









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| Indicator | Score |
|-----------|---------|
| 4.1.1 | Context |
| 4.1.1 | Context |

4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction?

Score: A B C

References:

There is no natural resources fund in Indonesia. It has been blocked in Law Number 17 Year 2003 on State Finance.

http://www.bpk.go.id/web/files/2009/01/uu2003_17.pdf

4.1.1.051: What authority is responsible for the natural resource fund?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

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| Indicator | | Score |
|-----------|-----------------------|-------|
| 4.2.1 | Comprehensive reports | N/A |
| 4.2.2.056 | Audited reports | N/A |

4.2.1 Comprehensive reports

4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score: A B C

References:

There is no natural resource fund in Indonesia.

4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

4.2.1.055: How often are financial reports published by the fund management or authority in charge?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

4.2.2.056 Audited reports

4.2.2.056a: Are the fund s financial reports audited?

Score: A B C D **E**

References:

There is no natural resource fund in Indonesia.

4.2.2.056b: Are the audited financial reports published?

Score: A B **C**

References:

There is no natural resource fund in Indonesia.

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| Indicator | Score |
|------------------------------------|-------|
| 4.3.1 Legal Framework and Practice | N/A |

4.3.1 Legal Framework and Practice

4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A B C

References:

There is no natural resource fund in Indonesia.

4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?

Score: A B C

References:

There is no natural resource fund in Indonesia.

4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?

Score: A B C D E

References:

There is no natural resource fund in Indonesia.

4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?

Score: A B C

References:

There is no natural resource fund in Indonesia.

4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B C

References:

There is no natural resource fund in Indonesia.

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| Indicator | Score |
|-----------|---------|
| 5.1.1 | Context |

5.1.1 Context

5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A B C D E

References:

It is stipulated in Law Number 33 Year 2004 on Intergovernmental Financial Relation and Government Regulation Number 55 Year 2005 on Revenue Transfer.

<http://www.djpk.depkeu.go.id/regulation/3/tahun/2004/bulan/10/tanggal/15/id/228/>

Also Government Regulation PP No. 55 year 2005 on Balance Transfer

<http://www.presidentri.go.id/DokumenUU.php/135.pdf>

5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: A B C

References:

Only 0.5% of additional oil and gas revenue transfers are earmarked for education -- fairly small compared to the amount that is not earmarked.

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| Indicator | | Score |
|-----------|------------|--|
| 5.2.1 | Disclosure | 47  |

5.2.1 Disclosure

5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?

Score: A B C

References:

There are rules as mentioned in indicator #3.3.2.065 including the formulas for different revenues (tax and non tax).

However, these do not seem to be available online.

5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?

Score: A B C D E

References:

The rules are pretty clear for different revenues, and the central government is required to break down the transfers of resource related revenues. Annually the Ministry of Finance issues MoF's Decree (KMK) on the allocation of revenue transfers based on the aforementioned Law and Regulation. The KMK is sent to relevant local governments and also disclosed on the website. For instance: <http://www.djpk.depkeu.go.id/regulation/6/tahun/2010/bulan/02/tanggal/16/id/494/>

Peer Review Comments:

The information is buried deeply within the pages of the government website (Ministry of Finance) and hardly accessible to the public.

5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?

Score: A B C D E

References:

There is common complaint from local government on the lack of the narrative of these disclosure, the source of numbers (production volume from each regions, for instance). Most non-technical people do not understand, including local politicians/parliamentarian

Peer Review Comments:

Given the quality of the report, I would suggest that the score is C.

The report is available online, but very hard to understand since it is very technical.

5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?

Score: A B C D E

References:

Early in the fiscal year the Ministry of Finance issues a preliminary estimate of revenue transfers based on the previous year and production targets. Then there are two reports consolidating numbers for real production to correct the estimated numbers. In the last quarter of the fiscal year the MoF issues final figures of revenue transfers for that year.

See for instance the forecast of revenue transfers from oil and gas revenue in 2012 (issued January 2012),

<http://www.djpk.depkeu.go.id/regulation/26/tahun/2012/bulan/02/tanggal/29/id/747/>

5.2.1.069: Do sub-national governments publish information on transfers received from central governments?

Score: A B C

References:

Local government are supposed to publish their local budget (APBD) documents including documents that include revenue transfers they receive. However, there have been complaints that some local governments do not disclose such information to the public. Moreover, most local governments in Indonesia do not have websites, OR if they have them, they are very artificial. So the documents must be traced through hard copies requests.


Peer Review Comments:

Given the circumstances described, the answer should be B.

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| Indicator | | Score |
|-----------|------------------------------|---|
| 5.3.1 | Legal Framework and Practice | 100  |

5.3.1 Legal Framework and Practice

5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A B C

References:

The Ministry of Finance is assigned by Law to manage these revenue transfers, with help from Ministry of Home Affairs and technical Ministries (Ministry of Energy and Natural Resources AND Ministry of Forestry). Within the MoF the Director General of Intergovernmental Fiscal relations (DJ Dana Perimbangan) takes care of this matter.

5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score: A B C D E

References:

Room for discretion is legally limited; the MoF must follow the legislation and rules in distributing the revenue transfers.

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Context

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| Indicator | Score |
|-----------|---------|
| 1.1 | Context |
| 1.1 | Context |

1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score: A B C D E

Comments:

By way of background, the U.S. Geologic Service 2010 report on Indonesia's mineral resources included this summary (<http://minerals.usgs.gov/minerals/pubs/country/2010/myb3-2010-id.pdf>, p. 12.1):

"Indonesia is rich in mineral resources, including coal, copper, gold, natural gas, nickel, and tin. The country also has less significant quantities of bauxite, petroleum, and silver. The country's industrial production came from the cement, metal mining, and oil and gas industries. Indonesia was among the five leading producers of copper and nickel in the world, and its tin output was ranked second after China. It was also ranked among the world's top 10 countries in the production of gold and natural gas. Indonesia was one of the world's leading exporters of liquefied natural gas (LNG) after Qatar but was a net importer of oil."

References:

Constitution 1945 (UUD 1945), article 33 (3).
<http://www.mpr.go.id/pages/produk-mpr/uud-1945>

1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score: A B C D E

Comments:

In Indonesia the agency that gives oil and gas licenses is BP Migas (technical agency or regulator) according to Article 11 (1) Oil and Gas Law number 22 Year 2001, although the tender process is done by Directorate General Oil and Gas (Dirjend Migas).

But for Mining licenses (coal and mineral) it is given by Government (see Article 6 Mining Law Number 4/2009). Government here can be the Minister (for central government) for areas of mining more than 12,500 acres or across provinces, or the Provincial Government for areas between 5,000 - 12,500 acres or across regencies/municipalities or between 4 - 12 nautical miles offshore, or the Regent and Mayor for areas less than 5,000 acres or less than 4 NM offshore.

References:

Note: The research for this questionnaire was done between February and July 2012. Since then, BP Migas has been dissolved (in November 2012). The successor organization is still in transition as of January 2013. A unit in the Energy & Mineral Resources Ministry has taken over BP Migas' duties and role: MoEMR issued two decrees, MoEMR Decree No. 3135K/08/MEM/2012 and No. 3136 K/73/MEM/2012, to establish Satuan Kerja Sementara (the "SKS" or a Temporary Working Unit).

PSCs that were entered into by BP Migas will remain valid until they expire, but the oil & gas law is currently under review.

There is lots of speculation about what the final solution would be - some think Pertamina (but the president of Pertamina has said no to the idea - <http://www.thejakartapost.com/news/2012/11/22/pertamina-chief-nixes-regulatory-role-after-dissolution-bpmigas.html>).

