

SCOPING STUDY REPORT OF EITI INDONESIA YEAR 2016



ARRANGED BY :
EITI INDONESIA SECRETARIAT
COORDINATING MINISTRY FOR ECONOMIC AFFAIRS OFFICE



**Extractive Industries Transparency Initiative
(EITI) Indonesia
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CHAPTER 1

PRELIMINARY

Indonesia EITI report 2016 will be divided into two parts, the report Contextual and Reconciliation Report. Contextual report contains information about the context of extractive industries such as governance in the extractive industries, among others, contains the regulation, fiscal regime, the contribution to the state, and the granting of permits for oil and gas sector and coal. While the Reconciliation report includes information collected from companies and government entities for the purpose of presenting the reconciliation, description and analysis, as well as parts that are not reconciled.

1.1. BACKGROUND EITI INDONESIA

EITI Indonesia has been held since the issuance of Presidential Decree 26 of 2010 on State Revenue Transparency of Extractive Industries. Thus, its implementation has lasted more than five years. Implementation of EITI Indonesia are under the Coordinating Ministry for Economic Affairs. Information about the history and what it EITI Indonesia can be downloaded at the official link as follows:<http://eiti.ekon.go.id/apa-itu-eiti/>

Summary The development of EITI Indonesia to 2016 is shown in Figure 1 below.

Figure 1 - Summary of EITI Indonesia Developments 2007-2017



1.2. REPORTING PERIOD EITI INDONESIA 2016

Reporting period for 2016 years EITI reports Indonesia will be separated according to the following information:

- a. Contextual information to report using the information on the duration since the beginning of 2016 to the start of the preparation of EITI reports Indonesia in 2016, which is around June 2018. The duration of the time is to consider the dynamic conditions of the extractive industry in Indonesia. Coverage Contextual about the latest developments to benefit the reader a more comprehensive picture of the situation in the Indonesian oil and gas and mining.
- b. Information for using the Reconciliation report period January to December 2016. If there is information that comes from outside this period, it is for the purpose of supporting information and approved by the MSG.

CHAPTER 2

SCOPE OF REPORT CONTEXTUAL EITI INDONESIA 2016

In this section will be presented regarding the scope of the EITI Indonesia Contextual Report 2016, which include the following:

2.1. EXTRACTIVE INDUSTRY DEFINITION

Implementation of EITI Indonesia is based on Presidential Decree 26 of 2010 on Revenue Transparency of State and Local Income Acquired from Extractive Industries. Referring to the regulation and, as previous reports, the EITI Report Indonesia 2016 will also use the definition of extractive industries as follows:

Extractive industry is All activities take natural resources directly from the bowels of the earth in the form of minerals, coal, petroleum and natural gas.¹

Based on these definitions, then that includes the EITI Report is upstream activities (upstream), which includes exploration and exploitation. As for the popularity of commodities that are defined in the clause, several sub-chapters in Indonesia EITI Report 2016 will be divided into two sectors, namely:

- 1) Oil and Gas sector (oil and gas) and
- 2) sector of Mineral and Coal Mining (Mining),

Considering that the regulations, policies and implementation of government affairs and the split between oil and gas sector and coal.

2.2. LEGAL AND INSTITUTIONAL FRAMEWORK FOR EXTRACTIVE INDUSTRY IN INDONESIA

2.2.1. MANDATE OF THE 1945 CONSTITUTION

Constitution 1945 (UUD 1945), Article 33 set the basic principles of economic activities in Indonesia. Here is a sound and an explanation of Article 33 which is an amendment to the 4th of 1945:

¹ Article 1, paragraph 1 of Presidential Decree 26 of 2010.

Table 1, Sound and intent of the 1945 Constitution Article 33

Chapter and verse	Sound	intent
Article 33 (1)	"The economy is structured as a joint venture based on family principles."	Indonesia's economy on the principle of family berasaskan berasaskan no other principle. (Eg, liberal or socialist).
Article 33 (2)	"Production branches which are important for the country and dominate the life of the people controlled by the state."	State control over branch - the branch of production is important and dominate the life of many. Such as petroleum and other minerals.
Article 33 (3)	"Earth and water and natural resources contained therein controlled by the State and used for the greater prosperity of the people"	The natural wealth of the whole of Indonesia both in the earth and above the earth should be used for the welfare of the Indonesian people as a whole.
Article 33 (4)	"The national economy shall be organized based on economic democracy with the principles kebersaman, the efficiency of justice, sustainability and environmental friendliness, independence, and balancing economic progress and national unity"	Implementation of the Indonesian economy, promoting the principles of togetherness, efficiency, equitable, environmentally sustainable and to create an independent nation and promote the national economy.

Source: 1945

Related to the EITI, the 1945 amendment, Article 28F also set on Transparency, which reads:

"Everyone has the right to communicate and obtain information to develop personal and social environment, and the right to seek, obtain, possess, store, process and convey information by using all available channels"

Which is then set in the Act - Act No. 14 of 2008 on Public Information Openness (KIP). Regulations No. 14/2008 is based on the following considerations:

- a. That information is a basic requirement per person for personal development and social environment as well as an important part of national security
 - b. That the right to information is a human right and public disclosure is one of the important characteristics of a democratic country that upholds the sovereignty of the people to realize good governance
 - c. That public disclosure is a means to optimize the public scrutiny of the implementation of state and other public bodies, and everything that resulted in the public interest
 - d. That the management of public information is one way to develop the information society
- **Recommendation :** For information in the form of the 1945 constitutional mandate of article 33 paragraph 1,2,3 and 4 and amending Article 28 F and Law No.14 of 2008 which already exist in the EITI Report 2015, unnecessary repetition of information and discussion, just in infokan like any constitutional mandate, then at the source, along with a link Make a link sources such as from the EITI Report 2015 (Chapter Discussion on what, page bRP) and also diinfokan link the original manuscript sources in the form of the 1945 Constitution, its amendments, the Law No.14 of 2008.

