

Business News

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WHEN SBY SPEAKS

The worry about the ongoing Indonesian economic situation has spread elsewhere. The sixth Indonesian President, Susilo Bambang Yudhoyono (SBY) finally commented with firm and clear message related to the issue. Upon briefing in plenary meeting of the central executives of Democrat Party in Cipanas several days ago, SBY reminded Jokowi administration of stopping to make rhetoric. "Stop rhetoric. Do not make ideological rhetoric. The people do not need ideological rhetoric. They want goods available, to purchase, affordable," said SBY (kompas.com, 28/8).

The warning should be observed as the manifestation of awareness cum worry of a fellow countryman about the increasingly uncertain economic condition. In relations thereto, we want to remind that the warning should not be interpreted as political attack of SBY and the Democrat Party to Jokowi-JK administration. It is necessary to assert so that the core of the problem we are now encountering is not blurred by polemics covered by political issues and interests. In addition, the whole elements of the nation should unite to build synergy to work together to seek solution in a bid to rescue national economy from the deeper crisis.

We must concede that the warning from the former president is not only true but also comes at the right moment. If SBY suggested so that the government lowers prices of basic necessities, it must be done. The stable price of basic necessities affordable to the people constitutes a concrete evidence that the government still has power to control the prices of the basic necessities. The prices must be stabilized so that the economic hardship does not effect grassroots already affected issues so far.

What SBY asserted is actually in line with opinions of observers asking the government to not too focus on long-term programs, later forgetting the current issue affecting the people. Here we want to

assert that the government indeed should be able to make breakthrough related to the development of infrastructure which is characteristically medium and long term. However, at the same time, matters related to economic life of the people (short term) are not placed as second priority. Now, the urgent issue that needs to be solved is the stabilization of prices of basic necessities. It has become public secret that the soaring price of basic necessities diminishes further the purchasing power of the people, whereas the main engine of economic growth is consumption sector. Therefore, letting the purchasing power of the people to decrease continuously is counter productive to efforts of the government to activate economy and prevent the economic growth from moving downward.

We support fully efforts of the government to build infrastructure as a method to overcome obstacles in the distribution, logistics, high cost economy, enhance competitiveness, reduce the gap of development and others but the point is that the development of infrastructure is medium, even long term so that the outcomes could only be enjoyed several years to come. In the meantime, the people encounter the increasingly difficult livelihood. Amid the circumstances, taking quick and short term steps are surely more rational and effective to enhance the public optimism. If we want to simplify, we may say that the government should start to observe the short-term need currently encountering the people. Doesn't it mean that long term benefit would be obtained if the issue is solvable? By overcoming the high price of basic necessities so as to be stable and affordable to the people, Jokowi administration actually has planted share for the future of the regime.

Jakarta, September 1, 2015

KPK LEADERS THAT WE DO NOT YEARN

The selection of candidates for leaders of the anti-graft commission (KPK) is entering a very crucial stage. The public eyes are directed to the selection committee consisting of noted female figures. The public expect to the committee to find KPK leaders really matching the expectations amid the increasingly rampant corruption practices.

The selection is not a process which is sterile from interests of certain parties. In a country with systemic corruption, institution like KPK also becomes a target of the planting of influence of certain parties, besides the forefront expectation and guard. It is potential to debilitate KPK from the side of institution, regulation and selection of leaders and others. What we witnessed in the last several weeks is a phase, which must be passed in the framework of creating the expected structure and composition of leadership. Since the component of leader is very decisive to performance and operation of organization, any mistake in the selection of leader is frequently paid more expensive than the mistake of the selection.

KPK is an institution with specific and extremely heavy task. It is heavy because the target is elite group having high social status. In addition, KPK also faces a kind of crime that many people have remained convenient to commit. War against corruption also constitutes war between fellow countrymen and so on. In relations thereto, the obstacles in combating corruption are rather cultural than legal. The issue may affect points of view in the selection of candidates for KPK leaders.

Related to the selection of the candidates, the selection committee has different consideration. As disclosed by the chairperson of the committee, Destry Damayanti, the selection committee has five indicators in executing the selection, namely integ-

rity, potential, leadership, independence, working experience and result of clarification about the findings of track records along with report from communities (koran-jakarta.com, 27/8). On paper, the indicators have been sufficient to assure that the unexpected candidates would be disqualified. The indicators contain a number of aspects. For instance, integrity is an indicator covering aspects of professionalism, morality and personality, wholly called the integration of self. A quality leader (a word increasingly popular now) refers to integrity leader. By fulfilling the indicator alone, a leader actually has been qualified enough. However, like what we disclose above, KPK is a very specific institution.

It is necessary to emphasize that KPK needs leaders with higher capability. The indicator is the courage to enforce law without fear. The courage factor would differentiate leader only for him/herself from the one good for the people who are suffering because of rampant corruption. If we frequently heard the term "semi-gods", "insane" some time ago, the term is used to point at the specialty of qualification of KPK Leaders as well as the courage to enforce law without respecter. These all are intended to ascertain that the anti-corruption sword has two sides with the same level of the sharpness, not only sharp downward but blunt upward.

KPK is now facing heavier challenges because of the stronger ambiguity in combating corruption, besides the recent criminalization. Therefore, war against corruption would fail if the selected leaders are not yearned because they do not meet the indicators.

Jakarta, August 28, 2015

AUGUST 2015 INFLATION 0.39 PERCENT

Jakarta, *Business News*

The development of prices of various commodities in August 2015 generally showed an increase. Based on the monitoring results of Central Statistics Agency (BPS) in 82 cities in August 2015 there was inflation of 0.39 percent, or increase in Consumer Price Index (CPI) from 121.26 in July 2015 to 121.73 in August 2015. Inflation rate by calendar year (January - August 2015) at 2.29 percent and inflation rate year-on-year (August 2015 to August 2014) at 7.18 percent.

Inflation occurs because of price increases as shown by the increase of all indexes of expenditure groups, namely foodstuffs 0.91 percent; food, beverage, cigarettes and tobacco group 0.71 percent; housing, water, electricity, gas and fuel group 0.16 percent; clothing group 0.01 percent; health group 0.70 percent; education, recreation and sports 0.34 percent; and transportation, communication and financial services 0.58 percent.

Some commodities which experienced price increases in August 2015 include purebred chicken meat, rice, chili, primary school tuition, purebred chicken eggs, junior high school tuition, high school tuition, noodles, rice with side dishes, beef, spinach, French beans, long beans, kale, red chili, soto, filtered clove cigarettes, home contract tariff, home rent tariff, electricity tariffs, domestic servants wages, hospital tariff, academy/university tuition, cost of learning guidance, and toll road tariff. While, commodities whose prices decline include: red onion, air freight tariff, inter-city transportation tariff, tomatoes, fresh fish, stink beans, gold jewelry and train tariffs.

In August 2015 expenditure groups that contributed to inflation include: foodstuffs 0.19 percent; food, beverages, cigarettes and tobacco 0.11 percent; housing, water, electricity, gas and fuel 0.04 percent; health group 0.03 percent; education, recreation and sports 0.13 percent. While, expenditure groups that contributed to deflation include transportation, communication and financial services group 0.11 percent. While, clothing group did not contribute to national inflation.

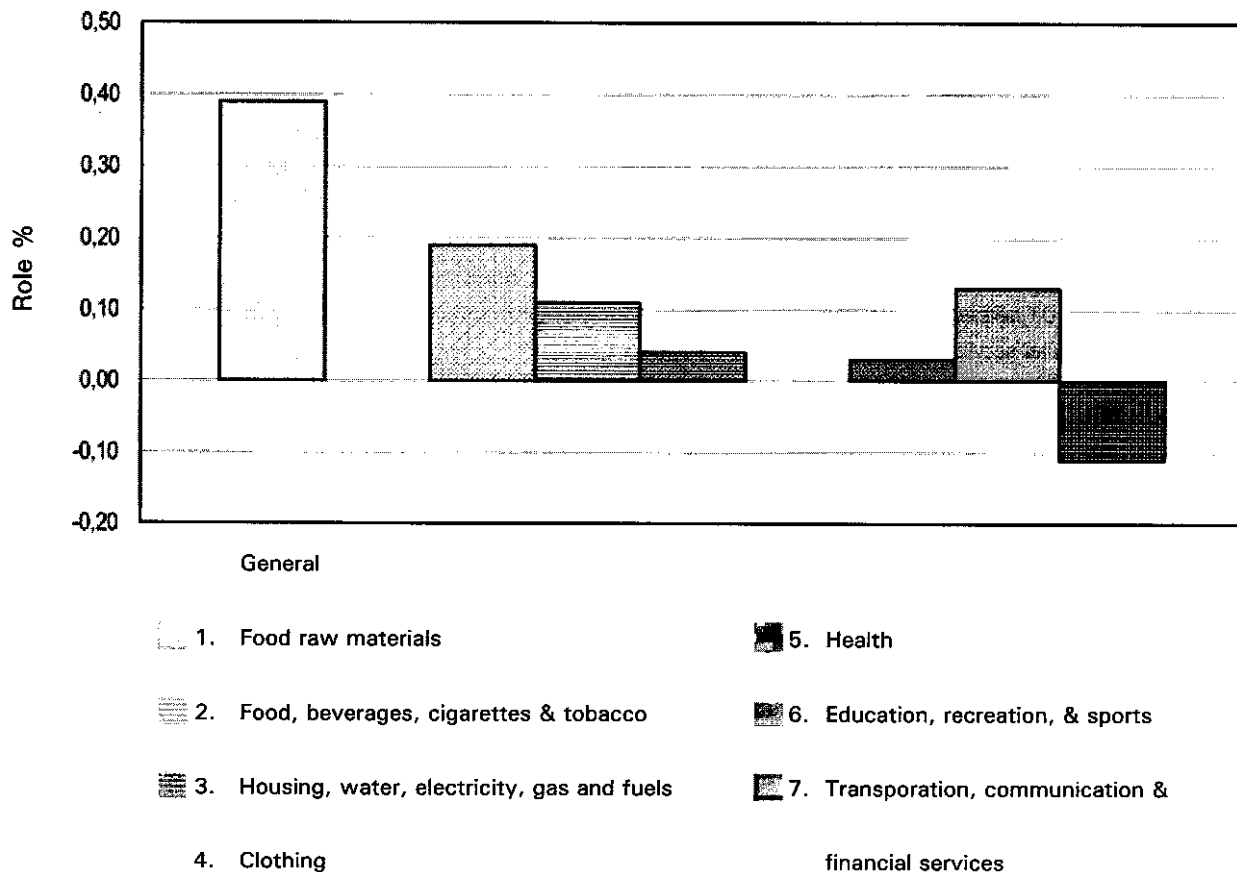
**Consumer Price Index and Combined Inflation Rate of 82 Cities in August 2015.
Calendar Year 2015 and Year-on-Year by Expenditure Group (2012 = 100)**

Expenditure	IHK August 2014	IHK December 2015	IHK August 2015	Inflation August 2015 ¹⁾	Inflation Year Calendar 2015 ²⁾	Inflation year to Year ³⁾	Role Inflation August 2015
General (Headline)	113,58	119,00	121,73	0,39	2,29	7,18	0,39
1 Food	120,12	126,76	131,24	0,91	3,53	9,26	0,19
2 Instant Food, Drinks, Cigarettes, and Tobacco	114,64	118,84	124,26	0,71	4,56	8,39	0,11
3 Housing, Water, Electricity, Gas And fuel	111,31	115,55	118,41	0,16	2,48	6,38	0,04
4 Clothes	105,86	106,49	109,10	0,01	2,45	3,06	0,00
5 Health	108,76	111,00	115,27	0,70	3,85	5,99	0,03
6 Education, recreation and sports	108,89	110,37	113,43	1,72	2,77	4,17	0,13
7 Transportation, communication and financial services	115,72	127,27	125,17	-0,58	-1,65	8,17	-0,11

Remark:

- 1) Percentage of IHK Index August 2015 against IHK Index of previous month
- 2) Percentage of IHK Index August 2015 against IHK Index December 2014
- 3) Percentage of IHK Index August 2015 against IHK Index August 2014

Contribution of Expenditure Group to National Inflation (2012 = 100)
August 2015 (percent)



This group in August 2015 experienced inflation of 0.91 percent or an increase of index from 130.06 in July 2015 to 131.24 in August 2015.