Please find below some media articles and industry briefings about BP Migas' dissolution and consequences:

PWC briefing: <http://www.pwc.com/id/en/publications/energy-utilities-mining-publications.jhtml> (towards the bottom of the page, at Periodicals, volume 2012, Energy, Utilities & Mining NewsFlash No 46/2012)

Watson, Farley & Williams briefing: <http://www.wfw.com/webpages/PubsSearch.asp?OpenForm&NewType=Briefing&Sector=21>

<http://www.bloomberg.com/news/2012-11-14/indonesia-to-form-unit-to-replace-bpmigas-energy-minister-says.html>

<http://www.thejakartapost.com/news/2012/11/27/house-revise-law-after-bpmigas-dissolution.html>

<http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CDsQFjAB&url=http%3A%2F%2Fwww.lw.com%2FthoughtLeadership%2Fdissolution-of-BPMIGAS&ei=TZsCUaK8DpLD0AGKwoD4DQ&usg=AFQjCNFNLPmsIL0eTuUSCHHFmo1Qp3mkgb&sig2=ZVDTle2KWNxkyFLPluqifQ&bvm=bv.41524429,d.dmQ>

1.1.003: What licensing practices does the government commonly follow?

Score: A B C D E

References:

For oil and gas, there has been a competitive licensing process (twice a year), according to government regulations, as well as stipulated in the Oil and Gas Law Number 22/2001.

On mining, the new law (Number 4/2009) requires open bidding for licenses. However, it hasn't yet been carried out since its approval. Previously, contracts were given basis of a "first-come first-served" approach, although royalties and taxes are set by legislation and/or government regulation.

1.1.004: What is the fiscal system for mineral resources?

Score: A B C D E

Comments:

1. There are two different systems for oil and gas, and for mineral and coal mining. For oil and gas, most companies sign production sharing agreements that determine payments and sharing of costs and profits with the government. In law there's another form of contract but in fact PSCs are the most common.

2. For coal and mineral mining, companies receive licenses or concessions to explore, exploit and sell minerals in exchange for royalties and taxes. For contracts signed before January 2009, state revenues were regulated under article 28 of the Mining Law Number 11/1967. After 2009, the fiscal regime (Number 4/2009) is the same although it has been changed from a contract regime to a licensing regime.

References:

1. (see article 11 (1) Law Number 22/2001 as well as article 52 to 61 Government Regulation Number 35/2003 as has been amended in Government Regulation Number 30/2009 and Number 55/2009 , available at <http://prokum.esdm.go.id/uu/2001/uu-22-2001.pdf> and at <http://www.esdm.go.id/regulasi/pp.html>)
 2. Mining Law Number 11/1967, available at http://portal.djmbp.esdm.go.id/sijh/pu_detail.php?kode=03&tahun=1967 and government regulations (available at <http://portal.djmbp.esdm.go.id/sijh/>).
-

1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?

Score: A B C D E

Comments:

In Indonesia's case, there are different agencies for oil and gas and for mineral and coal Mining.

For oil and gas, the ministry of the extractive sector (ESDM, especially through DG Oil and Gas) and BP Migas are responsible to regulate petroleum sector.

For coal and mining, the ministry of the extractive sector (ESDM, especially through DG Mining and Geothermal) is responsible to regulate the mining sector.

References:

See references for question 1.1.002 for further comments on BP Migas dissolution in November 2012.

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| Indicator | Score |
|---|--|
| 1.2.006 Information on licensing process | 50  |
| 1.2 Contract transparency | 0  |
| 1.2.008 Environmental and social impact assessments | 44  |
| 1.2 Access to information and legislation | 84  |

1.2.006 Information on licensing process

1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score: A B C D E

References:

For oil and gas, it has been in practice since 2003, soon after the Law number 22/2001 took effect.

For mining, the criteria are in legislation (in Law number 4/2009) and government regulations. However, as this is a new law, some criteria haven't come into force yet.

Peer Review Comments:

Law No. 22/2001 (on oil and gas) did not specify information on licensing process, geographic scope and the procedure of awarding the licenses. Law No. 4/2009 (on mineral and coal mining) does regulate those issues in more detail. Also, information regarding natural resource deposit is very hard to find, and in case of the map of mining block for mineral and coal, the map is very undependable and many of them overlap each other.

1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score: A B C D E

Comments:

For oil and gas, the government (DG Oil and Gas) publishes information after negotiations, including results from auction rounds such as bids received, winning bids and information. BUT information on final contracts awarded are kept secret (no access yet even by request). However the terms of duration and fiscal terms of PSC domestic market obligation are generally similar from one contract to another. The licensing authority (BP Migas and DG (Oil and Gas) publishes reports with information about its activities to the public.

For mining, the licensing has not yet taken effect. BUT in the past up until today, contracts awarded were announced, and some updated can be checked on the DG of Mining website. Contract documents are publicly accessible by request.

References:

See references for question 1.1.002 for further comments on BP Migas dissolution in November 2012.

Peer Review Comments:

Government usually only publishes the name of the company which was awarded a mining contract. Scant information is usually given about the area of contract. No information about the terms in contract, detailed area of mining, etc have ever been open to public.

1.2 Contract transparency

1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

Score: A B C D E

References:

For oil and gas, PSC contracts, companies' joint operation agreements and plans of development are not publicly accessible, not even through official requests.

For mining, the contracts issued/awarded by central government (managed by DG Mining and Geothermal) are publicly accessible by request (hard copy), not on line on a website. BUT it's important to notice that this applies to old contracts, not to coal contracts (issued/awarded before the new Mining Law Number 4/2009 was approved); new licenses under the latter law are not public.

1.2.008 Environmental and social impact assessments

1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?

Score: A B C

References:

For oil and gas, the law Number 22/2001 requires environmental impact assessments (see article 11 (3) point k). For mineral and coal mining, the law Number 4/2009 requires the same (see article 39 (2) point j).

Despite these laws, Indonesia has another law, Law Number 39 Year 2009 on Environment Protection and Management. This basically requires all industry to undertake environmental impact assessment prior to the awarding of contract/licenses.

1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?

Score: A B C D E

References:

Environmental impact assessments are published NOT prior to contract awarding, but after contracts/licenses awarded. It's required for the field development plan. It is also published for consultation BUT consultation time is very limited.

The legal basis for environment impact assessment documents to be published and calls for consultation is provided in Government Regulation (PP) Number 27 Year 1999.

Peer Review Comments:

Environmental impact assessments were published after the contract was awarded, as the researcher already put in the comment. Furthermore, there are no room for clarification and response to this assessment in regards to contract award. Thus, the score should be C.

1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?

Score: A B C

References:

Neither the Oil and Gas Law nor the Mining Law require social impact assessments. These two laws only require that in contract/licenses it should include minor social aspects, i.e. land clearance and community development approach. (see article 11 and 39 respectively)

1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?

Score: A B C D E

References:

It is not required by law, and so it is not published and there are not consultations. BUT, some projects are required by their investors to undertake social impact assessment prior to their credit approval, including a sensible time frame for consultation.

For instance, MIGA finances the nickel project in Weda Bay in North Maluku (Halmahera Island). The company, Eramet (France-based company), is required to undertake the consultation. See for instance at http://www.miga.org/documents/WedaBay_ExplorationandDevelopment_ESIA.pdf, and http://www.miga.org/documents/WedaBay_ESRS.pdf

1.2 Access to information and legislation

1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?

Score: A B C D E

References:

All legislation and governmental regulations are published on-line on government agencies websites. Some even with a summary or as more readable documents.

See for instance article 28 Law Number 11/1967 on Mining (available at <http://portal.djmbp.esdm.go.id/sijh/>) and article 128 to 133 Law Number 4/2009 on Mining (mineral and coal; which is also available at <http://portal.djmbp.esdm.go.id/sijh/>).