2.2.2. REGULATORY GOVERNANCE OF OIL AND GAS SECTOR

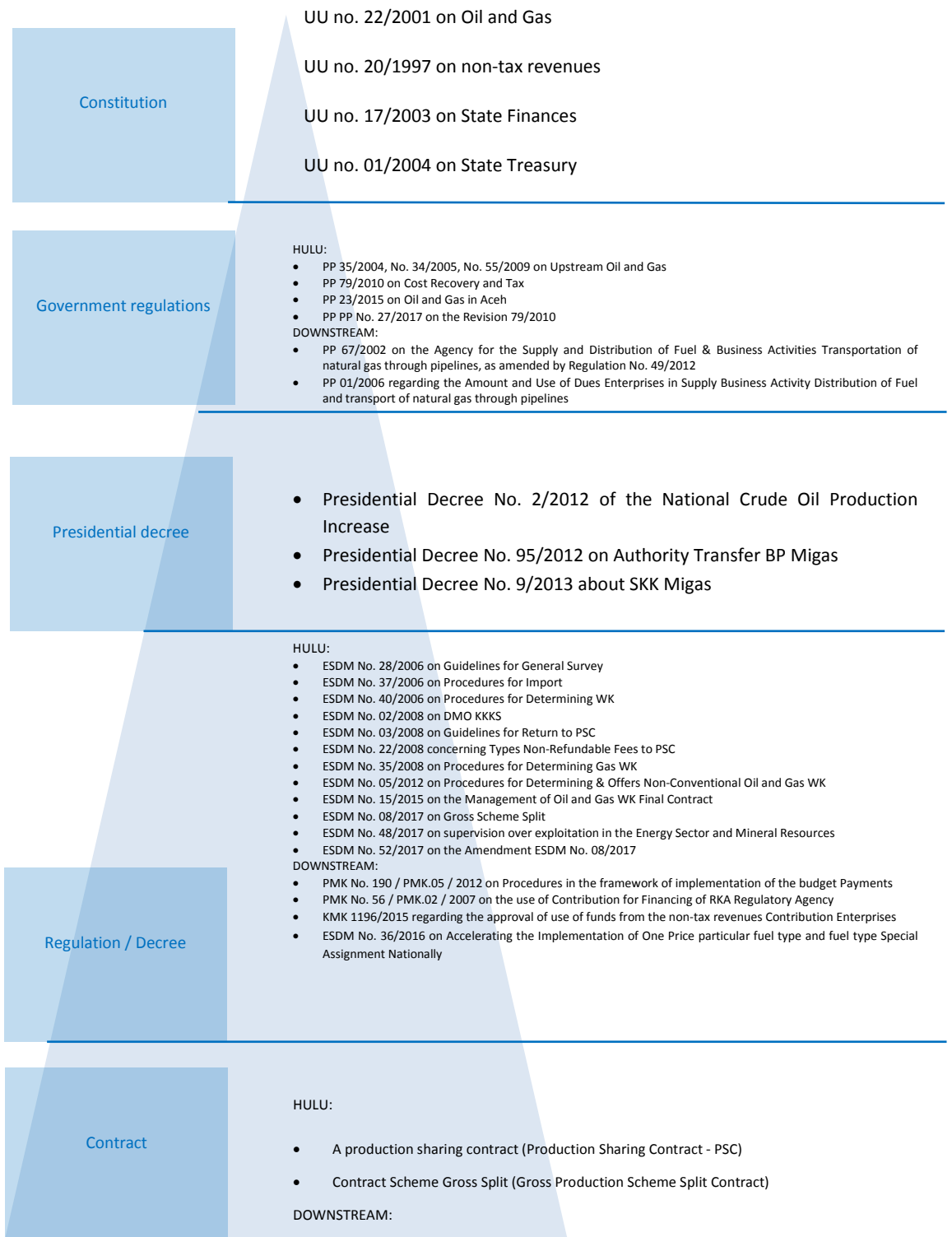
The 1945 constitution to be a reference the underlying legislation. In the oil and gas sector, and regulations that apply are Act 22 of 2001 on Oil and Gas. The derivative of the Act consists of

Government Regulation (PP), Regulation / Instruction of the President (Presidential / PI), Regulation / Decree of the Minister (Candy / Kepmen) EMR, and Letter of Director General of Oil and Gas. Regulation of the oil and gas sector divided into two to regulate the activities of upstream and downstream activities. In the upstream oil and gas activities, the Ministry of Energy and Mineral Resources has presented information about the regulations are complete and can be downloaded at this link:

<http://www.migas.esdm.go.id/post/read/peraturan-kegiatan-usaha-hulu>

Indonesia 2016 EITI report will only briefly explain the regulations published between 2016 and 2018, and regulations published before 2016 but still valid in order of hierarchy of legislation crustaceans. Pyramid regulation of oil and gas sector are presented in Figure 2.

Figure 2 - Pyramid Upstream Oil and Gas Legislation



source:<http://www.migas.esdm.go.id/post/read/peraturan-kegiatan-usaha-hulu>

Regulatory Review of Oil and Gas in 2015 Reports :

2015 report on the regulation is still not enough to explain the hierarchy of legislation upstream oil and gas activities. 2015 report are still stuck with the details of each regulation, should report to describe briefly only. Whereas in the case of detailed regulations, can be written link that shows information such regulation.

Oil and Gas Regulatory Reports Recommendations for 2016:

- 2016 report that lists the regulatory pyramid to illustrate full but quick regulation of oil and gas upstream activities, while the details can refer to the links on the website.
- Information in the form of discussion of the legal framework that has been discussed and is on EITI report in 2015, that made a summary of the discussion include information about no.berapa Act, chapter how, the what, the discussion as to what, at page how and created a link to the website: eiti.ekon.go.id//laporan2015 (adjusted EITI report in 2015 placed where on the website page).
- For regulations already covered in the EITI Report in 2015, but already there is a revision, then the old regulation need not be included again in the EITI Report 2016, please discuss revisions
- Another point of the legal framework has not been discussed in more detail and interrelated, so included in the discussion with include provisions relating to oil and gas, aturan2nya explanation, how its implementation, and analysis. For example, for a discussion of the issue of non-tax revenues (Non Tax Revenue), to discuss related regulations such as Treasury Law, Law 23/2014. For the oil and gas sector could be displayed hierarchy and order related to the discussion TSB sector:
 - Constitution (article how, how many verses)
 - Law on Oil and Gas / Mining Law (article how. Paragraph how)
 - Perpres, PP, Decree, Candy, Perdirjen
- For other regulations in the upstream oil and gas sector should be introduced and reviewed briefly, among others:
 - UU no. 30 of 2007 on Energy is set on the energy settings are divided into several sections of Government Regulation No. 27/2017 on the Management of BUMN /
 - Government Regulation No. 53/2017 on the treatment of taxation on upstream oil and gas production sharing contracts Earth with Gross Split.
 - Presidential Decree No. 50/2017 on the Handling of Public Social Impact In Order Provision of Land for the project of the National Strategic
 - Government Regulation No. 91/2017 on Accelerating the Implementation Sought

- ESDM No. / 29/2017 on Licensing In the business activities of Oil and Gas
 - ESDM No. 40/2017 on granting Delegation of Authority and Licensing Sector Oil and Gas Business Activities Earth To the Head of BKPM
 - ESDM No. / 47/2017 on the Amendment of ESDM No. 26/2017 on the Mechanism of Investment Refund on the Upstream Oil and Gas
 - ESDM No. / 51/2017 on Development and Governance BMN on Upstream Oil and Gas
 - ESDM No. / 53/2017 on the Amendment of ESDM No. 17/2017 on the Organization and Management of SKK Migas.
 - Minister of Finance Regulation No. Jo 135/2009. Regulation of the Minister of Finance No. 165/2010 on the Management of State Property (BMN) Originating from the Contractor of Cooperation Contract.
 - Finance Minister Decree No. / 83/2017 regarding Implementation Procedures Penatusahaan and Destruction of State Property.
 - Regulation of the Minister of Finance 131 / PMK.03 / 2017 Second Amendment to the Regulation of the Minister of Finance 76 / PMK.03 / 2013 concerning Administration Building Tax & Mining for Oil Mining, Gas, and Geothermal
 - PERMENDAGRI 19 Year 2017 on Guidelines for Determination of Disturbance Permit in the Regions
- In addition to briefly review, in order to be given a link where can download these regulations, for example on the website of the Ministry of Energy and Mineral. With the existence of such information means indicates that the MEMR has been quite transparent in publishing regulations applicable to oil and gas upstream activities.

Review Discussion Issues Oil and Gas Sector in 2015 Reports :

Report of 2015 has already contains several issues of oil and gas sector such as the Regulations on the transition period oil and gas blocks, regulation schemes gross split, revised Law on Oil and Gas, etc., but apparently there are still some of isu2 the ongoing and unresolved discussion to completion its preparation of EITI reports in 2015, so it needs to be discussed and put back in the 2016 report, as the latest update of the issues that are unresolved.

Recommendations Issues Reports oil and gas sector for 2016:

- Presenting the discussion of topics related to the latest regulatory updates and why the regulation was published, such as:
 - Developments on Gross Split enforcing regulations (revision and how the company's interest in the auction WK).
 - Presents the development of the current status of the discussion of oil and gas bill
 - Presents the current status of regulatory developments in the upstream sector which still need to be included in the report.
 - Presents the current status of regulatory developments in the downstream sector (pMaking available, distribution, and retail prices of fuel, enforcement of the price of fuel, etc. that are considered to be discussed).