Of the 11 subgroups in this group, 6 subgroups experienced inflation and 5 subgroups experienced deflation. Subgroups which experienced the highest inflation include: subgroup of meat and products thereof at 3.18 percent, and the lowest is experienced by other foodstuffs subgroups at 0.30 percent. While, the subgroups that experienced the highest deflation include subgroup of fats and oils at 0.53 percent and fresh fish subgroup at 0.04 percent.

This group in August 2015 contributed 0.19 percent to inflation. Commodities that dominantly contributed to inflation include: purebred chicken meat 0.08 percent; rice 0.06 percent; cayenne pepper 0.05 percent; purebred chicken eggs 0.03; beef, spinach, French beans, long beans, kale and red peppers at 0.01 percent respectively. While, dominant contributors to deflation include: red onion 0.08 percent; tomatoes 0.02; fresh fish and stink beans at 0.01 percent, respectively.

In August 2015, inflation occurred at 0.39 percent with Consumer Price Index (CPI) at 121.73. Of 82 cities of CPI, 59 cities that experienced inflation and 23 cities experienced deflation. The highest inflation was in Tanjung Pandan at 2.29 percent with CPI at 128.17, and the lowest was in Sumenep, Kediri and Probolinggo at 0.02 percent, respectively with CPI at 118.76, 119.65 and 120.36, respectively. While, deflation occurred in Ambon at 1.77 percent with CPI at 119.95, and the lowest in Singkawang at 0.01 percent with CPI at 120.88. (E)

AWAITING FOR GOVERNMENT ANTICIPATIVE ECONOMIC POLICY

Jakarta, *Business News*

There was no way to win back market trust amidst adverse economic condition but to run anticipative economic policy. It was right indeed for the Government to launch an integrated economy package in response to external and internal pressures.

As known, one of the indicators of weakening economy was depreciation of Rupiah against USD. Last week Rupiah was constantly weakening. At the spot market Rupiah even touched Rp14,100 per USD, the lowest level over the past 5 years.

On June 17 1998, Rupiah nose dived to the bottom level of Rp16,650 per USD. According to the Coordinating Minister of Economy Darmin Nasution, pressures on Rupiah was due to domestic and regional and global sentiments.

To improve Rupiah position against USD he believed it was necessary to drumup foreign investors to Indonesia, especially in the form of foreign currency. Meanwhile the Minister of Finance Bambang S. Brodjonegoro stated that Rupiah was depreciated due to over expectation of Yuan devaluation. Hence depreciation was not related to domestic fundamental

economy.

Businessplayers complained that Rupiah weakening and the policy adopted by the Government to solve it troubled them. They expected the Government would not worsen the difficulty by adopting policies disadvantageous to business. They found hard to sell their products as people's purchasing power weakened.

Supposedly increase price of (imported) raw materials was compensated by product's selling price, as people's purchasing power weakened. So businesspeople expected Rupiah value could be stabilized so they could run better cost accounting. What businesspeople could do today was doing efficiency on the labor side, such as by outsourcing.

So far the Government, BI and OJK had separately issued policies, all intended to stabilize economy, including currency stabilization. Hence, market trust would be regained.

The role of BI now was to keep Rupiah position equal to that of counterpart states so as not to let it slump too fast, or Rupiah must be synchronous with fundamental economy. Today Rupiah was being undervalued.

POLICY

Government's earnest attention to restore economy was evident when President Joko Widodo last week (27/8) met with BI Governor Agus Martowardojo and Minister of Finance Bambang Brodjonegoro to pinpoint the problem of national economy.

BI and the Ministry of Finance had jointly made a statement that coordination between the Government and BI was well underway. Internal coordination among FKSSK forum members had also been fostered and so was coordination between one body and another.

For example BI had been adopting prudent policies consistently the lead inflation close to target, i.e. $4\% + 1\%$ and to keep deficit under control as well. BI was also running macro prudential economy policy to make sure that macro economy was well guarded.

So it was right indeed for the Government to

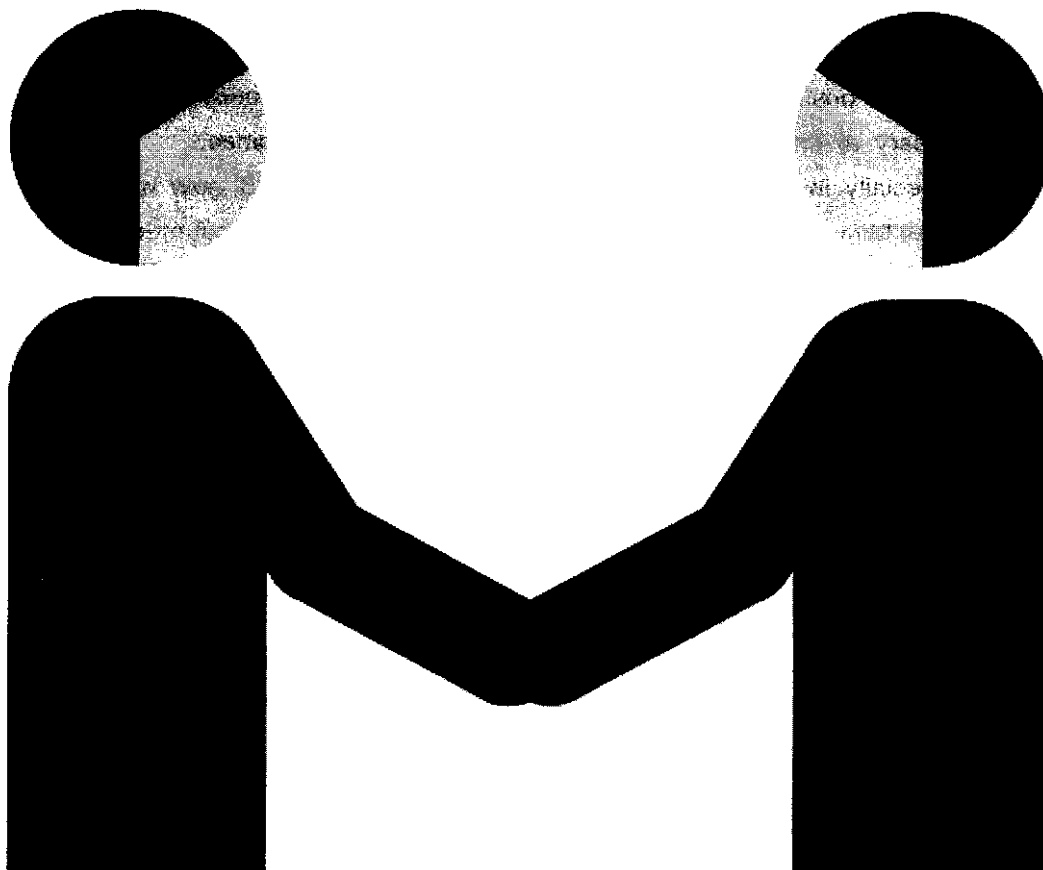
issue a new policy package, one of which was to increase forex reserve while trying to keep purchasing power high.

The policy package was fruits of coordinated meeting between the Government and BI and OJK. The economy package was expected to be credible, timely, measurable, feasible and consistent.

As known the tax holiday issued by the Government was part of the master package prepared by the Government to strengthen Rupiah and national economy.

Broadly speaking the policy package adopted was not just to jack up export and fiscal but to uplift people's purchasing power.

The latest policy package issued by the Government would naturally be responded positively by marketplayers. It all would lead to strengthening of Rupiah and IHSG at BEI which were sensitive to rumors and issues.(SS)



GOVERNMENT FACILITATE LOWER CREDIT INTEREST FOR FISHERMEN

Jakarta, *Business News*

The Government cq the Ministry of Maritime Affairs and Fishery (KKP) was ready to facilitate credit of less interest from commercial banks. The director of LPMUKP Syarif Syahril stated in Jakarta on Thursday (27/8) said that credit interest for fishery to be given next year would definitely be lower than the credit of commercial banks and People's Business Bank (KUR).

Syarif mentioned that the interest for fishery credit would adopt the BI Rate platform plus 0.5% per year. To be based on the present condition i.e. BI Rate 7.5%, the bank's credit of fishery was 8% per year. The interest was lower than KUR interest which was 12% per year. Fishery credit would be given to fishermen, cultivators and processors of small fishery business for tenure of 3 – 4 years.

KKP data had it that today there were 273 micro financial institutions operating in all of Indonesia. According to Syarif, the role of micro financial institutions as credit provider was most centralistic in this program because the body was responsible for credit collectability. In time of Non Performing Loan, the loss would be borne by that institution. The General Service Body (BLU) also set up a shared responsibility system among micro financial institutions bound in a network in an area. When a body went bankrupt, loss

would be shared together.

In that program Syarif said, the Government prepared fund of Rp200 billion for fishery capital credit channelled to fishermen, cultivators, and small scale food producers. He said that the fund was less than the proposed amount of Rp1 trillion.

The credit for fishery industry would be pipelined through BLU which was set up by the Ministry of Finance. BLU would start to operate after having a legal ground i.e. the Ministry of Finance (PMK) which as planned would be released before year end. Pipelining of agricultural credit would begin as soon as BLU started to operate. Today the program of credit for fishery sector was being dissected by LPMUKP Council. Credit for the fishery sector was intended was an effort to empower fishermen, cultivators, etc.

Meanwhile the Secretary General of KIARA Abdul Halim said that the credit for fishery program must be supported by efficient distribution mechanism which was credible and transparent.

On the other hand he said that the Government must observe the need of fishermen, cultivators, and players of fishery products which were customers of fishery credit. The mechanism of credit giving must be adjusted to customer's characteristics who did not have a fixed job. It must also be adjusted to fishing season and harvest time of fish cultivators. (SS)

TWO GOVERNMENT MINISTRIES COLLABORATE TO PROMOTE ECOTOURISM

Jakarta, *Business News*

Of 25 National Tourism Centers designated by the Ministry of Tourism, around 13 were under the management of the Ministry of Environmental Affairs and Tourism. For that matter the Ministry of Tourism had signed MoU with the Ministry of Forestry and Environmental Affairs to accelerate development of Ecotourism in the Forest.

Azwar Malaon, Deputy Assistant of Tourism Destination Development, Ministry of Tourism disclosed to BusinessNews. Eco Tourism zones under the authority of the Ministry of Environmental Affairs were: Gunung Gede Pangrango Game Park Reserve, Way Kambas Park, Gunung Rinjani National Park, Komodo Park, Ijen Baluran Alas Purwo Park, Bromo Tengger Semeru Park, West Bali Park, and Betung Karihum Danau Sentarum Park.

Development of Ecotourism should consider conservation of wilderness to sustain the eco system. The mission of the Ministry of Environmental

Affairs and Tourism was to manage the wilderness to be well protected in spite of incoming tourists. On the other hand the Ministry of Tourism would conduct eco-tours for overseas nature lovers to the greeneries. The market potential for eco-tourism abroad was great with the growing Back to nature trend in the West.

The Ministry of Tourism would evaluate every eco tour destination spot in terms of selling point, readiness of infra-structure like roads, hotels, restaurants, drainage system etc. as well as connectivity to airports, seaports or railway stations. Not less important was support and participation of local Governments and the communities.

Every activity to build facilities and infra structure on the hills and mountainous areas must be consulted with the Ministry of Environmental Affairs. Participation of the people must be maximized such as setting up tourism-aware villages, pathfinders from the communities and rest-areas coffee shops, toilets and urinoirs.



The structure of Indonesia's tourism by category was: 60% culture orientated tours, 35% nature orientated tours and man made creations 5%. Culture based and nature based tourism were uniquely Indonesian and was hard to find in other countries. Besides natural assets had existed for long and only lately developed. Man made creations were already found in their respective countries. Besides, the investment in this category was costly.

Nature tourism could be subdivided into: eco-tourism 45%, marine tourism 45%, adventure 25%. Nature tourism was the biggest because it was affordable to the average tourists. Marine tourism, in spite of Indonesia's expansive waters, was of the luxurious category and affordable only to the upper

class tourists. Adventure tourism was of the exclusive category.

Development of various tourism categories would increase the share of tourism in GDP to 8% in 2019. Indonesia's forex reserves would increase from USD 120 billion to USD 240 billion; employment from 11 million to 13 million; incoming tourists would increase from 9 million to 20 million and local tourists from 250 million to 270 million people.

