the pandemic-ravaged economy. Half of the proposed funds would therefore be devoted to this sector.

The rest of the funds would go to SOEs in other sectors such as banking, tourism and food and beverage, he said, with the majority engaged in government projects.

Most of the [proposed] funding is inevitable, Erick told lawmakers during a House of Representatives hearing on Thursday. He added that the SOEs Ministry had not yet secured the Finance Ministry's agreement on the proposed amount, but would continue to press on now or later.

According to ministry data, the four construction SOEs to receive the funds are PT Hutama Karya (HK) slated to get the lion's share

of Rp 33 trillion, or 46 percent of the proposed 2022 PMN, followed by PT Waskita Karya with Rp 3 trillion, PT Adhi Karya with Rp 2 trillion and PT Perumnas Rp 2 trillion.

More than Rp 9 trillion of the 2022 PMN would go toward establishing a new state-owned tourism and aviation holding company called PT Aviata Pariwisata Indonesia or Aviata for short. The new holding company is to comprise at least seven SOEs in the two sectors, including flag carrier Garuda Indonesia and the Indonesia Tourism Development Corporation (ITDC).

State electricity firm PLN would receive more than Rp 8 trillion next year. Deputy SOEs Minister Fahala Nugraha Mansury told the House that the ministry would fund several government projects, including a nuclear waste power plant for the national goal to power new priority tourist destinations.

Meanwhile, Bank Negara Indonesia (BNI) and Bank Tabungan Negara (BTN) would receive respectively Rp 7 trillion and Rp 2 trillion.

Deputy SOEs Minister Kartika Wirjatanudjo said that BNI was in a difficult situation after its capital adequacy ratio (CAR) fell to 16 percent in 2020, the lowest among state-owned banks due to



Chugging along A craftsman finishes a miniature of a train at his workshop in Mangrove, South Jakarta on Monday. Finance Minister Sri Mulyani Indrawati has said the government has added 4 trillion new recipients of microbusiness productive financing (PMN) and that each microbusiness will receive one time infusion of Rp 1.2 million (US\$4,791) in balances from July to September.

large amounts of nonperforming loans and its inability to generate enough profit.

Kartika told lawmakers during the hearing on Thursday that BNI would be helped, as it was a "systemically important bank" and its failure could trigger a financial crisis. He added that the Financial Services Authority (OJK) backed the plan.

Insurance holding company Indonesia Financial Group (IFG) would receive Rp 15 trillion next

year to continue restructuring state-owned insurance company PT Jiwasraya.

In transportation, railway company PT Kereta Api Indonesia (KAI) would receive more than Rp 4 trillion to help complete the Jakarta-Bandung high-speed railway project, while bus operator Darsid would receive Rp 250 billion.

And in the food and beverage industry, over Rp 12 trillion would be channeled to state-owned food holding company PT Rajawali Nusantara Indonesia to fund agriculture projects, notably the government's "food estates" initiative toward building food security and independence.

New entity

PT Aviata Pariwisata Indonesia (Aviata) is the name given to Indonesia's newly established state-owned holding company for aviation and tourism-related enterprises.

The holding company officially established on July 1 is in the process of acquiring seven companies that include well-known names such as air carrier Garuda Indonesia and department store PT Sinarasih Kartika said on Thursday.

He added that the government would inject Rp 9.1 trillion (US\$639.2 million) in PMN in 2022 to jump-start Aviata.

"Indeed, quite a large amount of capital is needed," he told lawmakers during a hearing with the House on Thursday.

The holding was established through Government Regulation No. 72/2021, signed on July 1, which also renamed an old and small state-owned carrier, Sinarasih Ulang (Penas) to PT Aviata Pariwisata Indonesia. Penas was established in 1961 as an aerial photography company.

Aviata falls to a growing list of state-owned holding companies

in the pipeline as the government aims to improve SOEs' independence and profitability. The SOEs Ministry is also working on holding companies for staple food, health and geothermal energy among other industries.

The SOEs Ministry is waiting for another government regulation slated to come out in the second quarter, that would add five SOEs under Aviata, namely airport operators PT Angkasa Pura I (AP I) and PT Angkasa Pura II (AP II), tourism company PT Taman Wisata Candi (TWC), hotel operator PT Hotel Indonesia Nusantara (Hnusar) and Satriah.

Kartika said the Indonesia Tourism Development Corporation (ITDC) would be added by the fourth quarter of this year while flag carrier Garuda Indonesia would be added by 2023, the last addition to Aviata, as the airline had to undergo a debt re-structuring process.

The deputy minister said that Rp 3.5 trillion or almost half of the 2022 PMN would be directed to help Garuda's cash flow during the restructuring process. He did not provide further details. The deputy minister said that Rp 3.5 trillion or almost half of the 2022 PMN would be directed to help Garuda's cash flow during the restructuring process. He did not provide further details.

rights and boosting productivity on existing plantations. The moratorium is slated to expire in September of this year.

Environmental group Greenpeace Indonesia said it was important for the government to extend the ban because the world still questioned palm oil's environmental impact and sustainability.

"The world has often criticized Indonesia for its palm oil sustainability, as it is in favor of the sustainable economy amid the ongoing climate crisis," Greenpeace Indonesia forest campaigner Arie Rompas said on Friday.

He added that it was crucial to address the issue immediately as palm oil was among the country's top export commodities.

that rate was the result of plantation companies' "no deforestation, no peat and no exploitation [NDPE]" policies, in which they avoided creating new plantations in natural forest and peatland areas and committed to protecting the rights of workers and local communities.

The government's moratorium on new business permits for plantations in primary forest and peatland might have also played an important role in the deforestation rate reduction, he added. The primary forest and peatland moratorium was introduced in 2011 and was made permanent in 2019.

But the government does not always effectively review such permits, allowing some firms to

into the country, including funds directed toward the expansion of oil palm plantations.

A 2021 government regulation on spatial conflict settlement, which is a derivative regulation of the jobs law, grants three years of amnesty for concessions inside primary forest or peatland areas — an issue supposed to have been addressed by the palm oil moratorium.

Palm oil smallholder associations, including the Palm Oil Farmers Union (SPKS), also called on President Jokowi to extend the moratorium in an open letter dated June 24, contending that it would be beneficial for smallholders' livelihoods.

SPKS secretary-general Mansuestus Darto said the govern-

ment should encourage smallholders to expand theirs on their private land," Mansuestus said, adding that the moratorium extension should focus on improving the supply chain and empowering smallholders.

Usep Setiawan, an expert presidential staff member on agrarian and rural issues, said the government had acknowledged its desire to extend the moratorium, with the Office of the Coordinating Economic Minister and related ministries and agencies currently evaluating the Inspres and its implementation.

"We're open to any options [on the extension]. The President has asserted his commitment to improving palm oil governance from the top to bottom," Usep told *The Jakarta Post* on Friday.