For oil and gas it's regulated in article 31 Law Number 22/2001 on Oil and Gas, available at <http://www.migas.esdm.go.id/#> and at <http://www.migas.esdm.go.id/#>

Peer Review Comments:

The legislation on oil, gas and mineral management does not regulate in detail some aspects such as fiscal terms, maximum length of contracts, and the percentage of government, local government and

companies' share.

1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.

Score: A **B** C D E

Comments:

Indonesia has the legislation mentioned in scoring criteria, but the implementation of FOI especially is still limited. Oil and Gas Regulating Agency (BP MIGAS) is very reluctant to comply arguing its special status (the adjudication case is now underway at the Information Commission). Also, the DG Tax Authority doesn't publish taxes paid by extractive companies.

For oil and gas, the government (DG Oil and Gas) publishes information after negotiations, including results from auction rounds such as bids received, winning bids and information. BUT information on final contracts awarded are kept secret (no access yet even by request). However the terms of duration and fiscal terms of PSC domestic market obligation are generally similar from one contract to another. The licensing authority (BP Migas and DG (Oil and Gas) publishes reports with information about its activities to the public.

References:


See references for question 1.1.002 for comments on BP Migas' dissolution.

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Legal Framework and Practices

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| Indicator | Score |
|-----------------------------------|--|
| 1.3 Legal Framework and Practices | 80  |

1.3 Legal Framework and Practices

1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.

Score: A B C

References:

For oil and gas, the agency acting on behalf of the Government of Indonesia is BP Migas (oil and gas regulatory agency, and the bidding round is prepared and conducted by the DG Oil and Gas. Both are independent from Pertamina (SOC for Oil and gas).

Mining the licenses are given by Ministry of Energy and Mineral Resources (ESDM) and prepared by the DG Mining which is independent from SOCs that work in mining sector (PT Antam, PT Bukit Asam).

1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?

Score: A B C D E

References:

For oil and gas, the licensing round is open and competitive to all qualified companies.

For mining, the legislation and the government regulations set the same requirements as in the oil and gas legislation since the new Mining Law was adopted in 2009. However, it does not yet come into effect. Currently licensing is not open, as new working areas for mining, as required by law, are not yet finalized.

1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?

Score: A B C D E

References:

The criteria and procedures have been put into the legislation and government regulations. Agencies can only follow the rules. The only problem concerns the oil and gas contracts that are renewable (prior to its expired date). The agencies still rely on policy or consensus among relevant agencies. But it is said that the regulation in this matter is still being finalized.

Peer Review Comments:

Recent case of major strike of PT Freeport Indonesia workers showed that massive public and political

pressure can "force" companies to renegotiate contracts.
(<http://www.thejakartapost.com/news/2012/03/06/freeport-ready-renegotiate-contract.html>)

1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?

Score: A B C D E

References:

Parliamentarians are very active, although only few of them can claim expertise in the extractive sector. It's more likely that cases are exposed by the media or by experts/commentators, than by parliamentarians or their advisers (tenaga ahli).

1.3.015: Is there a due process to appeal licensing decisions?

Score: A B C

References:

There is no specific criteria for appealing licensing decisions in the oil and gas or mining laws and regulations. For oil and gas licensing rounds, or special auctions for developing gas field, appeal mechanisms seems to follow appealing procedures in procurement of goods and services for government agencies. As far as this researcher can tell, there is no appealing in oil and gas licensing rounds.

1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?

Score: A B C

References:

Both laws and the following government regulation do not require to disclose all beneficial ownership of companies or projects. But as in the licensing round companies should submit their legal status documents in which all beneficial ownerships are listed, it is fair to say that government agencies that carry out licensing rounds would know who are their beneficial owners.

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Context

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| Indicator | Score |
|-----------|---|
| 2.1 | Context 100  |

2.1 Context

2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score: A B C

References:

For oil, under PSC framework, the production share between government and companies are in kind (crude oil) at the transfer point (regulated by law). For mining the government only receives financial payment for tax and non tax payments.

2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score: A B C D E

References:

In case of government take of oil, some of it is marketed by PERTAMINA (NOC, SOC) or other party assigned by BP Migas, and another portion is marketed through sales to PERTAMINA for domestic refineries. Crude oil that is marketed for export sales goes to end users or to commodity traders, OR is sold through auctions or spot sales.

2.1.019: What authority actually collects payments from resource companies?

Score: A B C D E

References:











For oil and gas, the payments are administered by Ministry of Finance, but the money goes through the state's accounts. For mining, the payment of non-tax revenues are administered by the DG Mining although the payments (the money) go through the state's accounts; while tax are managed by the DG Tax office.

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| Indicator | | Score | |
|------------|--|-------|---|
| 2.2A.020 | Does the Ministry of Finance publish periodical information on revenue generation? | 78 |  |
| 2.2A.020.j | Does the Ministry of Finance publish information on disaggregated revenue streams? | 71 |  |
| 2.2A | Quality of reports | 67 |  |
| 2.2B.020 | Does the Ministry of the extractive sector publish information on revenue generation? | 44 |  |
| 2.2B.020.j | Does the Ministry of the extractive sector publish information on disaggregated revenue streams? | 0 |  |
| 2.2B | Quality of reports | 33 |  |
| 2.2C.020 | Does a Regulatory Agency publish information on revenue generation? | 67 |  |
| 2.2C.020.j | Does a Regulatory Agency publish information on disaggregated revenue streams? | 11 |  |
| 2.2C | Quality of reports | 50 |  |
| 2.2D.020 | Does the Central Bank publish information on revenue generation? | N/A | |
| 2.2D.020.j | Does the Central Bank publish information on disaggregated revenue streams? | N/A | |
| 2.2D | Quality of reports | N/A | |
| 2.2E.020 | Does any other government agency or entity publish information on revenue generation? | N/A | |
| 2.2E.020.j | Does any other government agency or entity publish information on disaggregated revenue streams? | N/A | |
| 2.2E | Quality of reports | N/A | |
| 2.2 | Public sector balance | 50 |  |

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

2.2A.020.a: Reserves

Score: A B C **(D)** E

References:

There is no public information on the data and reports section of MOF website that contains data on

reserves both for hydrocarbon and mineral reserves.
(<http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>)

2.2A.020.b: Production volumes

Score: A B C **D** E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note and Draft of Budget (RAPBN) in which projected oil, gas and mining volumes are stated even, sometimes, to five years back. This information is publicly available, but does not include the actual production volumes.

See page I-5 of Budget Proposal 2012 (Nota Keuangan 2012) as well as page III-28 to III 29 of the document, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

I would like to clarify the researcher notes. I believe what he/she means is that in the draft of State Budget (RAPBN) there is always information on expected state revenue from oil, gas and mineral. What is never published is the actual number of revenue from extractive sectors.

The government up till now never published the volume of productions. What they published every year is the projection, or target, of production for the next year.

2.2A.020.c: Information on prices

Score: **A** B C D E

References:

Each year, in proposing budget for upcoming year it is required to submit Financial Note and Draft of Budget (RAPBN) in which information on price of crude oil is one of the country budgetary benchmark, so normally the Government states it, even to five years back. This information is publicly available. See page line #5 of the Table 1 at http://www.anggaran.depkeu.go.id/Content/11-08-22,%20DataPokokIndonesia2006-2012_rev1.pdf

Detail of price data are recorded on the Ministry of Energy website.

Peer Review Comments:

Information about revenue that available to the public in the State Budget is only an estimate of next year's income. Information of actual revenue from extractive sectors up till now is never made public.

2.2A.020.d: Value of resource exports

Score: **A** B C D E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note and Draft of Budget (RAPBN) in which the value of resource exports data is included. Aside of other resources, normally the government makes a distinction of "oil and gas export (ekpor-migas) and non-oil-and-gas-export (ekspor-nonmigas) This information is publicly available at Nota Keuangan 2012 for instance at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>.