With all the potentials, Indonesia must strive to increase the number of incoming tourists. In 2014 there were 1,138 million international tourists coming to the Asia Pacific region. To Asean 97.22 million pax; to Malaysia 27.4 million pax; Singapore 15.1 million pax; Thailand 24.8 million pax and Indonesia only 9 million pax. (SS)



HOUSE URGED GOVERNMENT TO ENHANCE EFFICIENCY IN CHICKEN DISTRIBUTION

Jakarta, *Business News*

Member of Commission IV of House Rofi Munawar of PKS Party stated that the long chain of distribution line accounted for high price of chicken in the market. The situation had caused price upjump four fold of farmer's price. For that matter extra effort by the Government was needed to enhance efficiency in distribution and promote welfare of poultry farmers; maintain production price stability to be below selling price of live chicken so farmers could still make profit.

"We urge the Government to cut the long and inefficient distribution line which caused price of chicken to be high" said Rofi in Jakarta on Friday (28/8). Besides, the Government must foster coordination with traders associations, farmers associations, and cutting houses as well as other stakeholders. He further reported that one day after strike run by chicken sellers on Thursday (20/8) last, in Bandung West Java price of chicken was still notably high.

An example was price of chicken in Cihaurgeulis at the price of Rp 39.000.- per chicken. In spite of Rp 1,000.- downturn before strike was on, chicken sellers admitted the market was still quiet. He stressed again that the Ministry of Trade and Ministry of Agriculture must coordinate and synchronize the trading system of chicken.

The Parliament's supported Government's effort to lower prices of beef, chicken meat and other food and to put harsh sanction on importers or traders of food hiding commodities; because soaring price of chicken in the market was allegedly due to reduced supply of day-old chicken since early 2015.

The Government reduced supply of day-old chicken by up to 30 percent. There were also other adjustments due to increased price of animal feed because they were bought with Dollar "Some chicken feed factories are owned by foreigners and most of the raw materials are imported". The problem in chicken distribution was act of speculators and the game of Kartel.

It happened because the market structure determined the size of margin set by businessplayers in a marketing chain. How many companies operated in the market, how was the barrier to entry and exit of companies and product characteristics were all the determinant factors of market structure.

In a market structure, there were powers of companies which determined market prices. "Generally speaking the chicken market is formed by oligopoly where a single company or a number of prevalent companies play their role as price formers and set maximum margin."

Recently expert staff of the Minister of Agriculture, Investment Division Syukur Iswantoro and the Director General of Domestic Trading of the Ministry of Trade Sri Agustina paid technical visit to poultry center belonging to PT Multi Sarana Pakarindo (MSP) at the IPB Bogor campus, in Bogor, West Java, Sri stated that the visit was to find out the number of stock and the standard price at farmer's level. The team was also there to see the real condition of cage to make sure that the report made was in accordance with the condition afield. "We will make sure that stock at farmer's level was sufficient and the price is reasonable, Rp21,000 per kg in the market it should be Rp31,000 to Rp32,000 per kg," Sri was quoted as saying.

Meanwhile Syukur said that the Residence of Bogor played an important role in supplying national need for chicken. At least 15% of national supply of chicken was from Bogor. The poultry center in Bogor, which was a closed aviary, was under the management of PT MSP. He mentioned there were at least

20,000 to 40,000 chicken in an aviary. There were 20 MSP partners. "This is a closed aviary, a partnership between MSP and counterparts, 20,000 to 40,000 chicken in an aviary. All in all there are around 500,000 chickens here," he said.(SS)

TRADE PERFORMANCE TURNING WORSE THAN EVER

Jakarta, *Business News*

Indonesia's trade performance worsened time after time, as seen in current transaction which remained in deficit. In Q II/2015 deficit was up to become USD 4.5 billion (2.1% of GDP) against previous quarter at 3.8 billion (1.8% of GDP). Vice Chairman of Commission VI of House Heri Gunawan stated that swelling deficit was only stopped by reduced importing against reduced export. Investment flow was constantly in deficit due to massive money borrowing from overseas resources by corporates and increased private overseas deposit causing capital transaction to drop.

The result was that surplus of existing capital and financial transaction was unable to close deficit in current transaction. They all accounted for deficit in balance of payment at USD 2.9 billion in Q II/2015.

Under such circumstances forex reserves was vulnerable and constantly eroded as the Government had to pay overseas debt in no ignorable amount. Until Q II/2015 the total overseas debt due had swollen to USD 304.3 billion, consisting of debt of the public sector USD 134.6 billion (44.2% of total debt) and debt of the private sector USD 169.7 billion (55.8%)

of total debt.

Deficit was a strong signal of "crisis," and it was more than just fear but real and tangible threat as proven by disheartening export performance and low investment. It was not surprising that the Minister of Trade called a number of officials at the International Trade Center (ITPC). It was very likely to happen to consider that export of non oil-gas commodities to some countries dropped alarmingly. Export to the USA inched down by 0.4%, to Japan 8. % and China dropped by 13.3% and remember that those countries were Indonesia's main export destination countries with sizable market share of 30.8%.

He underscored once again that export to those countries affected national economy significantly. Moreover recently China as one of Indonesia's 3 main export destinations devaluated their Yuan. It was a rational way to increase their export and must be responded the rational way too by pragmatism with the spirit of being on the side of domestic interest.

According to Heri Gunawan, the Ministry of Trade and the Ministry of Industry must coordinate actively to increase export performance and to be pro-market as growth propeller of economy.

Government not Being Serious

Meanwhile member of House Jazilul Fawaid rated that the Government was not serious in anticipating weakening of Rupiah against USD and in dealing with global economic recovery. Such was underscored during meeting with Government's representative in Parliament, The Government had failed to anticipate fall of Rupiah to as low as Rp 14,000 per USD and the Government also failed to predict devaluation of Yuan by China. Now the Government was urged to find a way out.

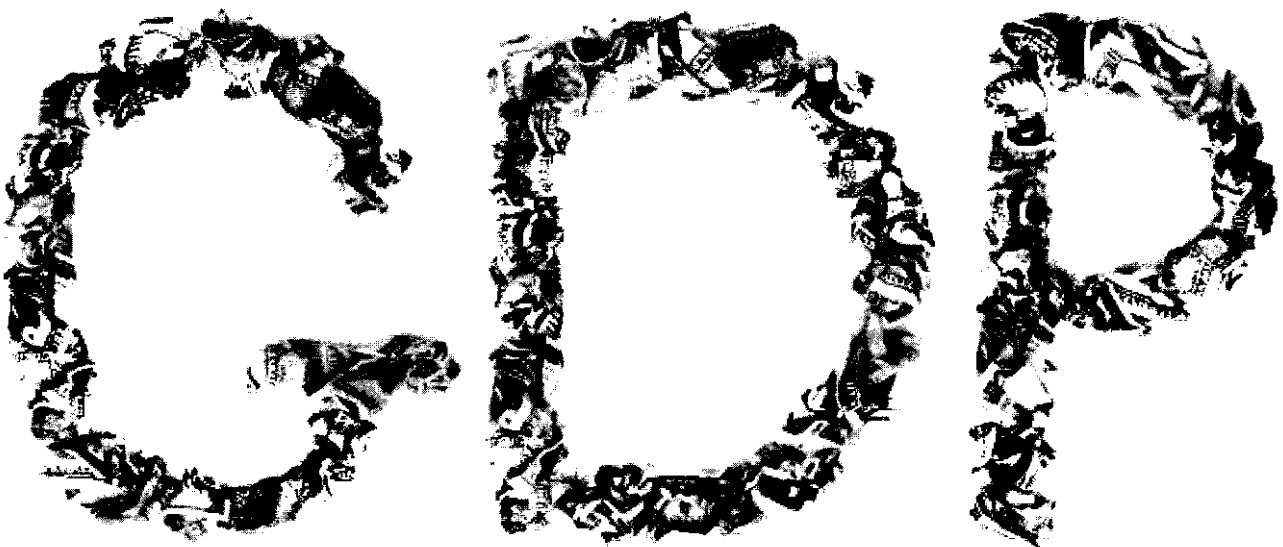
In the future the Government was expected to anticipate problems instead of waiting till it got too late. Now it was not anticipation which was needed but act of emergency. It was advisable for the Government to call national businesspeople and seek for solutions.

Heri Gunawan highlighted fund transferred to the regions amounting to Rp 782.2 trillion which

was bigger than Government's expenditure. It was expected that the fund would reach the provinces soon. The Government and House could instruct the regions but did the local Government had the ability to execute budget or not?

If the provinces had no capability to execute budget, high amount of budget would stay idle in local banks the way it was happening now. The Government wished to accelerate even distribution of development but what happened was the reverse. Although the Government tried to make breakthrough, without support of competent leadership in the regions nothing would change.

In principle the Government supported transfer of money to the regions, but the problem was shortage of strong leadership in the provinces. The singer not the song. Managerial competence was needed to keep things running. (SS)



INVESTMENT PROJECTS BRING BENEFIT TO THE PEOPLE

Jakarta, *Business News*

Head of the Coordinating Board of Investment Franky Sibarani highly appreciated investors who were now doing constructions and mobilized workforce from the communities around the project. It showed that investment projects underway were beneficial to the public and a positive signal of Indonesia's better future.

BKPM had their commitment to make investment project beneficial to the people. The tangible benefits was employment of people from the communities around the project. And there would be multiplier effect of rolling economic machine in that location.

One of the projects which employed the local community was PT Holcim Indonesia Tbk whose factory was recently installed in Tuban, East Java. BKPM data had it that the workers absorbed by the project numbered 4,000 people, 2,000 of which were

people from the villages around the factory. Another 2,000 workers were local workers from outside Tuban without employing foreign workers. Operational workers totaled 313 people. 100 of which were from Tuban and 70% were contract workers from the villages around Tuban.

In the realization of this cement investment project, the Government had been constantly striving to create a conducive investment climate, whereby to promote economy of the provinces, including employment during construction or operation.

BKPM data showed that investment realization in Q II/2015 was Rp135.1 trillion, or up by 16.3% against Q II/2014 worth Rp116.2 trillion. Investment realization in January-June 2015 was posted at Rp 259.7 trillion, or up by 16.6% of the same period in 2014 at Rp222.8 trillion. Workers absorption in Q II/2015 was 370,945 people, an increase of 5.4% in Q II at 350,803 people.(SS)



INDONESIA'S ECONOMIC GROWTH 2016 PROJECTED AT 5,5%

Jakarta, *Business News*

In 2016, the prospect of national economic performance was predicted to face heavy challenges such as uncertainty in the money market, and global economic prospect especially China as one of Indonesia's trading counterparts. Considering global prospect, Indonesia's economic growth in 2016 was predicted at 5.5%. This was data quoted from Financial Report and State Budget 2016 obtained on Friday (26/8).

In terms of expenditure, household consumption was still the main sustaining factor of economy in 2016. The Government was also striving to strengthen people's purchasing power through Zero Income Tax from Rp24.3 million to Rp36 million. The effort to increase people's purchasing power was also made complete with National Health Insurance and Labor Insurance especially marginal people and informal workers. Under the circumstances growth of household consumption was projected at 5.2% in 2016.

Furthermore the PMTB component which encompassed around 32% in GDP of 2016 was predicted to grow by around 7.3%. Strengthening of PMTB growth performance in 2016 was thanks to external factor which was more conducive to investment, betterment of business climate, increased Government's infra structure and policy in tax incentives giving.

Import-export performance in 2016 was predicted to improve in line with better global economic condition and increase of some commodity prices. Bettered economy in some business counterpart countries like the USA was predicted to jack up demand and Indonesia's export performance. In pro-

moting international trade activities, the Government would explore new export market, reduce barriers in the export destination countries and improve export facilities and increase demand for Indonesian products.

Besides, the Government was striving to encourage participation in the industrial sector to increase added value in global products which were export orientated and other products like electronics and furniture to countries supposedly having economic recovery like the USA and India,

On the import side, Government's policy was designed to drum up investors to produce components normally imported, which would reduce production cost at home and narrow down trade deficit. Trading facilities by on-line would also be developed by improving services and accelerate permit issuance procedure. In view of the said Government's strategy, export performance in 2016 was predicted to grow by 2,5% and import would grow by 2.2%.

Economic growth in 2016 would predictably sustained by development in the sectors of processing, agriculture, trading, and construction which encompassed around 57% of total GDP. The industrial processing sector which contributed around 21% of total GDP was predicted to grow by around 5.7% sustained by increasing global and domestic demand.

Meanwhile the agriculture sector which contributed around 13.7% to GDP was predicted to grow by 4.2% in 2016. In the effort to promote the agriculture sector toward national food sovereignty, the Government had taken several measures, among others plantation expansion, rehabilitation of critical soil, building irrigation system, dams and reservoirs, managing agricultural machines and distributing

subsidized fertilizers. By 2016 the Government would continue to build new dams.