2.2.3. REGULATORY GOVERNANCE OF MINERAL AND COAL MINING SECTOR

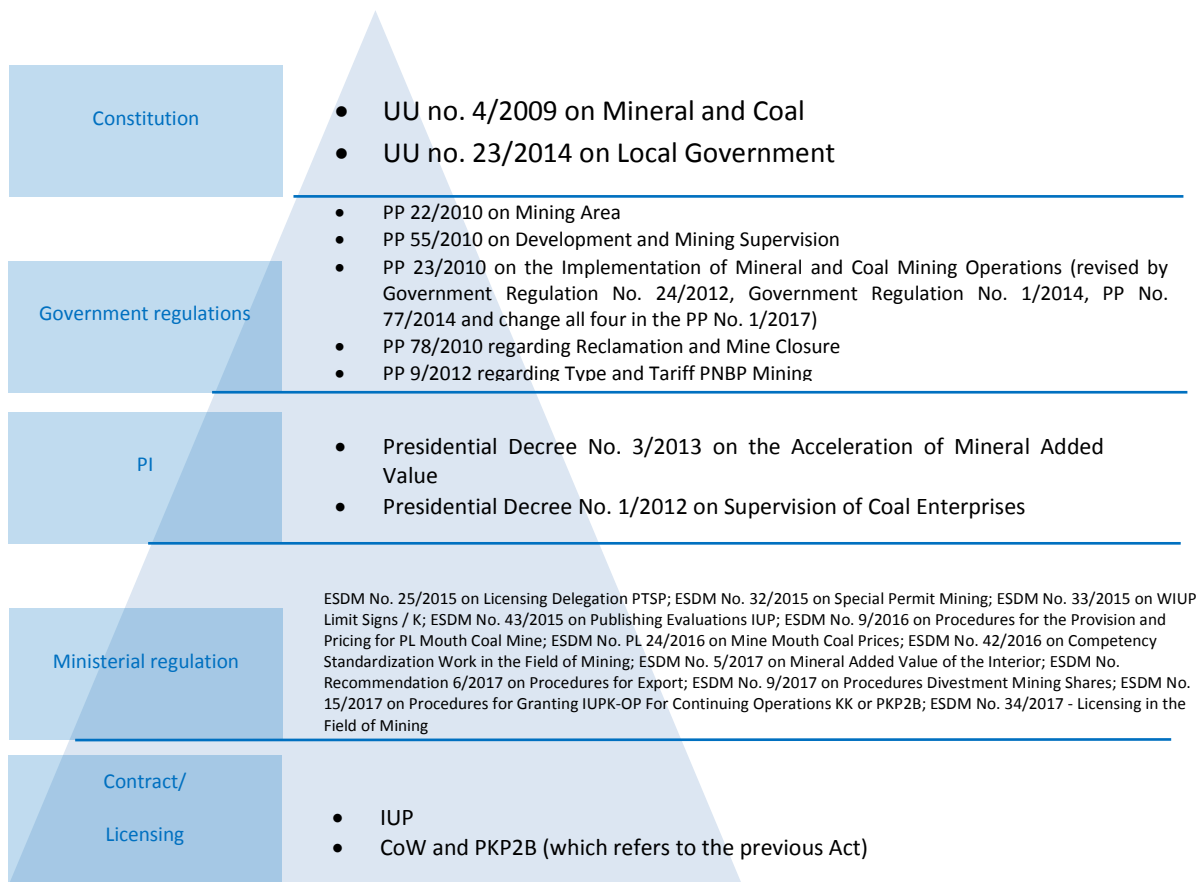
For regulation in the sector and coal, Act 4 of 2009 on Mineral and Coal became the highest legislation after constitution. MEMR has presented information on mineral and coal-related regulations are complete and can be downloaded at the link<http://jdih.minerba.esdm.go.id>

Since enacted in 2009, the law is a lot of challenges in its implementation, such as restrictions on foreign ownership, processing obligations of mining in the country, as well as the transfer of concessions from KK and PKP2B system into the form of licensing IUP.

In its application, the Law No. 4/2009, has been supported by a number of rules / guidelines in the form of government regulation, Regulation of the Minister of Energy and Mineral Resources, Ministry of Finance and Regulations issued by the Directorate General of Mineral and Coal. Figure 3 shows the outline of the hierarchy of laws and regulations governing the mineral and coal mining sector.

Indonesia EITI report 2016 will only briefly explain the regulation of activities minerba published between 2016 and 2018 as well as the regulations published before 2016 but still valid in order legislation. Pyramid regulation and coal are presented in Figure 3.

Figure 3 - Pyramid Mining Activities Mining Legislation



Source: prepared based on the information on the link <http://jdih.minerba.esdm.go.id>

Statements Review 2015 :

2015 report is still not enough to explain the hierarchy of legislation and coal mining activities. 2015 report are still stuck with the details of each regulation, should report to describe briefly only. In terms of regulatory detail, can be written link that shows shows the regulatory information.

Recommendations for the Report 2016:

- 2016 report that lists the regulatory pyramid to illustrate full but quick and coal sector regulation, while details of which can refer to the links on the website.
- Information in the form of discussion of the legal framework that has been discussed and there in the EITI Report 2015, to be made a general summary, among others, include a number of laws, article related issues addressed and / or subject, scope of discussion, mention the page on which

the discussions related, and created links to website: eiti.ekon.go.id//laporan2015 (adjusted EITI report in 2015 placed where diweb TSB).

- For existing regulations in EITI reports in 2015 although there have been recent updates related to the revision of the regulation is the regulation of the old do not need to be included again in the 2016 EITI report as ESDM No. 32 2015 on Special Permit Mining, ESDM No. 15 2017 on Procedures for Granting IUPK - OP as KK or PKP2B continued operation, ESDM No. 34 2017 on Licensing in the Field of Mining, etc.
- Another point of the legal framework has not been discussed in more detail and interrelated to be incorporated into the discussion that contains several articles related to mineral and coal sector, aturan2nya explanation, how its implementation, and analysis.
- As the discussion of non-tax revenues (Non Tax Revenue), Treasury Law, Law 23/2014, for the Mining sector, can be displayed hierarchy and order related to the discussion TSB sector:
 - Constitution (article how, how many verses)
 - Law on Oil and Gas / Mining Law (article how. Paragraph how)
 - Perpres, PP, Decree, Candy, Perdirjen
- Provide a link where can download these regulations, for example on the website of the Ministry of Energy and Mineral. With the existence of such information means indicates that the MEMR has been quite transparent in publishing regulations applicable to the activities and coal sectors.

Discussion of the Mining Sector Review Issues a Report 2015 :

2015 report already contained some of Mining sector issues such as an increase in Value Added Mineral Regulations, Reklamasi and Post Mining, Divestment Shares, Regional Government Affairs EMR field, Procedures Divestment Mining Company Share, Recommended Procedures for Export, Revision of the Mining Law 4 of 2009, etc., but there are still a few of these issues ongoing and unresolved discussion until the completion of the preparation of EITI reports in 2015, so it needs to be discussed and put back in the 2016 report, as the latest update of the issues the unresolved.

Recommendations Issues Mining sector for 2016 Report:

- In connection with the issues that still need to be discussed and carried out the latest update to the process of preparation of EITI Report 2016 was made and why it needs to issue regulations / revisions, such as:
 - Simplifying regulations on Licensing, Added Value Minerals, Divestment of Shares, Regional Government Affairs EMR field, Procedures Divestment Mining Company Share, Recommended

Procedures for Export, Special Mining Permit Issuance, Revision of the Mining Law 4 of 2009, etc.

- Another regulation that the pricing of coal for DMO used specifically for Power.