2.2A.020.e: Estimates of investment in exploration and development

Score: (A) B C D E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note in which estimates of investment in exploration and development data are stated. This information is publicly available. For 2012, for instance, it's available at Nota Keuangan 2012 at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A.020.f: Production costs

Score: (A) B C D E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note and Draft of Budget (RAPBN) in which production costs data are stated. This information is publicly available in Nota Keuangan 2012. See <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A.020.g: Names of companies operating in country

Score: (A) B C D E

References:

Each year, the Ministry of Finance commissions and submits a Government Financial Report (LKPP) in which names of companies operating in the country (especially those who make payments) are listed with details of production volume, type of payment etc. This information is publicly available at LKPP 2010, for instance (audited) <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>.

For instance, detailed payments of PSC Contractors by field are included on page 290 to 296.

Peer Review Comments:

In the case of oil and gas companies, of which the majority of players are big companies, the government keeps a record of all companies operating in this sector. Yet they only publish aggregated numbers of revenue in LKPP.

For minerals and coal, many players are small or local companies and not recorded by the government, and most certainly not published.

2.2A.020.h: Production data by company and/or block

Score: (A) B C D E

References:

It is published in LKPP (Government Financial Statement). As I noted in the previous question 2.2A.020.h, the latest published LKPP (year 2010) includes this information in great detail in its annex, page 290 through 296, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

The information is buried in a hundred pages of PDF document, in obscure pages of the Ministry of Finance website.

2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note and Draft of Budget (RAPBN) in which the cost of subsidies or social investments paid by mineral revenue data are stated. This information is publicly available at Nota Keuangan. For 2012 for instance is still available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>.

Peer Review Comments:

The information is buried in hundred of pages of a PDF document, on an obscure page of the Ministry of Finance.

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

2.2A.020.j1: Production streams value

Score: A B C D E

References:

Each year, in proposing the budget for the upcoming year it is required to submit a Financial Note and Draft of Budget (RAPBN) in which production streams value by general criteria of tax and non-tax revenue data are stated. This information is publicly available. See UU No 22 Tahun 2011 Tentang APBN 2012 (Law Number 22 year 2011 on National Budget 2012), and LKPP (2010 for instance, breaks down the production stream values by each contract) all are available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

The information is buried deep within hundreds of pages of a PDF document in a page within the Ministry of Finance website.

2.2A.020.j2: Government s share in PSC

Score: A B C D E

References:

It's stated in LKPP (Government Financial Statement) in detail. Government's entitlement in PSCs are clearly stated. See LKPP 2010 page 290 - 296 for detailed break down, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

The information is buried within hundreds of pages a PDF document on the MInistry of Finance website.

2.2A.020.j3: Royalties

Score: A B C D E

References:

In LKPP (Government Financial Report) the royalties data are stated. See account code (Kode Akun) Number "421312", page 189 LKPP 2010, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)Score: A B C D E**References:**

In LKPP this data are stated. For LKPP 2010 for instance, it's stated at page 187 to 188, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

The information was buried in hundreds of pages of a PDF document found within the website of the Ministry of Finance.

2.2A.020.j5: DividendsScore: A B C D E**References:**

In LKPP these data are stated, in LKPP 2010 for instance, it's stated in section XXIV (for mining or PERTAMBANGAN) page 200 and section XXXV (for Pertamina) page 201, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Peer Review Comments:

The information was buried in hundreds of pages of a PDF document found within the website of the Ministry of Finance.

2.2A.020.j6: BonusesScore: A B C D E**References:**

In LKPP this data is NOT included; in LKPP 2010 for instance, as can be seen at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>. It should be noted that DG Oil and Gas does officially ask for SIGNATURE BONUSES for any newly awarded PSC.

2.2A.020.j7: License feesScore: A B C D E**References:**

In LKPP this data is NOT stated. It can be checked for instance in the LKPP 2010, available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A.020.j8: Acreage feesScore: A B C D E**References:**

As far as I know there are no acreage fees. In oil and gas, acreage is done by companies that are assigned by the government. In mining before the new mining law, acreage was conducted by companies upon request. Companies were not charged fees but they are strictly forbidden from sharing the data with other parties as the data is to be owned by the state.

2.2A.020.j9: Other (Explain in 'comments' box.)Score: A B C D E**References:**LKPP 2010, for instance available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A Quality of reports

2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?Score: A B C D E**References:**

The LKPP since 2010 is comprehensive enough with a great section of narrative and detail information. The full report is publicly available on-line at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?Score: A B C D E**References:**

The LKPP (government financial statement) is published annually, and then audited by BPK (supreme audit agency; independent, reported to the House of Representatives)

The LKPP is publicly available after audited. For 2010 see <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

Other reports in the public domain (on the MOF website) are DATA PNBPNAN UU TERKAIT PNBPNAN (non tax revenue) and the realisation of revenue transfer to subnational governments. Both are available at <http://www.depkeu.go.id/Ind/others/InformasiPublik/default.asp>

The Directorate Non Tax Revenue also provides/reconciles non tax revenue every quarter, especially from oil and gas to be transferred according to revenue transfer arrangements (decentralization). But this data is not published (not uploaded in the website). According to an official who manages the sub-directorate, the data is possibly available to the public upon request.

2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?

2.2B.020.a: ReservesScore: A B C D E**References:**

The Ministry of Energy discloses reserve data on their website, especially in the Data section where the "Handbook of Energy & Economic Statistics of Indonesia 2011 " is updated annually (latest version is 2011). See

<http://prokum.esdm.go.id/Publikasi/Handbook%20of%20Energy%20&%20Economic%20Statistics%20of%20Indonesia%20/Handbook%202011.pdf>

Data on reserves is available at Chapter VI (page 60 for coal reserve and page 63 for oil reserve).

2.2B.020.b: Production volumes

Score: A B C D E

References:

Volumes of production are regularly monitored and published, and historical data are well recorded and uploaded in Ministry of Energy (ESDM) website Datawarehouse (unfortunately it sometimes cannot be accessed) at www.esdm.go.id where the "datawarehouse" is in the main page (home).

The Handbook of Energy & Economic Statistics of Indonesia (latest version 2011) also contains production volumes on various pages)

<http://prokum.esdm.go.id/Publikasi/Handbook%20of%20Energy%20&%20Economic%20Statistics%20of%20Indonesia%20/Handbook%202011.pdf>

2.2B.020.c: Information on prices

Score: A B C D E

References:

Information on prices are well recorded and uploaded in the Ministry website, at "Datawarehouse" (but see the previous note). It is also available at the Handbook of Energy & Economic Statistics of Indonesia (in various pages) available at

<http://prokum.esdm.go.id/Publikasi/Handbook%20of%20Energy%20&%20Economic%20Statistics%20of%20Indonesia%20/Handbook%202011.pdf>

2.2B.020.d: Value of resource exports

Score: A B C D E

References:

The value of resource exports are not recorded by this ministry, but by the Ministry of Trade and the Ministry of Finance.

2.2B.020.e: Estimates of investment in exploration and development

Score: A B C D E

References:

There is no document, report or links at www.esdm.go.id (the official website of Ministry of Energy and Mineral resources) that systematically document the estimation of investment in exploration and development in the oil and gas and mining sector. The Ministry publishes information in press releases on an ad hoc basis.

2.2B.020.f: Production costs

Score: A B C D E

References:

There are no documents, reports or links at the Ministry's website that indicate the production costs of the extractive sector. There is the Ministry's Performance Accountability Report (LAKP) 2010 link but it can not be reached any longer. It seems it's a one time report, not updated.