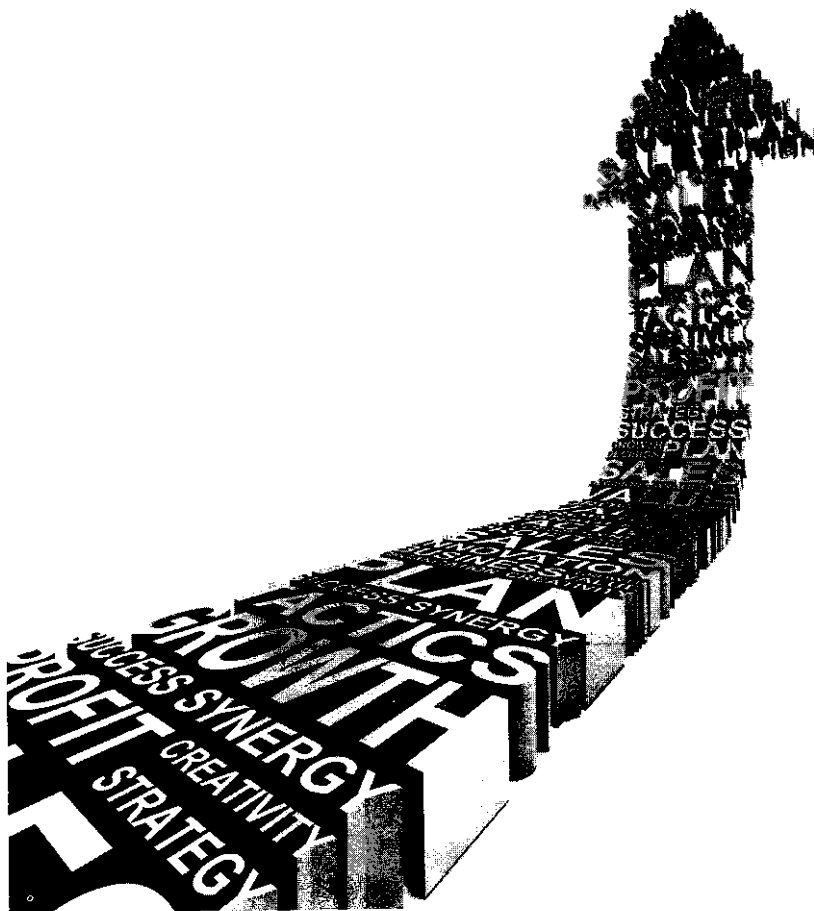
The sectors of wholesaler and retail, motor-car and motorcycle repairs contributed 13% to GDP, in 2016 was predicted to grow by 4.8% driven by increasing trading activities: export, import and inter regional trading. Some factors which were expected to enhance commercial activities were among others: betterment of logistic infra structures like roads, harbors and warehousing, minimizing of dwelling time of containers at seaports, and betterment of distribution system of essential needs, improving business climate, and increasing consumers protection.

Other sectors expected to contribute significantly to economic growth 2016 was the construction sector. In 2016, the Construction Sector was predicted to grow by 7.0% especially being uplifted

by infra-structure development, which had started in 2016, the construction sector was expected to grow by 7.0% especially being uplifted by infra structure since 2015 including 35 GW powerhouse for 5 years, the one million homes project for low income group and rehabilitation of reservoirs and irrigation.

The effort to enhance national economy was still obstructed by problems in the mining sector. In 2016 the mining sector was expected to grow by 0.2% in line with growing investments in smelter building.

Beside the above premium sectors, other sectors which were expected to constantly grow and support national economy in 2016 were transportation and warehousing, accommodation and food & beverages, financial service and insurance.



GDP GROWTH OUTLOOK BY EXPENDITURE AND BUSINESS SECTOR 2016

(in percentage, y o y)

	2016*
Economic Growth Expenditure	5.5
Household consumption	5.2
Consumption LNPRT	3.0
Government'' consumption	5,7
PMTB	7,3
Export of goods and services	2.5
Import of goods and services	2.2
Business Sectors	
Agriculture, Forestry and Fishery	4,2
Mining and Excavation	0,2
Processing Industry	5.7
Electricity and Gas Procurement	5.6
Water Procurement, Wastage Pricessing, and Recycling	5.0
Construction	7.0
Wholesaler and Retail; Motorcar and Motorcycle Repair	4,8
Transportation and Warehousing	8.0
Accommodation and Food & Beverages	6.0
Information and Communication	10.1
Finance Service and Insurance	5.0
Real Estate	5,3
Company Services	9.0
Government Administration, Defense, and Mandatory Social Welfare	2.4
Education	7,2
Health Service and Social Activities	8.0
Others	6.5

*Estimate

Source : Bappenas, Ministry of Finance

(SS)

RELAXING OF THE RULES ON TAX HOLIDAY

Jakarta, *Business News*

Through the Minister of Finance Regulation No. 159 / PMK.010 / 2015, Finance Minister Bambang Brodjonegoro issued a new policy, which essentially makes the Tax Holiday rules better, and the process of obtaining such facility become more simplified. In a news conference with the Minister of Industry and Deputy of Investment Coordinating Board (BKPM), in Jakarta, on Thursday (August 27), Bambang stated that the difference of the facilities in the regulation, in addition to aiming to facilitate its implementation, is also aimed at encouraging the industry to be more oriented to the downstream sector.

"The difference with the previous regulation, i.e. Minister of Finance Regulation No. 130 / PMK.011 / 2011 is that in the previous regulation, tax holiday request was filed to the Ministry of Industry or BKPM, now it is filed through the OSS (One Stop Service) that has been established in BKPM since last year, he said. In addition, the new regulations of the Minister of Finance also give certainty to companies that requested the facility. After a certain period, these companies can know whether their tax holiday request is accepted or rejected.

Why? Because after the issuance of this regulation, the determining of tax holiday facility no longer has to wait for the issuance of presidential regulation, but directly from One Stop Service (PTSP) at BKPM, submitted to the Verification Committee. From there, they immediately submit recommendations to the Finance Minister. If the Minister of Finance is certain that the company meets the requirements, and worth of such facility, the Minister of Finance will immediately grant the tax holiday facility.

Similarly, the requirements to obtain tax holi-

day will not be much different from the previous regulation contained in Minister of Finance Regulation No. 130 / 2011. The criteria of the company that will receive the facility is that the company must be a pioneer company and classified as a tax-obedient company. Recipients of tax holiday are companies whose investment is at least IDR 1 trillion. The government also imposes certain rules that apply relaxation in the form of a minimum investment of IDR 500 billion provision to certain industries, Bambang added.

Through tax holiday facility, the government provides convenience in the form of reduction of income tax (corporate income tax) payable between 5 to 15 years. The amount of the tax reduction is from 10 percent to 100 percent. "It means that we did not exempt all tax payments of the company concerned, but only reduces the corporate income tax payable," he said.

Four Companies Acquiring Tax Holiday

In the same occasion, Minister of Industry Saleh Husin stated that there are four companies that received tax holiday facility. First, PT Ogan Ogan Ilir (OKI) Pulp and Paper Mills; second, PT Unilever Oleochemical Indonesia; third, PT Petrokimia Butadine Indonesia; and fourth, PT Energi Sejahtera Mas. Previously, the Ministry of Industry has proposed 11 companies to obtain tax holiday. However, this time the government has just approved the grant of tax holiday to four companies. In addition, there are two companies that are still being discussed and are waiting for the issuance of Minister of Finance Regulation.

"PT Indorama Polychem Indonesia, PT Caterpillar Indonesia Batam, PT Feni Halim, PT Well Harvest Winning Alumina Refinery, and PT Synthetic Rubber Indonesia are in the process by the verification team.

As for companies that submitted tax holiday proposals and the proposals have not been processed, there are two companies, namely PT Sulawesi Mining Investment and PT Sateri Viscose International, "he said.

Tax Holiday policy was launched as a strategy to attract long-term investment funds, especially for pioneer industries. This step is in line with improvement of business and investment climate in the country. Therefore, his party is optimistic that the policy will accelerate the growth of the pioneer industries which will encourage further development of the industrial sector. "In the context of tax holiday, a pioneer industry is an industry that has a strategic value for the national economy and provides value-added and high externality," he added

In addition, the definition of "pioneer industry" is an industry that introduces new technologies,

and has extensive connections. There are five pioneer industries, i.e. base metals, petroleum refining and / or basic organic chemicals derived from petroleum and natural gas, machinery, industry in the field of renewable resources, and communications equipment industry. The government also stipulates nine pioneer industry business sectors, namely 1) upstream metal sector, 2) petroleum refining, 3) basic organic chemicals derived from petroleum and natural gas, and 4) machinery industry that produces industrial machineries.

The fifth business sector is processing industry based on agriculture, forestry, and fisheries, 6) telecommunications, information and communications, 7) marine transportation industry, 8) processing industry which is a major industry in the Special Economic Zones, 9) economic infrastructure in addition to the one using Government - Enterprise cooperation scheme (KPBU).(E)



TEXTILE & TEXTILE PRODUCT INDUSTRY SECTOR STILL GIVES GREAT HOPE IN INDONESIA

Jakarta, *Business News*

Textile and textile product industry still gives great hope in Indonesia. Last week, Minister of Industry, Saleh Husin, inaugurated a new plant of PT Eco Smart Garment Indonesia, a subsidiary of PT Pan Brothers, Tbk in Boyolali, Central Java. This modern garment factory was built with an investment of USD 34 million and provides employment to 12,000 people.

"I appreciate the investment made in Central Java, and is expected to enhance industrial growth and the national economy. I also requested that the company could build apparel industry outside Java, since this group is an integrated industry from upstream to downstream," said Minister of Industry in his speech.

This integrated textile company has 10 subsidiaries engaged in several business sectors: four companies in the garment industry, three companies in product development and its role as an agent for product purchases, one company in the textile industry, 1 company in the sewing industry, thread embroidery industry, and 1 company in the retail business for a holding company. Total employees to date reach 35,493 people with an investment of USD 5.3 million.

If seven plants have been established in Central Java, it is expected to absorb 21,000 workers with an investment of USD 60 million. "As of August 2015, at the Investment Coordinating Board (BKPM), new investments worth IDR 2,500 trillion have been registered. This shows that Indonesia is a country with huge potential economically. During the first half of 2015, there is quite a lot of new investments that

have been inaugurated. At least there are 15 industries in Bekasi, Cikarang, Cilegon, Bogor, Karawang, Garut, Gresik, Semarang, Boyolali, Palu and Morowali," he explained.

For textile and textile product industry, the Minister of Industry said that this sector has an important role in contributing to foreign exchange revenue and as a national clothing provider. This labor-intensive industry has absorbed workers 10.6% of the total manufacturing industry labor force. However, the market share of the textile & textile product industry in the world is only about 1.8%.

"Therefore, it should be pursued to be upgraded to a better position, considering that the national textile industry has an advantage, namely complete structure of the industry from upstream to downstream," he said. Meanwhile, domestic investment (PMDN) in the textile industry until the first quarter of 2015 has reached IDR 455.1 billion or higher than the same period in the previous year at IDR 362.8 billion. As for Foreign Investment (PMA) in the textile industry, the investment value has reached USD 63 million.

In addition to its commitment to continue to invest in Indonesia, Minister of Industry said that the company's strategic steps should be followed by other industries, namely the strengthening of cooperation with Asian countries, even European and American countries in order to complement the depth of the structure of national industry.

In addition, his party also said that the diversification of export markets should be developed, in order to boost export growth significantly. At the end of his speech, Minister of Industry expects that the company has conducted expansion by establish-

ing PT Eco Smart Garmen, continues to improve the performance of the industry, and contributes to the welfare of the community through local employment.

According to the Vice CEO of Pan Brothers, Anne Patricia Sutanto, it plans to build another three garment factories in Central Java, bringing a total of seven plants, with a total investment of USD 60 million or around IDR 810 billion. "We are also targeting expansion to the upstream textile industry that produces fabrics made from polyester and nylon, if we found suitable partners," said Anne. The company

requires expansion to further develop the product. If this can be realized, it will increase added value and reduce the use of foreign exchange revenue which was previously used for raw material imports.