2.2.4. Fiscal Policy Sector Oil and Gas and Mining Sectors

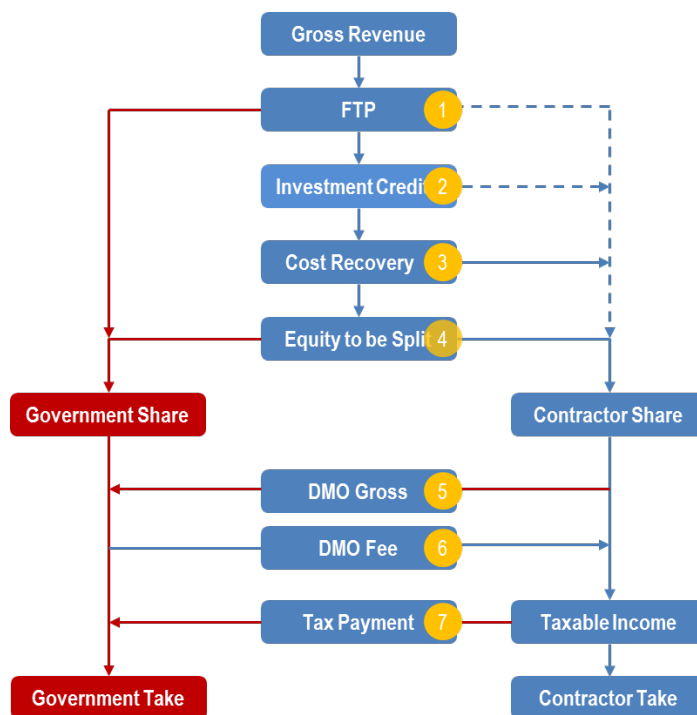
Fiscal Policy Oil and Gas Sector

Information fiscal policy of oil and gas sector may use the information presented in the Report of EITI Indonesia on section 2.3.1 of the 2015 fiscal policy on oil and gas extractive industries.

Independent Administrator should complete the information with the fiscal regime applicable to each type of contract oil and gas cooperation.

Figure 4 below is one example of a revenue stream that apply to the type of Production Sharing Contract or PSC. Figure 4 illustrates the cash flow in oil and gas production sharing contracts that are commonly used as a reference in Indonesia EITI Report, 2015.

Figure 4. The cash flow in the Production Sharing Contract



(Source: Indonesian EITI Report 2015. To be re-examined)

- Fiscal policy existing oil and gas sector in the 2015 report can be used as reference information by mentioning a link to any part in the TSB report, such as the information table below:
- Table 1 - Tax Policy in the Oil and Gas Sector

Tax type	Information
Income tax	Income tax rates follow the prevailing tax rates upon signing the contract for the results. PP 79/2010 with its implementing regulation PMK No. 70/2015 amending the above PMK No. 79/2012 regulate specifically concerning the calculation of the taxable income of the oil and gas industry. Table 13 breaks down the tax rate from time to time.
United Nations	UN object oil and gas sector is based on the concept that the earth (the earth's surface and the body) and / or buildings that are within the working area or the like related to oil and gas mining. The procedure for the imposition of United Nations oil and gas stipulated in the Regulation Directorate General of Tax No. PER-45 / PJ / 2013 and PMK No. 267/2014 for the PSC is still in the exploratory stage.
PPN	Oil and gas production are taken directly from the source VAT exempt
Dividend tax	Their dividend tax relief (Branch Profit Tax - BPT) caused a division gap between the Contractor and the Government of the different (smaller government section) of the percentage for the intended results in the production sharing contract. This time to close the gap in the PSC Contract signed after PP 79/2010 generally include a clause to reduce the part of the contractor on the result before tax (stabilization clause), if the contractor get the dividend tax relief in accordance with international tax treaties (tax treaty) that is smaller than 20%. This is to keep the share of the Government after the flat tax of 85% (for oil) and 70% (for gas) or in the amount specified in the contract for the results.
Indirect taxes such as the UN, VAT and Local Taxes and Levies	Contracts for oil and gas cooperation were signed prior to the issuance of PP 79/2010 apply concepts assume and discharge stipulated in the Cooperation Contract. In the draft oil and gas companies are exempt from paying taxes that are not directly because they are on the state's share of oil and gas production which is shared out between the contractor and the government has included the payment of such taxes so that tax obligations imposed on oil and gas revenue part of the state; Contracts for oil and gas cooperation were signed after the issuance of PP 79/2010, oil and gas companies are required to pay such indirect taxes directly to the state treasury but may take it into account as cost recovery. With the issuance of Government Regulation No. 27/2017 which is a change of PP 79/2010, in Chapter VA of Article 26 A - E set of tax incentives in the framework of the petroleum operations in the exploration and exploitation where there is exemption from import duty on imported goods, VAT (on goods / services only), article 22 on the import goods and the reduction of the United Nations.
Duty and Import Tax	Contractors are exempted from the collection of import duties and taxes on import of goods used in oil operations in exploration and exploitation activities
other taxes	Following the tariff based on the tax rules in general

Recommendations for the Report 2016:

- The information already in the 2015 report does not need to be included again in detail but made a summary of the contents of an existing report then created a link where the report can be downloaded, by including chapters, sections, sub-sections and pages how.
- Presenting the latest regulations on tax and non-oil tax and made the discussion and analysis of these regulations, such as, among others:
 - Entering an explanation of the provisions of the lease payment obligations of the New Contractor to the Government of the assets of the old working area used by the new

contractor, which the Ministry of Finance DJKN wearing a lease with reference to PMK 164 / PMK.06 / 2014 jo. PMK 65 / PMK.06 / 2016. Imposition of the lease on the BMN assets will result in additional non-tax revenues, increase the amount of cost recovery and reduce oil and gas production-sharing government as well as the implications for the decline in oil and gas SDA DBH penghasil area to oil and gas

Mining Sector Fiscal Policy

Fiscal policy and coal sector include tax revenues and non-tax revenues (non-tax). Tax revenues based on Law 36 of 2008 on Income Tax. There are several types of income tax levied on companies and coal, in addition there are payment of VAT to the state. While non-tax revenues and coal refers to the Law 20 of 1997 on non-tax revenues and its derivatives rules are PP 9 of 2012 on Types and Rates PNBP. For companies that are in the forest, then there is an obligation the provision of forest resources (PSDH) set out in Regulation 2 of 2008.

Fiscal policy and coal sectors that already exist in the 2015 report can be used as reference information by mentioning a link to any part in the TSB report, such as the information table below:

Tax Policy in the Mining Industry

Table 2 summarizes the income tax policy, the United Nations and VAT on mineral and coal mining industries

Table 2. Taxation policy on mineral and coal mining sector

Tax type	Information
Corporate Income Tax	IUP Income tax rate is 25% of taxable income Reduction of 5% if the company is listed on the stock exchange KK / PKP2Bs Income tax rates follow the applicable tax rate at the time of signing the contract
United Nations	Minerba UN tax object is land and / or buildings located in the area used for mining activities and coal. Objects included in the UN is the body of the earth during the imposition of UN eksplorasi. Tata mineral and coal mining sector is set in the DGT Regulation No. PER-47 / PJ / 2015.
PPN	Production of mining products are not subject to VAT. If the raw material is processed further then subject to VAT at 10%, the same rate as other industries.
other taxes	Following the tariff based on the general tax regulations

Source: various sources

Policy on Mining Mining PNPB

Indonesian government imposed some levies and dues to be paid by holders of IUP and contractor of KK and PKP2B form:

- a. fixed fee,
- b. dues exploitation / production (royalty),
- c. sales of mining products (IPM),
- d. forestry fee
- e. Borrow and Use of Forest Area Permit (IPPKH)