<http://www.esdm.go.id>, <http://www.migas.esdm.go.id> and <http://www.djmbp.esdm.go.id>

2.2B.020.g: Names of companies operating in country

Score: A B C D E

References:

Name of companies operating in the sector are well recorded by the Ministry through DGs. However, since the datawarehouse of the Ministry website is no longer available (at <http://www.esdm.go.id>) the list companies is only available at the DG Oil and Gas website (although it's not systematic with indications of oil fields they work on or other technical information) (just a general list of companies with their postal address) (see: <http://www.migas.esdm.go.id/?newlang=english#>)

In the DG Mining website, there is no systematic data with a list of companies. But recently the DG has disclosed a list of companies that hold mining concession awarded by local governments to ensure clarity and prevent overlapping with other licensees. See for instance <http://mail.djmbp.esdm.go.id/files/CNC%20TAHAP%20III.pdf>

2.2B.020.h: Production data by company and/or block

Score: A B C D E

References:

As the Datawarehouse is no longer available at <http://www.esdm.go.id>. the indicator should be D. Previously, production data by oil field/company were well structured and documented.

2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

References:

There are no documents, reports or links on the Ministry website (<http://www.esdm.go.id>) that include these data.

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

2.2B.020.j1: Production streams value

Score: A B C D E

References:

There are no documents, reports or links on the Ministry website that make this information available for public. (<http://www.esdm.go.id>)

2.2B.020.j2: Government s share in PSC**Score:** A B C D E**References:**

There are no documents, reports or links on the Ministry website (<http://www.esdm.go.id>) that make this information available for public access.

2.2B.020.j3: Royalties**Score:** A B C D E**References:**

There are no documents, reports or links on the Ministry's website (<http://www.esdm.go.id>) that include this information.

2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**Score:** A B C D E**References:**

There are no documents, reports or links on the Ministry website (<http://www.esdm.go.id>) that contain this information.

2.2B.020.j5: Dividends**Score:** A B C D E**References:**

The Ministry does not record dividends data in any publicly available document, report or links, see <http://www.esdm.go.id>

2.2B.020.j6: Bonuses**Score:** A B C D E**References:**

There are no documents, reports or links o the Ministry website (<http://www.esdm.go.id>) and DG Oil and Gas website (<http://www.migas.esdm.go.id>) that contain this information.

2.2B.020.j7: License fees**Score:** A B C D E**References:**

There are no documents, reports or links at the Ministry website (<http://www.esdm.go.id>) and DG Oil and Gas website (<http://www.migas.esdm.go.id>) that contain this information.

2.2B.020.j8: Acreage fees**Score:** A B C D E**References:**

There is no acreage fee as far as I can see.

2.2B.020.j9: Other (Explain in 'comments' box.)**Score:** A B C D E**References:**

Indonesia has a local content obligation for companies to sell in domestic markets at special prices. This practice is considered here.

There is scattered information on local content in press releases but it is not systematic. See for instance <http://www.esdm.go.id/news-archives/oil-and-gas/47-oilandgas/5619-bp-migas-succeeded-doing-efficiency-of-cost-recovery-.html>

There is no document, report or link on the Ministry website (<http://www.esdm.go.id>) or DG Oil and Gas website <http://www.migas.esdm.go.id>)

2.2B Quality of reports

2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?**Score:** A B C D E**Comments:**

The Ministry of Energy does not produce reports but some information related to the industry operations is published on their website: <http://www.migas.esdm.go.id/> This information is not clearly understandable though, justifying a C score.

References:

There is no special report produced by the Ministry of Energy on this subject. Most of the information is in the LKPP (consolidated by Ministry of Finance but provided by the Ministry of Energy). As noted earlier, this report is comprehensive, but lacks narrative sections and has only limited notes on methodology. The information is publicly available on-line.

2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?**Score:** A B C D E**References:**

There is no document, report or link at the Ministry website (<http://www.esdm.go.id>) that contains systematic information on revenue generation.

2.2C.020 Does a Regulatory Agency publish information on revenue generation?

2.2C.020.a: Reserves

Score: A B C D E

Comments:

BP Migas is the regulatory agency in Indonesia for oil and gas. It publishes annual reports that contain reserves information (especially page 13 - 15).

See <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

The first annual report published by BP Migas covered 2010, issued October 11, 2011 (<http://www.bpmigas.go.id/blog/category/publikasi/laporan-tahunan/>)

References:

See references for question 1.1.002 for comments on BP Migas' dissolution.

2.2C.020.b: Production volumes

Score: A B C D E

References:

BP Migas' annual report contains this information (see page 19 - 23)

<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

In the statistics section of the BP Migas website this information is also available.

<http://www.bpmigas.go.id/blog/2012/02/15/statistik-produksi/>

2.2C.020.c: Information on prices

Score: A B C D E

References:

In BP Migas' annual report and website, the oil price and reference price for gas are not included.

<http://www.bpmigas.go.id>

2.2C.020.d: Value of resource exports

Score: A B C D E

References:

BP Migas' annual report does not contain this information. However the second graph on page 23 of the annual report indicates the volume of natural gas exports.

See: <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.e: Estimates of investment in exploration and development

Score: A B C D E

References:

BP Migas' annual report contains this information (page 25-26 for general figures and the following

pages for some detailed information).

<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.f: Production costs

Score: A B C D E

References:

BP Migas' annual report contains this information (especially page 24, graph 1).

<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.g: Names of companies operating in country

Score: A B C D E

References:

BP Migas' annual report contains in detail this information (page 69 to 75).

<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

On the website, there are KKKS (contractors PSC) lists with different categories. For instance, for KKKS in production stages, the list is available at

<http://www.bpmigas.go.id/blog/2012/03/06/kkks-produksi/>

2.2C.020.h: Production data by company and/or block

Score: A B C D E

References:

There is no document, report or link at the BP-Migas website that contains this information. (<http://www.bpmigas.go.id>)

2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

References:

BP Migas' annual report includes information such as local content, employment of Indonesian workers, the usage of Indonesian banking systems, industrial relations (workers welfare), and community and environment projects undertaken by contractors.

<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

2.2C.020.j1: Production streams value

Score: A B C D E

References:

BP Migas' annual report does not contain this information. See <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.j2: Government s share in PSC

Score: A B C D E

References:

Government shares in PSCs are not revealed in any disclosed documents, reports or statistics on the BP-Migas website: <http://www.bpmigas.go.id>.

The BP-Migas Annual Report, which seems to the appropriate place for such information, does not include this. See: <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C.020.j3: Royalties

Score: A B C D E

References:

In Indonesia's oil and gas sector, there are no royalties, but there is government share (described in the budget as non-tax revenue). In BP Migas' annual report there no mention of this, it only states total revenue.

Royalties are paid in the mining sector (see question 3.1.2.038.j3).

2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

In the BP Migas annual report information on payment is not disaggregated, it gives only general or total revenue.

2.2C.020.j5: Dividends

Score: A B C D E

References:

There is no document, report, statistic or links at the BP Migas website (<http://www.bpmigas.go.id>), or in its annual report (<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>) that includes this information.

2.2C.020.j6: Bonuses

Score: A B C D E

References:

BP Migas' annual report (<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>) and its website (<http://www.bpmigas.go.id>) do not include this information.

2.2C.020.j7: License fees

Score: A B C D E

References:

License fees are not the authority of BP Migas, they are the authority of DJ Oil and Gas.

2.2C.020.j8: Acreage fees

Score: A B C D E

References:

Acreage is not the responsibility of BP Migas; it is the responsibility of DG Oil and Gas. There is no information about acreage fees on the BP Migas website or in its annual report.

2.2C.020.j9: Other (Explain in 'comments' box.)

Score: A B C D E

References:

BP Migas receives upstream management fees from gross revenue. In its annual report, information about this is too general (aggregated data), and it is not broken down in detail (see page 67 and 68). See: <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>

2.2C Quality of reports**2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?**

Score: A B C D E

References:

Most information in the annual report is too general (aggregated), lacks narrative explanation, and the notes on methodology of how the number were estimated are limited. The information is publicly available at <http://www.bpmigas.go.id>, in its statistic section (<http://www.bpmigas.go.id/blog/category/bpmigas-program/stk-penerimaan/>) and the annual report <http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>.