According to member of Commission VI of the House of Representatives, Endang Srikarti Handayani, who was also present on this visit, the garment industry which is expanding to the regions absorbs mass labor force. "This will reduce urbanization and boost economic potential in the regions," he said. (E)

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FOREIGN BANK NOTE TRANSACTION EXCHANGE RATES

Jakarta, *Business News*

Bank Indonesia has fixed the exchange rates of foreign bank note transactions for September 1, August 31 and August 28, 2015 as follows :

CURRENCY	VALUE	SEPTEMBER 1, 2015		AUGUST 31, 2015		AUGUST 28, 2015	
		BUYING	SELLING	BUYING	SELLING	BUYING	SELLING
AUD (Australia)	1,-	9,660.17	10,377.30	9,646.10	10,365.01	9,700.90	10,426.15
BND (Brunei)	1,-	9,634.65	10,352.15	9,582.06	10,292.62	9,643.14	10,358.34
CAD (Canada)	1,-	10,334.83	11,100.88	10,215.22	10,971.23	10,251.14	11,015.71
CHF (Switzerland)	1,-	14,110.13	15,164.85	14,077.43	15,133.87	13,992.34	15,034.19
DKK (Denmark)	1,-	2,050.46	2,201.77	2,036.68	2,187.57	2,037.31	2,188.75
GBP (United Kingdom)	1,-	20,899.80	22,444.53	20,870.81	22,419.52	20,835.31	22,383.22
HKD (Hong Kong)	1,-	1,752.27	1,881.54	1,745.31	1,874.45	1,743.22	1,872.36
JPY (Japan)	100,-	11,250.00	12,083.37	11,159.97	11,989.93	11,156.90	11,984.64
NOK (Norway)	1,-	1,643.79	1,765.30	1,634.39	1,757.65	1,629.64	1,751.54
NZD (New Zealand)	1,-	8,653.81	9,299.76	8,674.87	9,324.88	8,760.53	9,417.64
PGK (Papua New Guinea)	1,-	4,742.49	5,380.39	4,723.63	5,360.46	4,758.57	5,354.56
SEK (Sweden)	1,-	1,608.02	1,727.03	1,604.68	1,723.93	1,596.05	1,714.78
SGD (Singapore)	1,-	9,634.65	10,352.15	9,582.06	10,292.62	9,643.14	10,358.34
THB (Thailand)	1,-	379.57	407.75	377.01	405.10	377.19	405.34
USD (United States)	1,-	13,581.00	14,581.00	13,527.00	14,527.00	13,511.00	14,511.00
EUR (Europe)	1,-	15,303.07	16,432.79	15,197.58	16,323.99	15,205.28	16,333.58

BANK INDONESIA'S EXCHANGE RATES

Bank Indonesia has fixed the rates of export draft transactions for September 1, August 31 and August 28, 2015 as follows :

CURRENCY	VALUE	SEPTEMBER 1, 2015			AUGUST 31, 2015			AUGUST 28, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,966.02	10,018.65	10,071.27	9,952.74	10,005.48	10,058.21	10,009.64	10,063.42	10,117.20
BND (Brunei)	1,-	9,939.70	9,993.28	10,046.86	9,886.66	9,937.31	9,987.96	9,950.04	10,000.72	10,051.40
CAD (Canada)	1,-	10,662.05	10,717.78	10,773.51	10,539.95	10,593.22	10,646.48	10,577.39	10,633.34	10,689.29
CHF (Switzerland)	1,-	14,556.88	14,637.26	14,717.63	14,524.92	14,605.41	14,685.90	14,437.66	14,513.18	14,588.69
CNY (China Yuan)	1,-	2,197.73	2,208.72	2,219.70	2,184.43	2,195.39	2,206.34	2,178.76	2,189.70	2,200.64
DKK (Denmark)	1,-	2,115.38	2,126.11	2,136.84	2,101.42	2,112.12	2,122.82	2,102.14	2,113.02	2,123.90
GBP (United Kingdom)	1,-	21,561.53	21,672.08	21,782.63	21,534.26	21,645.08	21,755.90	21,498.42	21,609.18	21,719.94
HKD (Hong Kong)	1,-	1,807.75	1,816.90	1,826.05	1,800.79	1,809.88	1,818.97	1,798.70	1,807.79	1,816.88
JPY (Japan)	100,-	11,606.20	11,666.61	11,727.02	11,514.73	11,574.88	11,635.03	11,511.97	11,570.74	11,629.50
KRW (Korean)	1,-	11.88	11.95	12.01	11.81	11.87	11.93	11.84	11.91	11.98
KWD (Kuwaiti Dinar)	1,-	46,363.34	46,626.01	46,888.67	46,154.10	46,447.41	46,740.72	46,177.54	46,440.35	46,703.15
MYR (Malaysia)	1,-	3,355.93	3,375.95	3,395.97	3,324.68	3,343.76	3,362.83	3,295.74	3,315.05	3,334.36
NOK (Norway)	1,-	1,695.84	1,704.54	1,713.24	1,686.34	1,695.99	1,705.63	1,681.50	1,690.57	1,699.64
NZD (New Zealand)	1,-	8,927.81	8,976.66	9,025.51	8,950.62	8,999.74	9,048.86	9,039.34	9,088.96	9,138.57
PGK (Papua New Guinea)	1,-	4,892.64	5,057.18	5,221.72	4,873.78	5,037.79	5,201.79	4,910.02	5,052.96	5,195.89
PHP (The Philippines)	1,-	299.83	301.39	302.95	298.16	299.69	301.22	298.39	299.96	301.52
SAR (Saudi Arabian Riyal)	1,-	3,735.17	3,754.39	3,773.60	3,720.48	3,739.44	3,758.40	3,716.11	3,735.52	3,754.93
SEK (Sweden)	1,-	1,658.93	1,667.52	1,676.10	1,655.69	1,664.30	1,672.90	1,646.84	1,655.41	1,663.97
SGD (Singapore)	1,-	9,939.70	9,993.28	10,046.86	9,886.66	9,937.31	9,987.96	9,950.04	10,000.72	10,051.40
THB (Thailand)	1,-	391.59	393.66	395.72	388.99	391.05	393.11	389.20	391.26	393.32
USD (United States)	1,-	14,011.00	14,081.00	14,151.00	13,957.00	14,027.00	14,097.00	13,941.00	14,011.00	14,081.00
EUR (Europe)	1,-	15,787.59	15,867.89	15,948.18	15,680.69	15,760.75	15,840.80	15,689.20	15,769.39	15,849.57

NOTE : The middle rate is based on Business News calculation

LIQUIDITY FACILITIES FOR HOUSING FINANCEMENT OBTAINED BY CREDIT/FINANCEMENT OWNERSHIP OF SAFE AND SOUND HOUSING FOR PEOPLE WITH LOW INCOME

**(Regulation of Minister of Public Works and Housing for
the People of R.I Number 20/PRT/M/2014,
dated December 10, 2014)**

WITH THE BLESSING OF THE ONE AND ONLY GOD

MINISTER OF PUBLIC WORKS
AND HOUSING FOR THE PEOPLE OF
THE REPUBLIC OF INDONESIA,

Considering:

- a. that to improve compliance with the need for residences by the people with low income, it is necessary to make adjustment to the provision on residences for the people with low income, it is necessary to make adjustment to the provision on the limit of administrative site for housing construction and other provisions which acquisition is obtained by Credit for Safe and Sound Housing Ownership Site provided by the operating bank;
- b. that in the context of adjustment to the provision referred to in letter a, it is necessary to make amendment to Regulation of Minister Number 3 Year 2014, concerning Facilities for Liquidity of

Financement for Housing obtained by credit / financing for Safe and Sound House Ownership;

- c. that based on the consideration referred to in letter a and letter b, it is necessary to stipulate Regulation of Minister of Public Works and People's Housing concerning Facilities for Liquidity of Financing for Safe and Sound Housing obtained by credit/financement for the people with low income;

In view of:

1. Law Number 7 Year 1992, concerning Banking, as amended by Law Number 10 Year 1998 (Statute Book of the Republic of Indonesia Year 1998 Number 182, Supplement to Statute Book of the Republic of Indonesia Number 3790);
2. Law Number 17 Year 2003, concerning State Finance (Statute Book of the Republic of Indonesia Year 2003 Number 47, Supplement to Statute

Book of the Republic of Indonesia Number 4286);

3. Law Number 1 Year 2004, concerning State Treasury (Statute Book of the Republic of Indonesia Year 2004 Number 5, Supplement to Statute Book of the Republic of Indonesia Number 4355);
4. Law Number 15 Year 2004, concerning Examination, Management and Responsibility over State Finance (Statute Book of the Republic of Indonesia Year 2004 Number 66, Supplement to Statute Book of the Republic of Indonesia Number 4400);
5. Law Number 21 Year 2008, concerning Syariah Banking (Statute Book of the Republic of Indonesia Year 2008 Number 94, Supplement to Statute Book of the Republic of Indonesia Number 4867);
6. Law Number 1 Year 2011, concerning Housing and Residential Zone (Statute Book of the Republic of Indonesia Year 2011 Number 7, Supplement to Statute Book of the Republic of Indonesia Number 5188);
7. Law Number 20 Year 2011, concerning Storey House (Statute Book of the Republic of Indonesia Year 2011 Number 108, Supplement to Statute Book of the Republic of Indonesia Number 5252);
8. Government Regulation Number 23 Year 2005, concerning Management of Public Service Agency Finance as amended by Government Regulation Number 74 Year 2012 (Statute Book of the Republic of Indonesia Year 2005 Number 171, Supplement to Statute Book of the Republic of Indonesia Number 5340);
9. Government Regulation Number 8 Year 2006, concerning Financial Reporting and Performance of Governmental Agency (Statute Book of the Republic of Indonesia Year 2006 Number 25, Supplement to Statute Book of the Republic of Indonesia Number 4614);
10. Government Regulation Number 60 Year 2008, concerning Government Internal Controlling System (Statute Book of the Republic of Indonesia Year 2008 Number 127, Supplement to Statute Book of the Republic of Indonesia Number 4890);
11. Presidential Decree Number 121/P Year 2014, concerning Establishment of Ministry and Appointment of Ministers of Working Cabinet for Period Year 2014-2019;
12. Regulation of Minister of Public Works Number 60/ PRT/1992, concerning Technical Requirement for Storey Houses Construction;
13. Regulation of the Minister of Public Works Number: 05/ PRT/M/2007, concerning Technical

Guideline for Construction of High Rise Simple Storey Houses;

14. Regulation of the Minister of Finance Number 76/PMK. 05/2008, concerning Guideline on Accountancy and Financial Reporting of Public Service Agency;

15. Regulation of the Minister of Finance Number 130/PMK. 05/2010, concerning Procedure for Preparing, Cashing, and Accountability on the Fund for Housing Financement Liquidity;

16. Regulation of State Minister of People Housing Number 25 Year 2011, concerning Guideline for Provision of Low Cost Housing;

17. Regulation of the Minister of Finance Number 216/PMK.05/2011, concerning Service Tariff of Public Service Agency charged by the Head Office of Housing Financement at the Ministry of People Housing;

18. Decision of the Minister of Housing and Zonal Infrastructure Number 403/KPTS/M/2002, concerning Technical Guideline for Construction of Simple and Healthy Housing (Rs Sehat);

19. Regulation of Bank Indonesia Number 9/1/PBI/2007, concerning Evaluation System of Commercial Bank Solvency based on Syariah Principle;

20. Regulation of Bank Indonesia Number 13/1/PBI/2011, concerning Evaluation of Level of Solvency of Commercial Bank;

With due observance of:

1. Legal Advice of National Board of Syariah Number 01/DSN- MUI/IV/2000, concerning Clearing/ Demand Account;

2. Legal Advice of National Board of Syariah Number 03/DSN- MUI/IV/2000, concerning Deposit;

3. Legal Advice of National Board of Syariah Number 04/DSN- MUI/IV/2000, concerning Murabahah;

4. Legal Advice of National Board of Syariah Number: 07/ DSN-MUI/IV/2000, concerning Mudharabah (Qiradh) Financement;

5. Legal Advice of National Board of Syariflah Number: 20/DSN-MUI/X/2001, concerning General Guideline on Syaria Insurance;

6. Legal Advice of National Board of Syarfah Number: 50/DSN-MUI/III/2006, concerning Mudharabah Musytarakah;

7. Legal Advice of National Board of Syariah Number: 73/DSN-MUI/XI/2008, concerning Musyarakah Mutanaqisah;

8. Decision Letter of National Board of Syari'ah Number: 001/DSN-MUI/I/2011, concerning Placement of Fund for Liquidity Facilities for Financement of Housing by Syariah Banking;

DECIDED :

To stipulate:

REGULATION OF THE MINISTER OF PUBLIC WORKS AND PEOPLE HOUSING ON FACILITIES OF LIQUIDITY OF FINANCEMENT TO OBTAIN SAFE AND SOUND HOUSE OWNERSHIP BY CREDIT/FINANCEMENT BY THE PEOPLE WITH LOW INCOME.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation of Minister by:

1. Facilities for Liquidity of Financement for Housing hereinafter referred as FLPP, shall be supporting facilities for liquidity of Financement for housing to MBR which shall be managed by the Ministry of Public Works and People Housing.
2. Credit for Owning Safe and Sound House, hereinafter referred to as KPR Sejahtera, shall be Credit or Financement for owning house provided by KPR Sejahtera Tapak (for the Site) and KPR Sejahtera Susun (for Storey House) provided by operating bank either conventionally or under Sya-

riah Principle.