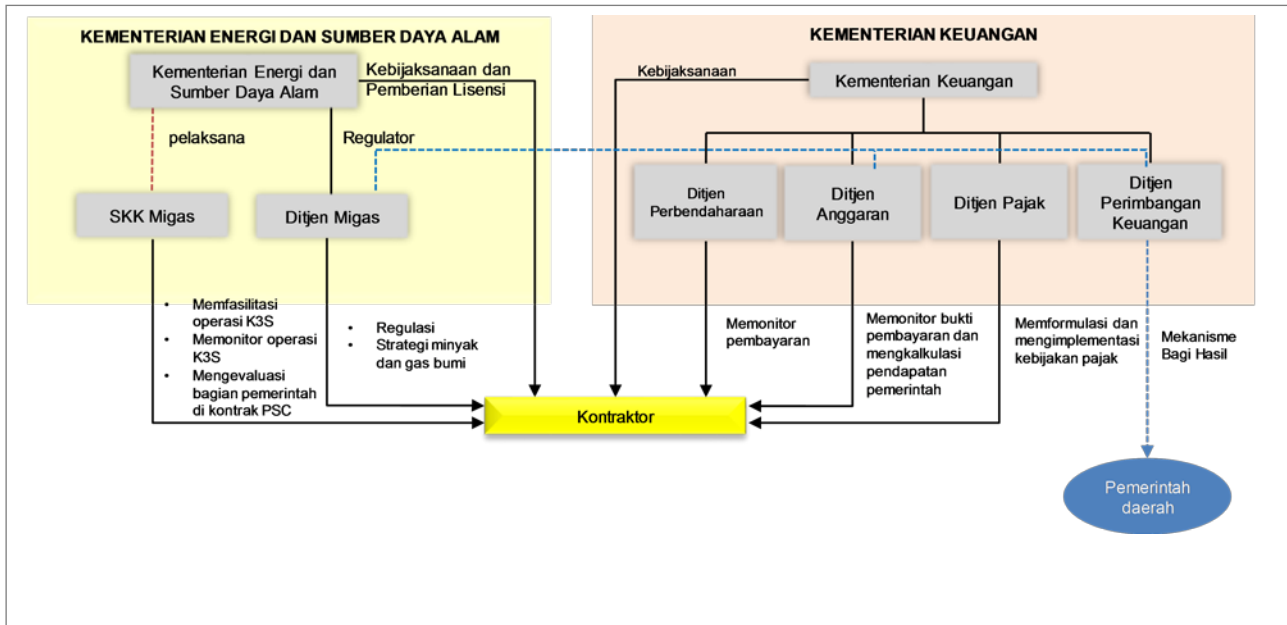
Recommendations for the Report 2016:

- The information already in the 2015 report does not need to put more in detail but made a summary of the contents of an existing report then created a link where the report can be downloaded, by including chapters, sections, sub-sections and pages how.
- Presenting the latest regulations on tax and non tax minerba and made the discussion and analysis of these regulations, such as, among others:
 - Information about the latest regulations for this type of tax and non-tax receipts paid by companies and coal.
 - Regarding the latest developments of information systems of state revenues and how its implementation such as Simponi, e-non-tax revenues, etc.

2.2.5. Government agencies related to the Oil and Gas and Mining Regulation

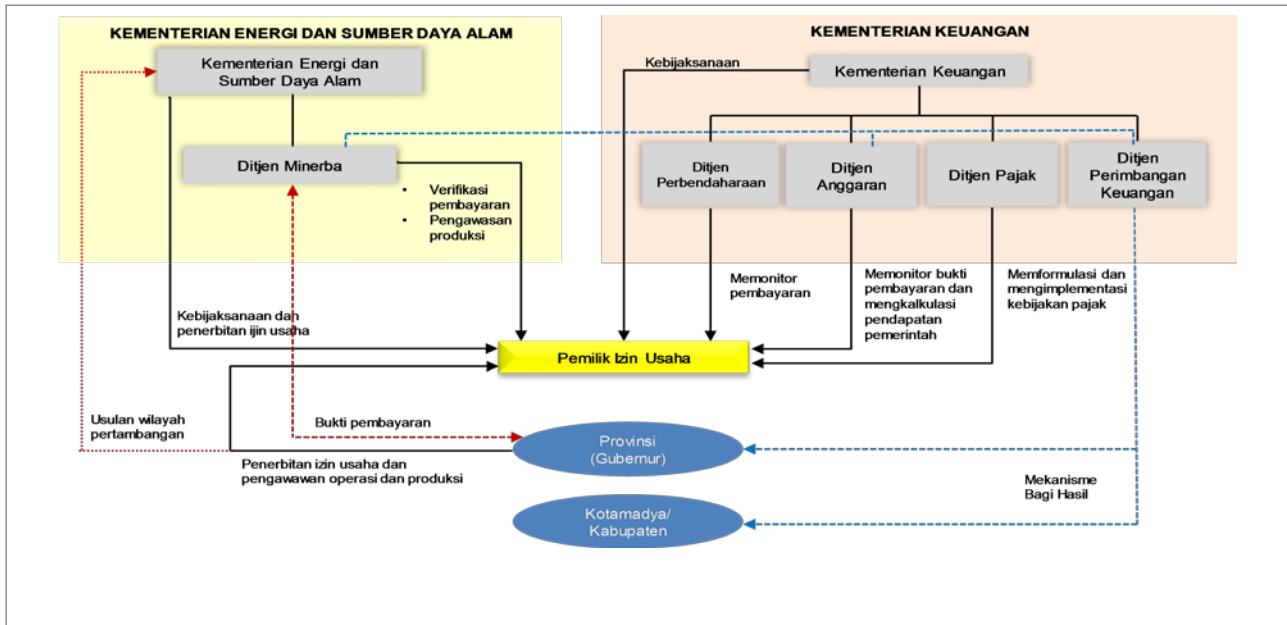
Indonesia 2012-2013 EITI report presents the role, functions, duties and responsibilities of government agencies involved in the oil and gas sector and coal. Roles and relationships between institutions briefly shown in Figure 5 for the oil and gas sector and Figure 6 for mineral and coal sector.

Figure 5. The duties and responsibilities of government agencies in the sector of oil and gas mining



Source: Scoping Study Ernst & Young (EY) Year 2012-2013 to be re-examined

Figure 61, The duties and responsibilities of government agencies in the mineral and coal mining sector



Source: Scoping Study Ernst & Young (EY) Year 2012-2013 to be re-examined

Note:

- Based on the PMK 70 2015 related to income tax and the UN Migas Migas, some functions were transferred to the Directorate General of Budget Tax Directorate since June 2015. This information needs to be included in the chart so that the reconciliation between the PSC with the Directorate General of Taxation.

Recommendations for the Report 2016:

- Information that already exists in the 2015 report could be used as a reference, and thus no longer presented in detail, but enough to be summarized and include links which are part of the discussion, such as chapter, section, page.
- In the 2015 Report of the image information 5 and 6 have not been confirmed and checked back with relevant agencies to subsequently made an infographic that can be included in the EITI Report Indonesia in 2016.
- Need the legal foundations of the duties and functions masing2 relevant ministries / agencies, due to the 2015 report still have not been specified.

2.2.6. Other Related Regulation Extractive Industries

Information on other regulations related to the extractive industries which are already included in the 2015 report, it is not necessary to include the details, simply displayed in the form of a summary table, while the link for details made its course.

The regulations that have already been entered into the 2015 report, among other things discussed:

1. *Freedom of Information (including disclosure of contracts and beneficial ownership)*
 - Act 14 of 2008 on Public Information. This law related to the implementation of transparency according to the principles of EITI.
2. *Energy and electricity*
 - Act 30 of 2007 on Energy.
 - Act 30 of 2009 on Electricity.
3. *Environmental and forestry*
 - Act 32 of 2009 on the Protection and Environmental Management.
 - Law 41 of 1999 on Forestry.

Both regulations related to the impact of opening the forest areas and managing the exploration and exploitation of oil and gas and coal, as well as sustainable development.

4. *Investment and Company*

- Act 25 of 2007 on the investment.
- Act 40 of 2007 on the company.

These two laws related to investing an entity as well as regulations on corporate social responsibility (CSR).

5. *Public service*

- Act 25 of 2009 on Public Service. This law related to the implementation of the PSO (public service obligation) PT. Pertamina (Persero) to distribute subsidized fuel.

6. *Local government*

- Act 23 of 2014 on Regional Government. This law regarding the transfer of mineral and coal mining management authority of the District / Municipality Province, including changes in fiscal policy and issuance of mining permits.