2.2C.022: How often are the periodical reports containing information on revenue generation

published by the Regulatory Agency?**Score:** A B C D E**References:**

BP Migas publishes an annual report, beginning in 2010 (<http://www.bpmigas.go.id/wp-content/uploads/2011/10/LaporanTahunanBPMIGAS2010.pdf>).

However, it's still a hope that this first annual report will not be the last one. The Annual Report 2011 is expected for October 2012. A worrying example is the Ministry of Energy's ESDM which has not been updated since the annual report of 2008.

2.2D.020 Does the Central Bank publish information on revenue generation?

2.2D.020.a: Reserves**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

Peer Review Comments:

The reasoning provided would suggest that The Central Bank does not publish information on revenue generation.

2.2D.020.b: Production volumes**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.c: Information on prices**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.d: Value of resource exports**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not

have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.e: Estimates of investment in exploration and development

Score: A B C D **(E)**

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.f: Production costs

Score: A B C D **(E)**

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.g: Names of companies operating in country

Score: A B C D **(E)**

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.h: Production data by company and/or block

Score: A B C D **(E)**

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D **(E)**

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

2.2D.020.j1: Production streams value**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j2: Government s share in PSC**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j3: Royalties**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j5: Dividends**Score:** A B C D E**References:**

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j6: Bonuses**Score:** A B C D E

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j7: License fees

Score: A B C D E

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j8: Acreage fees

Score: A B C D E

References:

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D.020.j9: Other (Explain in 'comments' box.)

Score: A B C D E

References:

BI report and statistic contains many economic indicators in great details, unfortunately information on the country's extractive revenues are not included.

The Bank of Indonesia provides a centralized account where revenues are deposited, but it does not have any role in managing the extractive sector or income. The latter is done by the Ministry of Finance. Thus, this section is scored as 'not applicable'.

2.2D Quality of reports

2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?

Score: A B C D E

References:

In other aspects, BI economic reports and statistics provide great details but not with regards to state revenues. See www.bi.go.id in its publication section (<http://www.bi.go.id/web/id/Publikasi/>) where a list of publication is available.

For instance, quarterly Indonesia Current Account (2011, Q-3)
http://www.bi.go.id/NR/rdonlyres/2EBEEFDF-5BCF-407A-A773-6ACFEE6B87ED/25646/NPI_tw411rev.pdf

Peer Review Comments:

To be consistent with all the previous answers, the answer for this question should be E (not applicable to others).

2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score: A B C D E

References:

BI annual reports

(http://www.bi.go.id/web/id/Publikasi/Laporan+Tahunan/Laporan+Perekonomian+Indonesia/lpi_2011.htm).

Peer Review Comments:

The answer should be E (not applicable), because no information on revenue from extractive industries is published in the report.

2.2E.020 Does any other government agency or entity publish information on revenue generation?

2.2E.020.a: Reserves

Score: A B C D E

References:

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this information.

2.2E.020.b: Production volumes

Score: A B C D E

References:

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this information.

2.2E.020.c: Information on prices

Score: A B C D E

References:

No other agency other than Ministry of Energy and the Ministry of Finance publish this information.

2.2E.020.d: Value of resource exports

Score: A B C D E

References:

Ministry of Trade

2.2E.020.e: Estimates of investment in exploration and development**Score:** A B C D E**References:**

Indonesia Investment Coordinating Board (BKPM) statistics and reports are available on their website.

2.2E.020.f: Production costs**Score:** A B C D E**References:**

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this information.

2.2E.020.g: Names of companies operating in country**Score:** A B C D E**References:**

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this information.

2.2E.020.h: Production data by company and/or block**Score:** A B C D E**References:**

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this information.

2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue**Score:** A B C D E**References:**

No agency other than the regulatory agency (BP Migas) publishes this information.

2.2E.020.j Does any other government agency or entity publish information on disaggregated revenue streams?

2.2E.020.j1: Production streams value**Score:** A B C D E**References:**

No agency other than the Ministry of Energy and the regulatory agency (BP Migas) publishes this

information.

2.2E.020.j2: Government s share in PSC

Score: A B C D E

References:

No agency publishes this information.

2.2E.020.j3: Royalties

Score: A B C D E

References:

No agency other than the Ministry of Finance publishes this information.

2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

No agency other than the Ministry of Finance publishes this information.

2.2E.020.j5: Dividends

Score: A B C D E

References:

Pertamina, the state owned oil company, publishes this information regularly.

2.2E.020.j6: Bonuses

Score: A B C D E

References:

No agency other than the Ministry of Energy (through DG Oil and Gas) publishes this information.

2.2E.020.j7: License fees

Score: A B C D E

References:

No agency other than the Ministry of Energy (through DG Oil and Gas) publishes this information.

2.2E.020.j8: Acreage fees

Score: A B C D **(E)**

References:

No agency publishes this information.

2.2E.020.j9: Other (Explain in 'comments' box.)

Score: A B C D **(E)**

References:

No other agency publishes other revenue information that has been highlighted previously.

2.2E Quality of reports

2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?

Score: A B C D **(E)**

References:

As no agency publishes revenue information other than previously highlighted, no judgement can be given.

Peer Review Comments:

The answer should be D.

2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?

Score: A B C D **(E)**

References:

No other agency publishes information on extractive revenues.

2.2 Public sector balance

2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?

Score: A B C **(D)** E

References:

The Central Government Financial Statement (LKPP, the latest one is for 2010, issued on June 2011), does not include Pertamina's financial balance. This SOC now acts fully as an independent company; its financial system has been separated from government asset management.

For instance, it was declared "In accordance with the provisions of Law No. 22 of 2001, PERTAMINA was transformed into a Public Liability Company (Persero) designated PT. PERTAMINA (PERSERO) under Government Regulation No. 31 of 2003" (see

http://www.pertamina.com/index.php/home/read/company_profile). Pertamina's report can be found here: http://www.pertamina.com/index.php/interactive_report

2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?

Score: A B C D E

References:

Indonesia has no natural resource funds.

2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?

Score: A B C

References:

Government does include information on the non resource fiscal balance in its budget proposal; figures can be estimated from data in budget proposal. See for instance Budget Proposal for 2012 at http://www.anggaran.depkeu.go.id/Content/11-08-22,%20DataPokokIndonesia2006-2012_rev1.pdf (especially page 2 and 3)

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Legal Framework and Practices

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| Indicator | Score |
|-----------------------------------|---|
| 2.3 Legal Framework and Practices | 71 ■ |

2.3 Legal Framework and Practices

2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score: A B C D E

Comments:

For oil and gas, in kind payments for non-tax revenue (government take) are managed by the regulator (BP Migas). Tax revenue is deducted directly from the company take, but companies still pay other taxes directly where they are due.

For mining, tax revenue is collected by DG Tax (DJP) while non tax revenue is collected mainly by DG Mining and Geothermal, and small other payments by the Ministry of Forestry if related to forest land utilization.

References:

See references for question 1.1.002 for comments on BP Migas' dissolution.

2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national treasury?

Score: A B C D E

References:

See article 22 Law Number 1 Year 2004 on State Treasury
<http://www.djpk.depkeu.go.id/regulation/3/tahun/2004/bulan/01/tanggal/14/id/67/>
 Article 4 (among others) Law Number 4 Year 1997 on Non-tax Revenue (PNBP)
<http://www.bumn.go.id/wp-content/fbumn/1190177233.pdf>
 Also Law Number 17 Year 2003 on State Finance
<http://www.djpk.depkeu.go.id/regulation/3/tahun/2003/bulan/04/tanggal/05/id/63/>

2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?