3. Credit for Owning Rumah Sejahtera Tapak, hereinafter referred to as KPR Sejahtera Tapak, shall be credit supported by FLPP provided by operating bank to MBR for owning a unit of Rumah Sejahtera Tapak to be purchased from individual person or from legal entity.
4. Financement for owning Rumah Sejahtera Syariah Tapak, hereinafter referred to as KPR Sejahtera Syariah Tapak, shall be Financement based on Syariah Principle supported by FLPP provided by operating bank that operates based on syariah principle to MBR for owning Rumah Sejahtera Tapak purchased from individual person or legal entity.
5. Credit for Owning a unit of Rumah Sejahtera Susun (storey house), hereinafter referred to as KPR Sejahtera Susun, shall be credit supported by FLPP provided by operating bank to MBR for owning a unit of Satuan Rumah Sejahtera Susun purchased from individual person or legal entity.
6. Financement for owning a unit of Rumah Sejahtera Syariah Susun, hereinafter referred to as KPR Sejahtera Syariah Susun, shall be Financement based on Syariah Principle supported by FLPP provided by operating bank that operates based on syariah to MBR for owning a unit of

Rumah Sejahtera Susun purchased from individual or legal entity.

7. People with Low Income or MBR, hereinafter referred to as MBR, shall be member of the community with limited buying power thereby needs to be supported by the Government to own a house.

8. Head Office of Housing Financement, hereinafter referred to as PPP, shall be organizational unit at the Ministry of Public Works and People's Housing assigned to carry out operation of the policy of the Ministry of Public Works and People's Housing on Financement of housing that applies Management of Public Service Agency Finance.

9. Legal Entity shall be legal entity duly established by Indonesian citizen which activity is on provision of housing and residential zone.

10. Operating Bank shall be commercial bank, public syariah bank, and syariah business unit in co-operating with the Ministry of Public Works and People's Housing in the implementation F LPP Program under joint operational agreement.

11. Commercial Bank shall be bank carrying out business operations conventionally and/or based on Syariah Principle which activity is providing service in the form of payments transaction.

12. Bank Syariah shall be bank that runs its business operation based on Syariah Principle and based on the its type it consists of syariah commercial bank and syariah people financing bank.

13. Syarian Commercial Bank, hereinafter referred to as BUS, shall be bank syariah which activity is to provide service on payment transactions.

14. Syariah Business Unit, hereinafter referred to as UUS, shall be working unit of the Head Office of Conventional Commercial Bank that functions as the Master Office or Unit that runs business activities based on Syariah Principle, or working unit of the Branch Office of any Bank domiciled overseas and runs business activities conventionally and functioning as Master Office of Syariah Sub-Branch Office and/or Syariah business unit.

15. Syariah Principle shall be principle of Islamic Law on banking activity based on legal advice issued by institution that has authority to decide legal advice on syariah.

16. Public House shall be house provided to accommodate the need for house by the people with low income.

17. Public Storey House shall be storey house provided to accommodate the need for house by the people with low income.

18. Safe and Sound House Site shall be public house established by individual person or legal entity with the same specification as that for simple house as governed in Decision of the Minister of Residence and Zonal Infrastructure Number 403/KPTS/M/2002, concerning Technical Guideline for Construction of Simple and Healthy House, Regulation of State Minister of People's Housing Number 25 Year 2011, concerning Guideline for Provision of Low Cost House and/or the statutory regulation that governs technical guideline on construction of Safe and Sound House.

19. Safe and Sound Storey House shall be public storey house duly established by individual person or legal entity based on the same specification with that of simple storey house as governed in Regulation of the Minister of Public Works Number 05/PRT/M/2007, concerning Technical Guideline for Construction of Simple High Storey Houses or Regulation of the Minister of Public Works Number 60/PRT/1992, concerning Technical Requirement for Construction of Storey Houses.

20. Tariff of KPR Sejahtera shall be compensation for services provision received by PPP from the operating bank in the form of interest rate / compensation on proceeds from FLPP KPR Sejahtera program.

21. Covenant shall be written agreement between

syariah bank or UUS and other party mentioning existence of the rights and obligations of the respective party based on Syariah Principle.

22. Margin shall be profit amount [ribhurü as agreed upon between the bank and the customer on Financement transaction under sale and purchase agreement (murabahah/istishnaj that is permanent / fixed during the course of the Financement term/period.

23. Minister shall be Minister of Public Works and People Housing.

CHAPTER II

FACILITIES FOR LIQUIDITY OF FINANCEMENT FOR HOUSING

Part One

General

Article 2

(1) FLPP intends to provide fund support provision of credit/financement for owning simple and sound house (KPRSh) for MBR.

(2) The simple and sound houses (RSh) are in the form of Rumah Sejahtera Tapak and Rumah Sejahtera Susun.

Article 3

(1) The fund to FLPP from PPP to the target group of KPR Sejahtera will be distributed through the

operating bank.

(2) The fund referred to in paragraph (1) will be distributed using the executing pattern of distribution with non-collectible risk fund of FLPP to be borne by the operating bank.

(3) The FLPP fund will be distributed by the operating bank to the targeted group of KPR Sejahtera for house ownership is subject to tariff of KPR Sejahtera in accordance with the provisions in Regulation of the Minister in charge of administrative affair on Finance.

Part Two

Scope of Facilities for Liquidity of Financement for Housing

Article 4

(1) The Credit/Financement for owning simple and sound house (KPRSh) as referred to in Article 2 paragraph (1) consists of:

- a. KPR Sejahtera;
- b. Credit for Owning Low Cost Rumah Sejahtera Murah;
- c. Credit for Construction or Repair of Rumah Swadaya Sejahtera;
- d. Credit for Construction of Rumah Sejahtera; and
- e. Credit for Construction of Rumah Sejahtera Murah.

(2) The KPR Sejahtera as referred to in paragraph (1) letter a consists of:

- a. KPR Sejahtera Tapak;
- b. KPR Sejahtera Syariah Tapak;
- c. KPR Sejahtera Susun; and
- d. KPR Sejahtera Syariah Susun.

(3) Provision on credit for owning simple and sound house as referred to in paragraph (1) letter b, letter c, letter d, and letter e shall be further governed in Regulation of the Minister.

Article 5

(1) Fund for KPR Sejahtera shall be combination of FLPP fund and fund of the operating bank based on particular proportion.

(2) The combined fund between the FLPP fund and the fund of the operating bank with particular proportion as referred to in paragraph (1) is initiated for the purpose of providing KPR Sejahtera with affordable interest rate of the credit/margin of Financement and is permanent during the course of the Credit/Financement term.

(3) The particular proportion referred to in paragraph (1) shall be determined by the Minister based on the tariff of KPR Sejahtera and condition of economy. The proportion referred to in paragraph (3) must be stated in Operational Mutual Agreement between PPP and the operating bank.

CHAPTER III

HOUSE ACQUISITION BY CREDIT/FINANCEMENT
FOR OWNERSHIP OF SAFE AND SOUND HOUSE

Part One

Targeted Group

Article 6

- (1) The targeted group of KPR Sejahtera shall be MBR with limited income as specified in Attachment I to this Regulation of Minister.
- (2) The MBR referred to in paragraph (1) shall be classified as follows:
 - a. applicant with permanent principal monthly income in the form of salary/wage; and
 - b. applicant has no permanent income in the form of net revenue or average wage per month in a year.

Article 7

- (1) The targeted group of KPR Sejahtera as referred to in Article 6 paragraph (1) shall be obliged to comply with the requirements below:
 - a. is homeless as proven by Statement Letter from the person concerned and acknowledged by the local Village Chief;
 - b. has never received subsidize from the Government to own a house;
 - c. possess Obligatory Taxpayer Identification Number (NPWP); and
 - d. submitted photocopy of (SPT) Personal An-

nual PPh or Statement Letter stating that income of the person concerned is not exceeding the income limit as required in this Regulation of Minister.

- (2) Formal authenticity and material of the Statement Letter as referred to in paragraph (1) letter a constitute responsibility of the person concerned.
- (3) If income of the targeted group referred to in paragraph (1) is not exceeding the limit of non-taxable income (PTKP) this targeted group shall be exempted from the provision to possess Obligatory Taxpayer Identification Number (NPWP) and Annual Notification Letter (SPT) on Income Tax (PPh) of individual person.
- (4) If status of the targeted group as referred to in paragraph (1) is husband and wife, both are not required to own a house and both have never received subsidy from the Government to own a house.
- (5) The exemption is granted from the provisions referred to in paragraph (1) letter a and letter b to PNS/TNI/Polri who moved his/her domicile for the purpose of official assignment.
- (6) The provision on exemption referred to in paragraph (4) applies only once.

- (7) Feasibility to obtain KPR and compliance with the requirements by the targeted group constituting applicant for KPR Sejahtera will be analyzed by the operating bank.

Article 8

- (1) MBR with temporary income as referred to in Article 6 paragraph (2) letter b shall be individual person working at formal or informal sector.
- (2) MBR with temporary income working at formal sector as referred to in paragraph (1) shall be individual person working in category occupation as follows:
- has own business; and
 - possess business license.
- (3) MBR with temporary income working in informal sector as referred to in paragraph (1) shall be individual person working in category own business, working with other person, or legal entity.

Article 9

- (1) For member of the community working with other person or legal entity as referred to in Article 8 paragraph (3) his/her income shall be based on:
- time unit;
 - product unit;
 - contract system; or
 - bonus system.

- (2) The name of occupation of the people with temporary income as referred to in Article 8 paragraph (3) will be agreed upon in operational joint operation between PPP and the operating bank.

Part Two

Requirements by the Operating Bank

Article 10

- (1) The requirements by syariah commercial bank and syariah business unit to be able to become operating bank are as follows:
- submit Statement Letter of interest to become operating bank to exercise FLPP program;
 - possess at least or Third Composite Ranking or (Peringkat Komposit Tiga (PK-3)) in accordance with Regulation of Bank Indonesia;
 - has experience in providing Credit/Financement for house ownership (KPR) at least two (2) years;
 - possess infrastructure in the context of management of Credit/Financement for KPR at least:
 - has organization on working unit for management of Credit/Financement for house ownership;
 - has personnel for management of Credit/Financement for house ownership;

3) has information technology on Credit/Financement management on house ownership; and

4} has policy on Credit/Financement for house ownership.

e. has adequate service network within the province and/or nationwide;

f. has plan for providing KPR Sejahtera in one (1) Year;

g. signed mutual agreement with Echelon I Official in charge of Financement for housing or Official appointe by the Minister; and

h. signed operational joint work agreement (PKC) with the authorized Official of PPP.

(2) Operating Bank shall be responsible to provide portion of fund to the Credit/Financement for KPR Sejahtera ownership according to the proportion of fund for KPR Sejahtera.

(3) The Operating Bank pelaksana as referred to in paragraph [1] shall be responsible for correct target, use of fund for FLPP, and risk from Credit/Financement, as well as ready to be audited by internal supervisory apparatus of the Ministry of Public Works and People Housing and/or external supervisory apparatus in accordance with the pro-

visions in the statutory regulation.

Part Three

Credit/Financement for Owning Rumah Sejahtera Tapak

Article 11

(1) Price limit of Rumah Sejahtera Tapak purchased through KPR Sejahtera Tapak shall be determined based on the Area.

(2) Classification of price limit of Rumah Sejahtera Tapak based on the area as referred to in paragraph (1) shall be as specified in Attachment II to this Regulation of the Minister.

(3) Classification of price limit of Rumah Sejahtera Tapak as referred to in paragraph (2) is not including Value Added Tax (PPN).