Recommendations for the Report 2016:

- Loading link information from other regulations that have been discussed, but if up to EITI report is made turned out to be a discussion of other regulations are still unresolved and still be issues that need to be resolved, then inserted back in the discussion and analysis in brief, such as how the implementation of the Act 23 2014 related to the transfer of management authority, licensing and supervision of mineral and coal mining sector and how its implications for the mineral and coal mining sector
- Latest update contains other regulations related to the discussion of the regulation of extractive industries, in accordance with the latest issues, such as the publication of Presidential Decree No.13 of Beneficial Ownership (beneficial owner), Circular of the Director General Mining of Beneficial Ownership, etc.
- Develop the regulatory information succinctly and clearly.

2.3. CONTRIBUTION EXTRACTIVE INDUSTRY IN INDONESIA

Section contribution of extractive industries to the state is divided into information about the gross domestic product (GDP) of oil and gas and mineral and coal mining, oil and gas and coal state revenue, production and sale of oil and gas and mining, and workers who work in both sectors. This information is to meet the 2016 EITI Standard Requirements 3.1 and 6.3.

Recommendations for 2016 report :

- Data and information can be compiled refer to the EITI Report 2015, with an update of data and information sourced from data of the Ministry / Institution, such as data from BPS, Bank Indonesia, the Ministry of Finance
- Independent Administrator should recheck of related and complementary source of this information before the report was published.

2.3.1. GDP Oil, Gas and Mining

This information can refer to the gross domestic product that is regularly published in the BPS website.

2.3.2. State Revenue Oil and Gas and Mining

The state revenues are classified into two, namely revenues from tax and non-tax revenues (non-tax). For part of reconciliation, Indonesia EITI report will focus on the revenues derived from oil and gas sector and coal sector is considered material and / or agreed upon by the Executive Team.

Based on the Report KeuanGovernment gan (LKPP-Audited) 2016 to 2016, state revenues derived from oil and gas sector amounted to 132.89 trillion from mineral and coal sector amounted to 52.54 trillion, where the total of the oil and gas sector and coal amounted to 185.44 trillion. This amount contributes to 11.99% of state revenue in 2016. Details of reception of oil and gas and coal according to a budget item code (MA) are presented in Table 3 below.

Table 3 - Revenue from Oil and Gas and Mining Based on LKPP 2016 (audited)

code MA	State Revenue	REALIZATION OF STATE REVENUE
		2016
		total
OIL AND GAS REVENUE		132,894,897,627,379
	Income Tax Oil and Gas	36,098,555,090,638
411 111	Petroleum Income Tax	10,802,737,196,125
411 112	Natural Gas Tax	25,275,247,016,815
411 119	Other oil and gas income tax	20,570,877,698
	UN Oil and Gas	15,272,318,235,857
411 316	UN Oil and Gas	15,272,318,235,857

	Gas PNB	62,896,093,177,830
421 111	Revenues Petroleum	31,448,046,588,915
421 211	Natural Gas Revenues	12,645,694,067,924
	Other non-tax revenues of Oil and Gas	11,827,931,123,054
42 313	Revenues from the Upstream Oil and Gas Sales	5,913,965,561,527
423 132	Revenue Crude Oil (DMO)	4,524,608,733,157
423 133	Fines Income, Interest and Penalties related to Upstream Oil and Gas	600,907,936
423 139	Other income of the Upstream Oil and Gas	1,388,755,920,434
42 212	SOE Revenue Non-Banking Profit (in this section only of the Oil and Gas)	6,800,000,000,000
	PT. Pertamina (Persero)	6,800,000,000,000
MINERAL COAL MINING REVENUE		52,539,149,834,570
	Mining tax (VAT Non Oil and Gas - Mining KLU)	24,932,000,000,000
	Mining of Coal and Lignite	16,282,000,000,000
	Metal Ore Mining	3,265,000,000,000
	Mining and Quarry	1,282,000,000,000
	Mining services	4,103,000,000,000
	Mining PBNP	27,153,299,350,423
421 311	Fixed Fee income Mineral and Coal Mining	405,379,247,623
421 312	Revenue Contribution Production / Mining Mining Royalties	15,351,419,887,718
423 113	Sales revenue Mining	11,396,500,215,082
42 212	Revenue Non-Banking Profit SOE (only from the state mining company)	453,850,484,147
	PT. Bukit Asam Tbk	434,040,891,375
	PT. Lead	19,809,592,772
	PT. Aneka Tambang Tbk	0
	TOTAL REVENUE AND GAS AND minerba	185,434,047,461,949
	TOTAL REVENUE WITHOUT STATE GRANTS	1,546,946,484,553,490
The percentage of state revenue from oil and gas		8:59%
Percentage of Revenue from Mining		3:40%
As a percentage of state revenue without grants		11.99%

*) Derived from the Annual Report 2016 Tax Directorate

Source: LKPP 2016 Appendix 1.a. Revenue Budget Realization Report of the Central Government

Recommendation:

- Independent Administrator need to be confirmed by the Directorate General of Taxation regarding income tax article 25 and 29 of non-oil derived from the mining sector.
- If required, the Independent Administrator can confirm with DG Budget on the contribution of revenues from oil and gas and coal based LKPP 2016.

2.3.3. Oil and gas production and minerba

Oil and Gas sector²

Until December 31, 2016, the realization of Indonesian oil and gas production of 2.21 million barrels of oil equivalent per day (MMboepd). The achievement is derived from oil and condensate production by an average of 831 MBOPD, while gas production at 8:08 MMSCFD.

Table 4 - Realization of Indonesian Oil and Gas Production 2016

TARGET PENCAPAIAN	REALISASI YTD 31 Des 16*	% PENCAPAIAN
Rata-rata <i>decline rate</i> produksi minyak bumi nasional <5%	-5,8%	Tercapai
Pencapaian <i>Reserve Replacement Ratio</i> pada tahun 2016 untuk minyak dan gas bumi sebesar 60% (<i>barrel oil equivalent</i>)	63,68%	Tercapai
a. Realisasi <i>lifting</i> minyak : 820 Mbopd	829,18 Mbopd	101%
b. Realisasi <i>lifting</i> gas : 6.440 MMscfd	6.606 MMscfd	103%
c. Realisasi <i>lifting</i> minyak dan gas : 1.970 Mboepd	2.009 Mboepd	102%
Realisasi <i>cost recovery</i> : US\$10,4 Miliar (ref. Rapat Terbatas Sidang Kabinet)	US\$11,99 Miliar	115%
Realisasi penerimaan negara : US\$10,9 Miliar	US\$9,42 Miliar	86%

Lifting of oil and gas is the production of oil and (or) gas has been sold / distributed. Average realized oil lifting period January-December 2016 amounted to 829.18 MBOPD or 101.1% from the revised 2016 budget target of 820 MBOPD.

² Quoted from SKK Oil and Gas Annual Report 2016, page 43.

As for the actual distribution of natural gas in the same period of 6606 MMSCFD of the target of 6,440 MMSCFD (equivalent to 1,150 MBOEPD). SKK Migas on its website serving oil and gas lifting real time which can be accessed at the link lifting.skkmigas.go.id/tab/lifting2/index.php

Mining sector

Mineral and coal production in the years 2011-2016 can be obtained based on information from the directorate general and coal, as shown in the following table.