Score: A B C

References:

Indonesia has approved a series of laws on anti-corruption: Law Number 28, 1999, on Managing State

Affair Without Corruption Collusion and Nepotism (<http://prokum.esdm.go.id/uu/1999/uu-28-1999.pdf>), Government Regulation Number 35, 2004, on Oil and Gas Upstream Management (http://prokum.esdm.go.id/pp/2004/pp_35_2004.pdf), and Government Regulation Number 23, 2010, on Mining Activities (<http://prokum.esdm.go.id/pp/2010/PP%2023%20Tahun%202010.pdf>). However, there is no special mention of a requirement for government officials with an oversight role in the oil and gas or mining sector to disclose information about their financial interest in any oil and gas or mining project.

2.3.029: Is there independent external validation of internal controls of agencies in charge of receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?

Score: A B C D E

References:

Indonesia has the Supreme Audit Agency (BPK, www.bpk.go.id) which is independent from Government and the House of Representative (DPR), undertakes two regular audit annually. For instance the summary of their audit report for semester II 2011

http://www.bpk.go.id/web/files/2012/04/IHPS_050412_upload.pdf

Government also has BPKP (government internal audit agency <http://www.bpkp.go.id/>) that performs compliance audit of oil and gas contractors, coal contract of work and contract of work holders to the current regulations and contract. Unfortunately, BPKP audit report are not publicly disclosed.

2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?

Score: A B C D E

References:

BPK submits Audit Reports on Government Financial Statements (LHP) regularly twice a year. The report summary (500 - 600 pages) is uploaded on its web site (www.bpk.go.id) soon after submission to the House (DPR). It can also undertake investigative audits upon request of the House (DPR).

2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?

Score: A B C D E

References:

The audit report of BPK (LHP) is submitted to the House, then followed up through the House's State Financial Accountability Committee (BAKN) and relevant Commissions (i.e. Commission VII for extractive industry and Commission Xi for Finance) of the House.

2.3.032: Is this country an EITI candidate or compliant country?

Score: A B C D E

References:

There is no official report mentioning the current status of EITI implementation. But according to conversations with MSG members, EITI Indonesia Secretariat officials, Indonesia has not finished its first reporting round yet.

<http://eiti.org/indonesia>

According to the EITI website , Indonesia is a Candidate country, but has not yet submitted an EITI report:

"Indonesia announced its intent of implementing the EITI in 2009. The EITI Board designated Indonesia as an EITI Candidate country on 19 October 2010. In accordance with the transitional procedures agreed by the Board, Indonesia must complete EITI Validation by 18 April 2013. The first EITI Report is scheduled for publication in mid-late 2012."

The EITI website on Indonesia also contains this background information:

"Indonesia is a resource rich country both in hydrocarbons and mining. Oil production has substantially declined in the last 15 years from its peak of 1.5 million barrels a day in 1996 down to 1 million barrels a day in 2009. Due to this decline in production and a rapid increase in domestic consumption, Indonesia became a net importer of oil in May 2008. Subsequently, it suspended its membership to the Organization of Petroleum Exporting Countries (OPEC) in January 2009. Indonesia had 4.4 billion barrels of oil proven reserves at the end of 2009, and Oil and gas exports accounted for 16.3% of total exports. The mining sector, on the other hand, has been expanding rapidly in the last 10 years with the increase of its copper, nickel, gold, and coal production in addition to its traditional mineral production centered on bauxite, silver, and tin. Indonesia has the world's largest market of tin with 20% of global supply. Mineral products accounts for 12% of total exports in 2009."

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| Indicator | Score |
|-----------|---|
| 3.1.1 | Context 100  |

3.1.1 Context

3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A B C D E

References:

Since the issuance of Law Number 22 Year 2001 on Oil and Gas Law, the authority of Pertamina (SOC) to manage the Petroleum Sector has been transferred to BP Migas. Pertamina only performs as a contractor under the PSC scheme, or as the holders of the Government of Indonesia's participating interest in certain oil/gas fields (see Government regulation Number 31 Year 2003 on the Transformation of Pertamina to become PT Pertamina (Persero, still 100 % SOC). Pertamina is active in upstream and downstream oil and gas activities and joint ventures (see www.pertamina.com/index.php/home/read/our_business). It does not have a monopoly over oil and gas extraction.

In Mining, the SOCs are PT Aneka Tambang, PT Timah and PT Bukit Asam, but the government of Indonesia no longer holds 100% of the shares (they have been partially privatized). These three SOCs also do not have monopoly rights over mineral and coal extraction.

3.1.1.034: How is government ownership of resource companies structured in this country?

Score: A B C D E

References:

Pertamina is 100% owned by the government (http://www.pertamina.com/index.php/detail/get_pdf/our-shareholder)
For subsidiaries see: PT Aneka Tambang (35% of its shares has been privatized http://www.antam.com/index.php?option=com_content&task=view&id=32&Itemid=38), PT Timah Tbk (35 % 35% of its shares has been privatized, see its annual report 2010 page 02), PT Bukit Asam (34,8 % shares privatized, see its annual report 2010 page 35).

3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score: A B C

References:

For oil and gas, Pertamina (Persero) is the only SOC.

For tin there is PT Timah as SOC, for coal mining there is PT Bukit Asam as SOC and for other minerals there is PT Antam as SOC. There is no legal provision that limits the number SOCs for each sector, but the GoI seems to take this strategy. Currently, government has use PIP for taking over Newmont Nusa

Tenggara (NNT) shares. Having this move, there is possibility this government arm for investment to be used for other divestment of share of mining project after 5 years as required by law

3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?

Score: A B C






References:

According to Law number 17 Year 2003 on State Finance, all expenditures (fiscal activities) should be included in annual national budgets (APBN). Since that time, the Indonesia national budget (APBN) has never included SOC subsidies and expenditures. Pertamina for instance is involved in fuel and gas production (downstream) but its expenditures are paid by Government under "subsidies' scheme.

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| Indicator | | Score | |
|-------------|---|-------|---|
| 3.2.1 | Comprehensive reports | 100 |  |
| 3.2.2.038 | Does the SOC publish information on revenue generation? | 76 |  |
| 3.2.3.038.j | Disaggregated Revenue Streams | 93 |  |
| 3.2.4 | Quality of reports | 67 |  |
| 3.2.5.043 | Audited reports | 100 |  |

3.2.1 Comprehensive reports

3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score: A B C D E

References:

SOC (Pertamina) publishes an annual report of its operations and subsidiaries, including cash flow statements (i.e. balance sheet and profit and loss statements).
<http://www.pertamina.com/index.php/detail/read/annual-report>

3.2.2.038 Does the SOC publish information on revenue generation?

3.2.2.038.a: Reserves

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on reserves (or "cadangan" in Bahasa)
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf page #5 and #7

Other SOCs (PT Timah, PT Bukit Asam and PT Aneka Tambang) also publish annual reports in which information on reserves is included.

3.2.2.038.b: Production volumes

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on production
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf page #5 and #7

Other SOCs (PT Timah, PT Bukit Asam and PT Aneka Tambang) also publish annual reports in which information on production volumes are included.

3.2.2.038.c: Information on prices

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on price
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

Other SOCs (PT Timah, PT Bukit Asam and PT Aneka Tambang) also publish annual reports in which information on commodity prices is included.

3.2.2.038.d: Value of resource exports

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on revenue from various lines of business
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf page IKTISAR (summary) for instance

Other SOCs PT Timah, PT Bukit Asam and PT Aneka Tambang also published annual reports in which information on revenue is included.

3.2.2.038.e: Estimates of investment in exploration and development

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on investment in various fronts (in various parts of the report) http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

Other Other SOCs (PT Timah, PT Bukit Asam and PT Aneka Tambang) also publish annual reports in which information on investment and development are included.