(4) Provision on sales price of Rumah Sejahtera Tapak that is exempted from Value Added Tax (PPN) based on the provision in Regulation o Minister in charge of administrative affair on Finance.

(5) KPR Sejahtera Tapak shall be provided to targeted group as referred to in Article 6 paragraph [1] on the provisions that:

a. value of KPR is maximum equivalent to the sales price of Rumah Sejahtera Tapak as referred to in paragraph (2) less the amount of down payment as stipulated by the operating

bank;

- b. interest rate of KPR is the highest 7,25% [seven comma twenty-five percent) per Year;
- c. the interest rate referred to in letter b is includes premium for life insurance, fire insurance, and credit insurance;
- d. the interest rate referred to in letter b is fixed for the term of credit (fixed rate mortgage) calculation of annual interest is using annuity method (annuity) or effective interest in accordance with the provisions applicable at the operating bank; and
- e. the term of KPR as referred to in letter a is agreed upon by the operating bank and the target group of KPR Sejahtera Tapak and is justified with the capability to pay instalments by the target group of KPR Sejahtera.

(6) MBR with temporary income working at informal sector as referred to in Article 8 paragraph (3) may deposit the fund for payment of installment of KPR Sejahtera Tapak to the operating bank daily or weekly or based on the provision prevailing at the operating bank.

(7) The Operating Bank providing KPR Sejahtera Tapak to MBR with temporary income as referred to in paragraph (6) will obtain addition to the proportion for funding FLPP as stipulated by the Minister.

Article 12

- (1) KPR Sejahtera Tapak by operating bank for cities with total number of population more than 2.000.000 (two million) lives will be provided March 31, 2015 at the latest.
- (2) Construction of Rumah Sejahtera Tapak in cities as referred to in paragraph (1) shall refer to the Space Layout Planning (RTRW) and/or Detailed Space Layout Planning (RDTR).
- (3) Application for cashing FLPP fund to PPP on the provision of KPR Sejahtera Tapak as referred to in paragraph (1) may be submitted on June 30, 2015 at the latest.
- (4) Provision of KPR Sejahtera Tapak as referred to in paragraph (1) and submission of application for cashing FLPP fund as referred to in paragraph (3) is exempted for the construction developer that has been assigned to construction of residence proportionate with the house with site in cities.

Part Four

Credit/ Financement for Owning

Rumah Sejahtera Syariah Tapak

Article 13

- (1) Price limit for Rumah Sejahtera tapak purchased through KPR Sejahtera Syariah Tapak will be determined based on the area.
- (2) Classification of price limit for Rumah Sejahtera Tapak based on the area as referred to in paragraph (1) is as specified in Attachment II to this Regulation of Minister.
- (3) Classification of price limit for Rumah Sejahtera Tapak as referred to in paragraph (2) is excluding Value Added Tax (PPN).
- (4) Provision on sales price of Rumah Sejahtera Tapak that exempted from imposition of Value Added Tax (PPN) shall be based on the provisions in Regulation of Minister in charge of administrative affair on Finance.
- (5) KPR Sejahtera Syariah Tapak shall be provided to the targeted group as referred to in Article 6 paragraph (1) on the provision that:
 - a. amount of Financement shall be at least equivalent to the sales price of Rumah Sejahtera Tapak as referred to in paragraph (2) less the amount of down payment as stipulated by the operating bank;
 - b. margin or loan from Financement shall be the highest 7,25% (seven comma twenty-five percent) per Year;
 - c. margin or loan from Financement as referred to in letter b is including premium for life insurance, fire insurance, and credit insurance;
 - d. margin or loan from Financement as referred to in letter b is fixed during the term of the Financement (fixed rate mortgage) with amount of installment equivalent to calculated annual interest (annuity) or effective interest in accordance with the provision prevailing at the operating bank; and
 - e. term of Financement as referred to in letter a has been agreed upon by the operating bank and the targeted group of KPR Sejahtera Syariah Tapak and justified with the targeted group's capability to pay the installment for KPR Sejahtera.
- (6) MBR with impermanent/temporary income working at informal sector as referred to in Article 8 paragraph (3) may deposit the fund for payment of installment for KPR Sejahtera Syariah Tapak to the operating bank daily or weekly or in accordance with the provisions as stipulated by the operating bank.

- (7) The Operating Bank that provides KPR Sejahtera Syariah Tapak to MBR with impermanent income as referred to in paragraph (6) will obtain addition to the portion of FLPP funding as stipulated by the Minister.

Article 14

- (1) Provision of KPR Sejahtera Syariah Tapak by the operating bank for the cities with a total population more than 2.000.000 (two million) persons will be materialized on March 31, 2015 at the latest.
- (2) Construction of Rumah Sejahtera Tapak in the cities as referred to in paragraph (1) shall refer to the Area Space Layout Plan (RTRW) and/or Detailed Space Layout Plan (RDTR).
- (3) The FLPP fund provided to PPP for provision of KPR Sejahtera Syariah Tapak as referred to in paragraph (1) may be cashed on June 30, 2015 at the latest.
- (4) Exemption will be granted to developer that has been assigned obligation to construct houses proportionately with the sites and houses in the cities in providing KPR Sejahtera Syariah Tapak as referred to in paragraph (1) and the cashing of FLPP fund as referred to in paragraph (3).

Part Five

Credit/Financement for Owning Rumah Sejahtera

Susun

Article 15

- (1) Limit of unit price of Rumah Sejahtera Susun purchased through KPR Sejahtera Susun shall be classified based on the area.
- (2) Classification of limit of unit price of Rumah Sejahtera Susun based on area as referred to in paragraph (1) is as specified in Attachment III to this Regulation of the Minister.
- (3) Classification of limit of unit price of Rumah Sejahtera Susun as referred to in paragraph (2) is not including Value Added Tax (PPN).
- (4) Provision on unit sales price of Rumah Sejahtera Susun and income of targeted group that is exempted from Value Added Tax (PPN) justifies with the provisions in the statutory regulation.
- (5) KPR Sejahtera Susun will be provided to the targeted group as referred to in Article 6 paragraph (1) on the provisions as follows:
 - a. value of KPR shall be maximum equivalent to the unit sales price of Rumah Sejahtera Susun as referred to in paragraph (1) less the amount of down payment as stipulated by the operating bank;

b. interest rate for KPR shall be the highest 7,25% [seven comma twenty-five percent] per Year;

c. interest rate as referred to in letter b is including premium for life insurance, fire insurance and credit insurance;

d. interest rate as referred to in letter b is fixed for the term of the credit (fixed rate mortgage) by calculating the interest annually (annuity) or effective interest in accordance with the provision prevailing at the operating bank; and

e. term of KPR as referred to in letter a has been agreed upon by the operating bank and the targeted group for KPR Sejahtera Susun that is justified with the targeted group's capability to pay installment by the KPR Sejahtera.

(6) MBR with impermanent income working at informal sector as referred to in Article 8 paragraph (3) may deposit the fund for payment of installment for KPR Sejahtera Susun to the operating bank daily or weekly or based on the provisions prevailing at the operating bank.

(7) The Operating Bank providing KPR Sejahtera Susun to MBR with impermanent income as referred to in paragraph (6) will obtain addition to the por-

tion of FLPP funding as stipulated by the Minister.

Part Six

Credit /Financement for Owning Rumah Sejahtera

Syariah Susun

Article 16

(1) Limit of unit price of Rumah Sejahtera Susun purchased through KPR Sejahtera Syariah Susun is classified based on the area.

(2) Classification of limit of unit price of Rumah Sejahtera Susun based on the area as referred to in paragraph (1) is as specified in Attachment III to this Regulation of the Minister.

(3) Classification of limit of unit price of Rumah Sejahtera Susun as referred to in paragraph (2) is not including Value Added Tax (PPN).

(4) Exemption is made to the provisions on unit sales price of Rumah Sejahtera Susun and income of the targeted group on Value Added Tax [PPN] in accordance with the provisions in the statutory regulation.

(5) KPR Sejahtera Syariah Susun shall be provided to the targeted group as referred to in Article 6 paragraph (1) on the provision below:

a. amount of Financement shall be maximum equivalent to the unit sales price of Rumah Sejahtera Susun as referred to in paragraph

(1) less the amount of down payment as stipulated by the operating bank;

b. margin and loan from Financement shall be maximum equivalent to 7,25% (seven comma twenty-five percent) per Year;

c. margin or loan as referred to in letter b shall include premium for life insurance, fire insurance and credit insurance;

d. margin or loan as referred to in letter b is fixed for the term of Financement (fixed rate mortgage) with installment amount equivalent to the interest calculated annually (annuity) or effective interest in accordance with the provisions prevailing at the operating bank; and

e. term of Financement referred to in letter a has been agreed upon by the operating bank and the targeted group of KPR Sejahtera Syariah Susun that is justified with the targeted group's capability to pay installment of KPR Sejahtera.

(6) MBR with impermanent income working at informal sector as referred to in Article 8 paragraph (3) may deposit the fund for payment of installment of KPR Sejahtera Syariah Susun to the operating bank daily or weekly or in accordance with the provisions prevailing at the operating bank.

(7) The Operating Bank providing KPR Sejahtera Syariah Susun to MBR with impermanent income as referred to in paragraph (5) shall obtain addition to the portion of FLPP fund as stipulated by the Minister.

CHAPTER IV

UTILIZATION OF RUMAH SEJAHTERA TAPAK AND RUMAH SEJAHTERA SUSUN UNITS

Article 17

(1) Rumah Sejahtera Tapak or Rumah Sejahtera Susun unit will be utilized as residence or place to live by the owner.

(2) If the owner does not accommodate the Rumah Sejahtera Tapak or Rumah Sejahtera Susun unit continuously in one (1) year, the owner of facilities of KPR Sejahtera shall be obliged to return all facilities and/or assistance from the Financement of housing that he/she has obtained.

(3) Provision on the obligation of the owner to return all facilities and/or assistance in the form of finacement of housing obtained must be clearly stated in Statement Letter.

(4) Onwership of Rumah Sejahtera Tapak or Rumah Sejahtera Susun unit may be leased and/or transferred only in the event of:

a. inheritance;

- b. occupied for more than five (5) years for Rumah Sejahtera Tapak;
- c. occupied for more than 20 (twenty) years for Rumah Sejahtera Susun unit;
- d. moved to other residence due to improvement in social economy; or
- e. in the interest of the operating bank on settlement of bad credit or Financement.

(5) Moving to other residence as referred to in paragraph (4) letter d must be proven by Statement Letter of Movement from the competent authority within the location of the Rumah Sejahtera Tapak or Rumah Sejahtera Susun unit and Statement Letter stating that the person concerned has or possesses another house.

(6) The provision in paragraph (4) letter e will be implemented in accordance with the provisions in the statutory regulation and/or Regulation on Financial Service Authority.

Article 18

The owner that fails to occupy the house as referred to in Article 17 paragraph (2) and paragraph (3), shall be obliged to settle his/her obligations pertaining to KPR Sejahtera that he/she obtained covering but not limited to:

- a. settlement payment of KPR Sejahtera;
- b. returning the facilities and/or assistance by Financement for housing that been acquired, namely:
 - 1) amount of money constituting the difference between the money calculated based on market interest and the money calculated based on loan interest/margin for KPR Sejahtera;
 - 2) the money referred to in figure 1) shall be calculated effective as of the fund for KPR Sejahtera is cashed up to termination of the KPR Sejahtera (example: calculation in Attachment V);
 - 3) market interest as referred to in figure 1) shall be interest rate on the portion of fund at the operating bank used in calculating the fixed interest of KPR Sejahtera at entering into Credit Agreement for KPR Sejahtera;
- c. Value Added Tax (PPN) in arrears is in accordance with the provisions in the statutory regulation.

CHAPTER V
IMPLEMENTATION OF KPR SEJAHTERA

Article 19

Provision on implementation of Liquidity Facilities on Financement for Housing through Credit/Financement for Owning Rumah Sejahtera by members of the Community with low income shall be governed in Regulation of Minister.

CHAPTER VI
REPORTING

Article 20

The Operating Bank shall be obliged to prepare and submit report periodically or at any time to PPP.