Table 5 - Realization of Coal Production Year 2011-2016

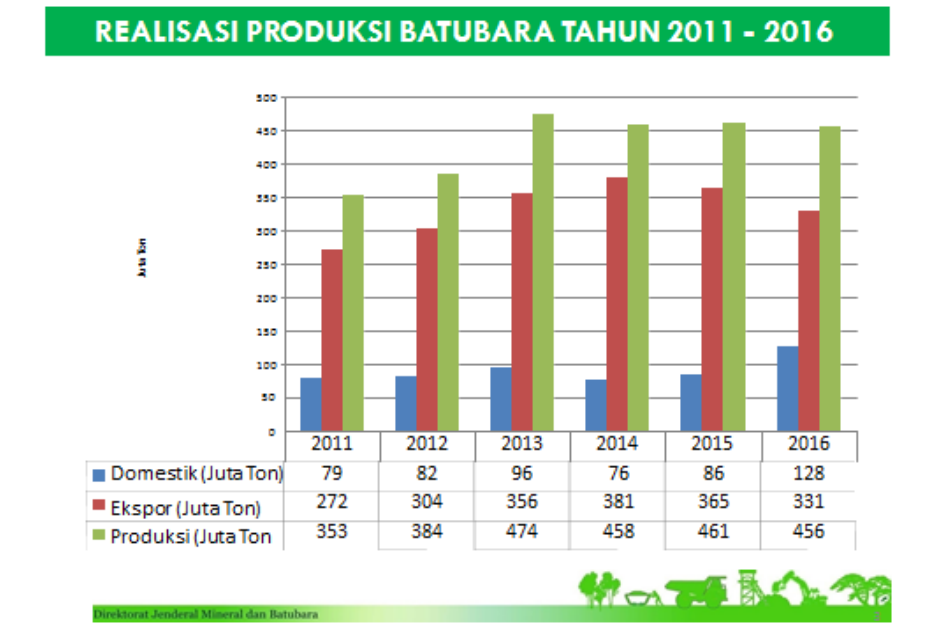
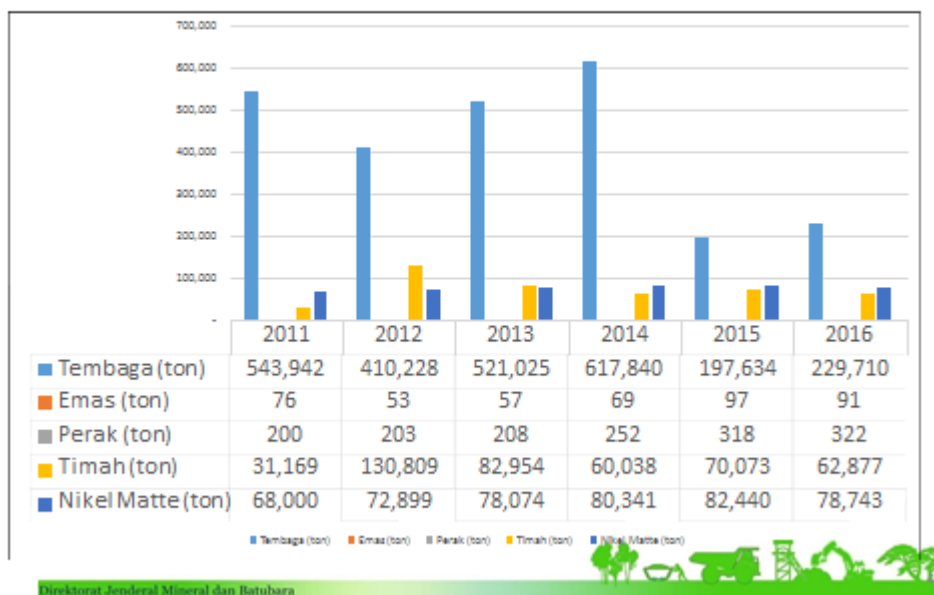


Table 6 - Realization of Mineral Production Year 2011-2016

REALISASI PRODUKSI MINERAL TAHUN 2011 - 2016



Mineral production information by KK and coal PKP2B can also be viewed at the link <https://www.minerba.esdm.go.id/public/38477/produksi-batubara/.produksi/>

2.3.4. Contribution of oil and gas exports and minerba

Information contribution of oil and gas and mining exports can refer to the information BPS as in the following tables.

Table 7 - Exports Value of Oil and Gas and Mining Indonesia 2015-2016

Nilai FOB (juta US\$) Ekspor Indonesia Menurut Sektor dan Persentase Perubahannya ($\Delta\%$)

Uraian	Jan–Des 2015	Jan–Des 2016	$\Delta\%$	Peran (%) 2016
(1)	(2)	(3)	(4)	(5)
Total Ekspor	150 366,3	144 433,5	-3,95	100,00
Migas	18 574,4	13 087,0	-29,54	9,06
Nonmigas	131 791,9	131 346,5	-0,34	90,94
- Pertanian	3 726,5	3 435,8	-7,80	2,38
- Industri Pengolahan	108 603,5	109 763,0	1,07	76,00
- Pertambangan dan Lainnya	19 461,9	18 147,7	-6,75	12,56

source: <https://www.bps.go.id/pressrelease/2017/01/16/1327/nilai-ekspor-indonesia-desember-2016-mencapai-us-13-77-miliar-dan-nilai-impor-indonesia-December-2016-reach-us-12-78-miliar.html>

Table 8 - Volume (thousand tonnes) Export of Oil and Gas Indonesia 2015-2016
Volume (ribu ton) Ekspor Indonesia dan Persentase Perubahannya ($\Delta\%$)

Uraian	2015		2016			$\Delta\%$			Peran (%) Jan–Des 2016
	Desember	Jan–Des	November	Desember	Jan–Des	y-on-y	m-on-m	y-on-y Jan–Des	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total Ekspor	42 889,7	509 661,8	46 605,9	44 949,3	513 048,1	4,80	-3,55	0,66	100,00
Migas	3 683,6	44 964,7	3 336,9	3 662,3	43 288,8	-0,58	9,75	-3,73	8,44
Industri pengolahan hasil minyak	292,1	4 625,8	213,6	214,1	2 828,1	-26,72	0,22	-38,86	0,55
Pengadaan gas	0,7	15,4	22,7	13,4	65,9	1 809,36	-41,23	328,72	0,01
Pertambangan	3 390,8	40 323,5	3 100,6	3 434,8	40 394,8	1,30	10,78	0,18	7,88
- Minyak mentah	1 230,2	15 554,1	1 189,4	1 382,1	16 955,5	12,35	16,21	9,01	3,31
- Gas	2 160,6	24 769,4	1 911,2	2 052,7	23 439,3	-4,99	7,41	-5,37	4,57
Nonmigas	39 206,1	464 697,1	43 269,0	41 287,0	469 759,3	5,31	-4,58	1,09	91,56

source: <https://www.bps.go.id/pressrelease/2017/01/16/1327/nilai-ekspor-indonesia-desember-2016-mencapai-us-13-77-miliar-dan-nilai-impor-indonesia-December-2016-reach-us-12-78-miliar.html>

2.3.5. Labor

Oil and Gas sector³

The number of workers of oil and gas refining company in 2015 reached 10 283 people. Whereas in previous years as many as 10 320 people. In the last five years, total employment showed a rising trend with an average decrease of 1.20 percent per year. For updated information on the number of workers of oil and gas in 2016 could find on the BPS web site or from the Ministry of Labor.

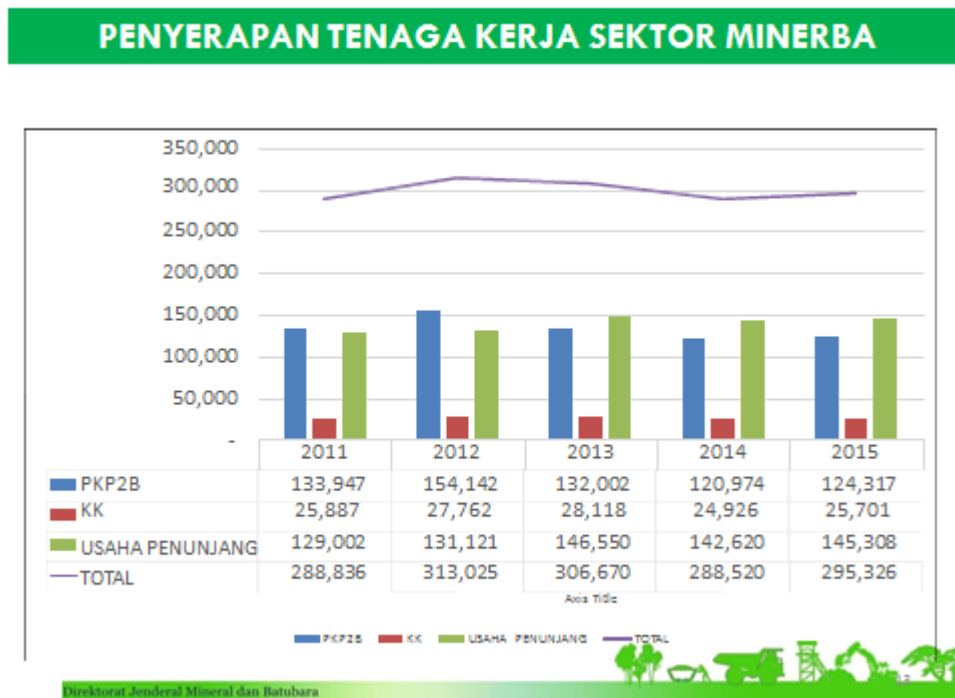
Mining sector⁴

Employment in the non-oil mining in 2015 amounted to 295 326. For updated information on the mining workforce could find on the BPS web site or from the Ministry of Labor.