PT Pertamina, PT Timah, PT Bukit Asam and PT Aneka Tambang all published annual reports in which information on estimates of investment in exploration and development was included. These companies also always update their new deals on their website.

3.2.2.038.f: Production costs

Score: A B C D E

References:

PT Pertamina's annual report 2010 contains information on production costs (or "cadangan" in Bahasa)
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf . See for instance page #168

3.2.2.038.g: Names of companies operating in country

Score: A B C D **(E)**

References:

These SOCs, i.e. PT Pertamina, PT Timah, PT Bukit Asam and PT Aneka Tambang, are not responsible for regulating the sector. Therefore, such information is not included in their reports. For oil and gas, for instance, names of companies operating in this country are listed in BP Migas Annual Report.

3.2.2.038.h: Production data by company and/or block

Score: A B C **(D)** E

References:

As noted in the previous indicator, these SOCs are not responsible for regulating the sector any longer, so no information on other companies is available.

Peer Review Comments:

Pertamina and other SOCs do not publish this information.

3.2.2.038.i: Quasi fiscal activities

Score: A B C D **(E)**

References:

As regulated in Law Number 17 Year 2003 on State Finance, all fiscal expenditures should be included in the National Budget (APBN), and SOCs' accounting has been separated from national budget. SOCs pay dividends to the government and the government pays subsidies in exchange for public services obligation (PSO) assignments these companies undertake.

3.2.3.038.j Disaggregated Revenue Streams

3.2.3.038.j1: Production streams value

Score: A **(B)** C D E

References:

PT Pertamina's annual report 2010 contains information on the value of production streams: http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf, see especially in the financial statement and summary.

Other Other SOCs (PT Timah, PT Bukit Asam and PT Aneka Tambang) also publish annual reports in which such information is included.

3.2.3.038.j2: Government s share in PSC

Score: A B C D **(E)**

References:

Pertamina's Annual Report 2010 includes information about government income as tax and non-tax revenue, not precisely as share from a PSC.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

3.2.3.038.j3: Royalties**Score:** A B C D **(E)****References:**

Pertamina's annual report has one mention of royalties, but it's unclear what royalties it refers to (page 168). In Indonesia PSC system there are no royalties.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

Royalties do exist for coal and mining, therefore SOCs like PT Timah, PT Aneka Tambang and PT Bukit Asam clearly state royalty data in multi-year tables and annual reports (downloadable in their websites -- see for example the PT Timah's 2011 report p. 100:

http://www.timah.com/data/uploaded/FinalAR_Timah2011%28Eng%29_LR4.pdf)

Peer Review Comments:

Pertamina and other SOCs do not publish this information in its website and its annual report is not accessible.

3.2.3.038.j4: Special taxes**Score:** **(A)** B C D E**References:**

All taxes paid by PT Pertamina are listed in its financial statement, included in Annual Report 2010 for instance.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

The same applies to other SOCs: PT Timah, PT Aneka Tambang and PT Bukit Asam annual reports (downloadable in their websites) include this information.

Peer Review Comments:

Pertamina and other SOC does not publish this information in its website and its annual report is not accessible.

3.2.3.038.j5: Dividends**Score:** **(A)** B C D E**References:**

Dividends paid by PT Pertamina are listed in its financial statement included in Annual Report 2010 for instance.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

The same applies to other SOCs: PT Timah, PT Aneka Tambang and PT Bukit Asam annual reports (downloadable in their websites) publish this information.

3.2.3.038.j6: Bonuses**Score:** **(A)** B C D E**References:**

Only PT Pertamina pays bonuses in the oil and gas sector in Indonesia, and in other countries where the company operates, if required. It's included in its financial statement (see Pertamina annual report 2010 for instance, page 169, part of its financial statement)

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

3.2.3.038.j7: License feesScore: A B C D E**References:**

This information do not appear in the SOC annual reports. They are not required to pay license fees.

3.2.3.038.j8: Acreage feesScore: A B C D E**References:**

This information do not appear in the SOC annual reports. They are not required to pay acreage fees.

3.2.3.038.j9: Other (Describe below)Score: A B C D E**References:**

PT Pertamina has ventures in oil fields outside Indonesia, such as in Iraq, Sudan, Libya, Angola, Australia, Vietnam and Malaysia. These projects have been included in its annual reports.

3.2.4 Quality of reports

3.2.4.039: Are the reports published by the state owned company understandable?Score: A B C D E**References:**

The reports are relatively concise and bilingual (in Bahasa Indonesia and in English). Reports might be understandable for those familiar with the business but they lack narrative and methodological notes on how figures and numbers are estimated or compiled, especially for those with no technical background.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?Score: A B C D E**References:**

Annual reports are published annually, in the second quarter or later. As of May 2012, the latest annual report available is for 2010.

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

Score: A B C

References:

Three SOCs (PT Timah, Aneka Tambang and Bukit Asam) are partially privatized, and need to report updates to their share holders (supposedly not to involve quasi fiscal activities which undermine 'commercial interest'). PT Pertamina, as has been mentioned in previous indicators, although still 100 % owned by Government of Indonesia, is not involved in such activities as forbidden by law (on budget). Subsidies of fuel is managed and clearly paid for by the national budget.

3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?

Score: A B C

References:

Yes, in each SOCs' annual report such activities are included.

3.2.5.043 Audited reports

3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the company?

Score: A B C D E

References:

Yes, all four SOCs are audited by independent audit firms (have a look at their annual reports especially the financial statement parts):

Pertamina's annual report 2010, for instance, was audited by PriceWaterhouse Cooper (PWC)
http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

3.2.5.043.b: Are SOC audited reports published?

Score: A B C D E


References:

Yes, audit reports are included in its annual reports, ever year. The annual reports are available in the second quarter of the following year or a bit later.

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| Indicator | Score |
|------------------------------------|--|
| 3.3.1 Legal Framework and Practice | 83  |

3.3.1 Legal Framework and Practice

3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score: A B C

References:

For listed companies such as PT Timah, PT Bukit Asam and PT Aneka Tambang it's required by the Law on Stock Market (UU Pasar Modal). For PT Pertamina, there is no legal obligation to do so, but according to conversations with some officials there and media reports, such a move (publishing the company's financial statements) is part of the company's strategy to assume full commercial status in order to access credit and other commercial deals that require meeting international business standards.

3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score: A B C

References:

According to the auditor's note for readers in their audit report (included in the annual reports) audited SOC's are in accordance with principles and practices generally accepted in Indonesia and other jurisdictions. Pertamina and PT Bukit Asam auditor's for 2010 was Pricewaterhouse Cooper (PWC).

For Pertamina see page 106 of its Annual report (auditor statement)

http://www.pertamina.com/uploads/download/Annual_Report_2010_for_web.pdf

PT Timah's auditor for 2010, DELOITTE, stated: "We conducted our audits in accordance with auditing standard established by the Indonesian Institute of Certified Public Accountant....." (Institute Akuntan Publik Indonesia).

PT Aneka Tambang's auditors for 2010, ERNST & YOUNG stated "Generally accepted accounting principles in Indonesia do not conform to those in Australia. A description of the significant differencesare set forth in Note #36..."

3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: A B C

References:

It's stated in the Auditors' note, included in SOC annual reports.

3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score: (A) B C

References:

There is no mention in the company integrity pact published on their website. The code of conduct that clearly states that officials are required to disclose information about their financial interest in any extractive activities or projects.

Peer Review Comments:

The new "Freedom of Information Act" requires any government bodies and SOCs to publish information deemed vital to the public.

3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score: (A) B C

References:

It is included in their annual reports, some even with their profiles.

3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?

Score: A (B) C

References:

Neither the companies' websites nor their annual reports mention such provisions.

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