Article 21

- (1) For accountability on the management of FLPP fund through KPR Sejahtera, PPP shall be obliged to prepare and present financial report and report on the implementation of FLPP.
- (2) The financial report referred to in paragraph (1) must be prepared and presented according to Standard of Accountancy of the Government (SAP) or Standard Financial Accountancy (SAK).
- (3) The report on the implementation referred to in paragraph (1) shall at least cover matters below:
 - a. allocated fund for KPR Sejahtera in the current budget year;
 - b. provision plan of KPR Sejahtera based on the allocated fund for KPR Sejahtera in the current budget year;
 - c. accomplished cashing of fund for KPR Sejahtera; and
 - d. issues and follow-up action.
- (4) The financial report referred to in paragraph (1) must be submitted once in three (3) months or quarterly to the Minister in charge of administrative affair on Finance with copy to Echelon I Official in charge of Financement of Housing, Secretary General of People Housing, and the Board of Supervisory of PPP by the 15th as of expiry of the quarter.

- (5) The report on implementation of FLPP as referred to in paragraph (1) must be submitted each month to the Minister with copy to Echelon I in charge of Financement for Housing, Secretary General of the Ministry of Public Works and People Housing, and the Board of Supervisory of PPP by the 15th at the latest as of expiry of the month concerned.

CHAPTER VII

CONTROL AND SUPERVISION

Article 22

- (1) Control and supervision in the acquisition of housing through KPR Sejahtera supported by FLPP shall be exercised by means of examination, monitoring, evaluation, and correction.
- (2) The control and supervision referred to in paragraph (1) shall be conducted by PPP and/or working unit appointed by the Minister.
- (3) The examination referred to in paragraph (1) shall be conducted in accordance with the provisions in the statutory regulation.

Article 23

- (1) The examination referred to in Article 22 paragraph (3) may be conducted by internal supervisory apparatus of the Ministry of Public Works and People Housing.
- (2) The examination referred to in paragraph (1) shall be conducted on the implementation of KPR Sejahtera program covering but not limited to management of FLPP fund conducted by PPP and distribution of FLPP fund through KPR Sejahtera conducted by the operating bank.

CHAPTER VIII

OTHER PROVISION

Article 24

- (1) The Operating Bank shall be obliged to develop information technology that support smooth operation of FLPP program.

- (2) PPP and the operating bank shall be obliged to initiate promotion of the KPR Sejahtera to the people either severally or jointly.
- (3) The promotion referred to in paragraph (2) shall be conducted in the form orientation, exhibition, advertisement to the people, and/or other means of promotion.

CHAPTER IX TRANSITIONAL PROVISION

Article 25

During the course that Echelon I Official to be in charge of Financement for housing at the Ministry of Public Works and People Housing is not stipulated yet, the duty and function shall be exercised by the Deputy of Financement at the Ministry of People Housing.

Article 26

- (1) If no agreement on facilities to obtain houses for MBR is signed between the authorized Official of Head Office of Financement for Housing and MBR based on Regulation of the Minister People Housing Number 3 Year 2014, concerning Procurement of Housing by Credit/Financement for Owning Rumah Sejahtera supported by Facilities for Liquidity of Financement for Housing it is decided that it has no legal power and is not binding.
- (2) In the event that the agreement for facilities for obtaining houses for MBR is as referred to in paragraph (1), the Official of Head Office of Financement of Housing shall withdraw the written agreement.
- (3) The agreement for facilities to obtain houses for MBR as referred to in paragraph (1) is not part of and not inseparable of Credit Agreement and is not required for cashing the FLPP fund.

Article 27

If the stipulated list of cities that have population more than 2.000.000 (two million) lives, this must be governed in operational cooperation agreement.

CHAPTER X
CLOSING PROVISION

Article 28

By the time this Regulation of Minister comes to force, Regulation of Minister of People Housing Number 3 Year 2014, concerning Facilities for Liquidity of Financement for Procurement of Housing by means of Credit/Financement for Owning Rumah Sejahtera shall revoke and declared null and void.

Article 29

This Regulation of Minister comes to force on the date it is enacted.

For public cognizance, this Regulation of Minister shall be announced by placing it in the State Gazette of the Republic of Indonesia.

Stipulate in Jakarta

Dated December 10, 2014

MINISTER OF PUBLIC WORKS AND
PEOPLE HOUSING OF
THE REPUBLIC OF INDONESIA

sgd.

M. BASUKI HADIMULJONO

Enacted in Jakarta

Dated December 12, 2014

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA

sgd.

YASONNA H. LAOLY

STATUTE BOOK OF THE REPUBLIC OF INDONESIA
YEAR 2014 NUMBER 1904

Note from Editor:

Due to technical reason no Attachment is provided herein.

(MA)

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(Law No. 28/2014 dated October 16, 2014)
[Continued from Business News No. 8743-8744
page 45-48]

Letter m

Referred to as "cinematographic work" is creation in the form of moving images including documentary film, advertisement film, reporting or story film made using a scenario, and cartoon film. Cinematographic work can be made in celluloid tape, video tape, video record, optic disc and/or other media which make it possible to show them in cinema, broad screen, television, or other media. Cinematography is one of audiovisual forms.

Letter n

Referred to as "anthology" covers creation in the form of book containing a compilation of selected writing works, a collection of selected songs, and a composition of different selected dances recorded in cassettes, optic discs, or other media.

Referred to as "data base" is a compilation of data in any form which can be read by computers or other form of compilation, which because of selection or arrangement of data content constitute intellectual creation. The protection of data base is given without reducing the rights of creators to creations put in the data base.

Referred to as "adaptation" is the act of transforming a creation into other form, including transforming a book into film.

Referred to as "other works resulting from transformation\" is changing the format of creation into other form, including changing a pop music into dangdut music.

Letter o up to Letter s

Sufficiently clear.

Paragraph (2) and Paragraph (3)

Sufficiently clear.

Article 41

Letter a and Letter b

Sufficiently clear.

Letter c

Referred to as "functional need" is human need for a certain instrument, article or product which based on its form has a certain function.

Article 42

Sufficiently clear.

Article 43

Letter a

Sufficiently clear.

Letter b

Referred to as announcement, distribution, communication and/or duplication is any act taken by or under the name of the government, including announcement, distribution and communication and/or duplication of anything done by or under the name of the government to the result of a research conducted using state fund.

Letter c

Referred to as "actual news" is news announced or communicated to the public within 3x24 (three times within twenty-four hours) since it was for the first time communicated to the public.

Letter d and Letter e

Sufficiently clear.

Article 44

Paragraph (1)

Referred to as "substantial part" is the most important and typical part which become the characteristics of creation.

Letter a

Referred to as "fair interest of creator or holder of copyright" is the interest based on balance to enjoy the economic benefit of creation

Letter b up to Letter d

Sufficiently clear.

Paragraph (2)

Referred to as "access to a creation" is the act of providing facility to use, take, duplicate, transform, announce, distribute and/or communicate all or substantial part of creation.

Paragraph (3)

Referred to as "based on technical consideration", includes a change in the insufficient acreage of land, non-symmetrical position, composition of different materials, and a change in architectural model due to natural factor.

Paragraph (4)

Sufficiently clear.

Article 45

Paragraph (1)

A user (not holder of copyright) of computer program can make 1 (one) copy or adaptation of computer program possessed legally, for the purpose of research and development of the computer program or used as reserves for use.. The production of the substitute copy is not violation of copyright.

Paragraph (2)

The destruction of copy or adaptation of computer program is aimed at preventing other party from using it unrightfully.

Article 46 up to Article 48

Sufficiently clear.

Article 49

Paragraph (1)

Referred to as "temporary duplication" is the act of increasing the number of creation temporarily using digital media including the number of song or music, books, images and other works using computer media, either through the internet or the internet kept temporarily in the digital memory.

Paragraph (2) and Paragraph (3)

Sufficiently clear.

Paragraph (4)

Referred to as "certain characteristics" is recording containing documentary film, history, in the interest of the state or whose legal protection has passed.

Article 50 and Article 51

Sufficiently clear.

Article 52

Referred to as "technology control facility" is any technology, instrument or components designed to prevent or restrict acts which are not permitted by creators, holders of copyrights, owners of related rights, and/or those banned by the law and regulation.

Article 53

Paragraph (1)

Referred to as "production facility and/or information technology-and/or high technology-based data storage includes optical disc, server, cloud computation, secret code, password, barcode, serial number, description technology, and encryption used to protect creations.

Paragraph (2)

Sufficiently clear.

Article 54

Letter a

Referred to as "content" is the content of

creation made available in any media. The model of disseminating content includes uploading content through the internet.

Letter b and Letter c

Sufficiently clear.

Article 55

Paragraph (1)

Referred to as "commercial use" in information and communication technology media covers pay commercial use and free content service obtaining economic benefit from other parties benefiting from the use of the copyright and/or related right.

Paragraph (2) up to Paragraph (4)

Sufficiently clear.

Article 56

Paragraph (1)

Referred to as "shutting down content and/or access right of user" comprises, first; blocking the content or website of content provider, and second; blocking users' access to certain websites by blocking the internet protocol address or the like.

Paragraph (2)

Sufficiently clear.

Article 57 up to Article 62

Sufficiently clear.

Article 63

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as "the validity period of the protection of economic right starts January 1 of the following year" is provision provided for TRIPS Agreement Article 14 paragraph (5).

Example, if a creation is fixed on October 30, 2014, it will obtain legal protection since then and the period of 50 years starts January 1, 2015.

Article 64

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The registration of creations and products of related rights is not compulsory for creators, holders of copyrights or owners of related rights. The protection of creations starts at the time when the creations exist or are created and not because of registration. This means that all creations which are registered and are not registered are protected.

Article 65

Sufficiently clear.

Article 66

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Letter a

Example of substitute creation or substitute product of related right is creation or product of related attached because the creation or product of related right cannot technically be attached to the application, for instance, large statue which is replaced with its miniature or photograph.

Letter b

Referred to as "written statement of ownership" is statement of ownership of copyright or related right that the creation or product of related right truly belongs to the creator, holder of copyright or owner of related right.

Letter c

Sufficiently clear.

Article 67

Sufficiently clear.

Article 68

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as "object of other intellectual property right" is the general list found in the general list of brands, the general list of industrial designs, and the general list of patents.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

These provisions are aimed at giving legal certainty to applicants.

Article 69 up to Article 71

Sufficiently clear.

Article 72

The Minister is not held responsible for the content, meaning, purpose or model of creations or products of related rights registered.

Article 73 up to Article 79

Sufficiently clear.

Article 80

Paragraph (1) up to Paragraph (4)

Sufficiently clear.

Paragraph (5)

The calculation and amount of royalties need to consider elements serving as the basis for the calculation of royalties, for instance, the number of

seats and rooms, the acreage of rooms, the number of copies according to the habit/usual practice.

Article 81

Sufficiently clear.

Article 82

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Referred to as "laws" include the Civil Code and Law regarding ban on monopolistic practices and unsound business competition. These provisions are aimed at protecting creators, holders of copyrights or owners of related rights.

Paragraph (3)

Sufficiently clear .

Article 83 up to Article 86

Sufficiently clear.

Article 87

Paragraph (1) up to Paragraph (3)

Sufficiently clear.

Paragraph (4)

Referred to as "the use of creations and/or products of related rights" covers duplication in the fair interest of users and announcement.

For instance, the digital duplication of songs and/or music for the purpose of karaoke parlor or the provision of songs and/or music in transportation means.

Article 88

Sufficiently clear.

Article 89

Paragraph (1)

Letter a

Sufficiently clear.

Letter b

Referred to as "owner of related right in the field of song and/or music" is show performer and phonogram producer.

Paragraph (2) up to Paragraph (4)

Sufficiently clear.

Article 90 up to Article 94

Sufficiently clear.

Article 95

Paragraph (1)

The model of dispute related to copyright includes dispute in the form of act against the law, license agreement, dispute over tariffs to collect recompenses or royalties.

Referred to as "alternative to settlement of

dispute" is the process of settling a dispute through mediation, negotiation, or consultation.

Paragraph (2) up to Paragraph (4)
Sufficiently clear.

Article 96 up to Article 101
Sufficiently clear.

Article 102

Paragraph (1)
Referred to as "only appeal can be filed" means that there is no legal effort to file appeal.

Paragraph (2) up to Paragraph (5)
Sufficiently clear.

Article 103 up to Article 105
Sufficiently clear.

Article 106

Letter a up to Letter c
Sufficiently clear.

Letter d

These provisions are meant to avoid larger losses to the party whose right is violated, so that the judge of commercial court has the right to issue a temporary decision to prevent the violation from continuing and the entry of goods believed to have violated copyrights and related rights to trade lines including exportation and importation of goods.

Article 107 up to Article 126
Sufficiently clear.

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