³ Quoted from the Oil and Gas Mining Statistics 2015 BPS.

⁴ Quoted from Non-Oil Mining Statistics 2015 BPS.

Table 9 - Mining Sector Labor Absorption



2.3.6. The impact of extractive industries in the region: some studies

Information on the impact of extractive industries in some areas of the EITI in 2015, is already in the input in the discussions on it such as:

Mining artisanal or small scale mining

Information on the artisanal mining is a new discussion in the Report of EITI Indonesia. These regions were selected based on the agreement Executive Team, including Riau, East Java, East Kalimantan, South Sumatra, South Kalimantan, South Sulawesi, Papua.

This section covers the general artisanal mining activities and small-scale mining such as: the value of production, employment, technology used, as long as the labor involved, social and environmental impacts at the mine, the interaction with the surrounding communities, the government's guidance, etc.

In discussing this event in order to do well comparisons with similar activities in other countries or conducting a review of studies that have been done, for example, using information from the Artisanal Gold Council, a non-profit organization located in Canada offering support to local communities to find practical solutions to the problems of illegal small mining. One of the locations of their projects in Indonesia such as in Central Kalimantan, South Kalimantan, Java, and Sulawesi <http://www.artisanalgold.org/our-projects/indonesia/>

Independent administrators can search for information related to artisanal mining for some other regions such as, among others Pongkor, West Java; Bangka; Bombana, Southeast Sulawesi; West Kalimantan.

Gas or Petroleum Reserve Fund developed on the initiative of a few regions. One example is in Bojonegoro. This information may be presented as one case.

Volatility of commodity prices and the oil and gas industry and coal in Riau and East Kalimantan to see the impact of falling commodity prices on the social and economic conditions in Riau and East Kalimantan.

Recommendations Report 2016:

- Discussion of information that already exists in the EITI Report 2015, to be made links which are part of these discussions, such as chapter, section, page.
- To update the latest information regarding the impact of extractive industries in areas such as the extractive industry's premier Riau and East Kalimantan, in particular the impact of price volatility on the growth of the local economy, social circumstances, as well as the environmental impact of the decline in mining activity.
- Considering the case of oil and gas reserves are developed Bojonegoro is still in its early stages, to tell its development to date, can be carried out a comparative study with similar cases in other countries, what are the prospects for the replication of the case Bojonegoro districts / provinces.
- Independent administrators need to search for information related to artisanal mining to some other area, other than existing in EITI reports 201

2.4. LICENSES AND CONTRACTS

In Part Ini, the information in the Report of 2015 has already pretty much covered, so no need for repetition, existing information can be made a link where such information is laid, Chapter, Sub chapter, how many pages.

As for the 2016 report, to be updated with the latest information related to licensing and contracts in the oil and gas sector and coal.

Recommendations for 2016 report :

- information presented in a more structured, simpler and easier to understand;
- separating the information system / recording mechanism permits / contracts with the mechanisms of licensing / contract;

- contains the latest regulatory information and background analysis publication of these regulations permit such simplification in the oil and gas sector and coal, changes ketentuan Contract of Work (COW) into IUPK, Amendment PKP2B, etc.
- contains information on the progress of cases for licensing / contract that does not comply and cause in chronological order in a nutshell. For example, development / revocation of IUP non-CNC, a moratorium on new licenses (IUP new), etc.

oil and gas sector

For the oil and gas sector, the information needs to be updated to dicantumkan included in the 2016 report, including: the process of establishing the working area of oil and gas; WK auction procedure; WK deals for 2016; cooperation contracts are still valid and that has been out of contract; transfer of participating interest; and information systems and gas extractive industry (cadastral).

Deals and auction information has been published on the website at the link KESDM this:

- oil and gas working areas of information: <http://www.wkmigas.com/>
- information about auction procedure <http://e-wkmigas.esdm.go.id/>

sector minerba

For mineral and coal sector, information licensing and contracts that need to be updated to be included into the 2016 report is the latest of all information until the report was made in 2018, including: the process of determining and granting licenses and coal mining areas; determination of the allocation of mining regions; determination of the mining area in 2016-2017; determination mining permit area in 2017-2018; auction procedure mining permit area; granting mining permits; IUP publishing arrangement; KK changes and PKP2B be IUPK; Setup progress IUP; transfer contract and IUP; other applicable licenses and coal sectors; minerba information system (MOMI, Geoportal, MODI, etc.)

information status *clean and clear* (CNC), permit requirements, and maps and coal have been published in KESDM website at this link:

- <https://www.minerba.esdm.go.id/public/38696/pengumuman-cnc/>
- <https://www.minerba.esdm.go.id/public/38616/persyaratan/>
- <http://maps.minerba.esdm.go.id/home/> (This link requires a password and not accessible to the public).

State-Owned Enterprises (SOEs) Extractive Industries

Regulation on SOE stipulated in Law 19 of 2003 on State-Owned Enterprises.⁵ Quick explanation explanation Law on SOEs can refer to the Report Scope 2012-2013 page 37.

Formation and changes in the form of state-owned companies is regulated by the Government. For example, changes in the form of Pertamina to Persero stipulated in Government Regulation 31 of 2003, as well as changes in the structure of other state governed by the PP. SOEs in the oil and gas sector and coal to report its performance in the EITI Report are as follows:

1. PT Pertamina
2. PT Perusahaan Gas Negara (PGN)
3. PT Aneka Tambang Tbk.
4. PT Bukit Asam Tbk.
5. PT Timah Tbk.

EITI Standard Requirements 2.6 and 6.2 related to SOE requires the inclusion of information about the financial relationship between the government and state enterprises, quasi-fiscal expenditures, and government ownership. In terms of financial relationships in the profits of government revenue in 2016, the information can refer to LKPP 2016 in the Appendix. In terms of earnings information Enterprise, DG Budget will be asked to fill out information about dividends. For the quasi-fiscal spending and government ownership may refer to the financial statements of each SOE.

Furthermore, for the EITI Report 2016, order of the information can refer to the Report Scope 2012-2013⁶, Or other appropriate reports. However, the Independent Administrator should perform the update data and information and / or to confirm to the related State if there is information that is doubtful.

2.5. Social and Environmental Responsibility / Corporate Social Responsibility

Information about social responsibility and the environment in the EITI Report 2015 has already contains information about Corporate Social and Environmental Responsibility or Corporate Social Responsibility (CSR) in three parts, the regulations related to CSR, social impact the environment from the extractive industries, and other forms of CSR conducted an extractive company. The information that has been published include:

⁵ Law can be downloaded at the link <http://jdih.bumn.go.id/lihat/19%20Tahun%202003>

⁶ See this link <http://eiti.ekon.go.id/en/scoping-2012-2013/> pages 39-46.

2.5.1. Regulations related to Social and Environmental Responsibility

This regulation is spread in some of the Act, which are described below.⁷

1. Act 40 of 2007 on Limited Liability Company
Social and environmental responsibility set out in Article 74
2. Act 25 of 2007 on Investment
Article 15 b arranged that each investor shall implement social and environmental responsibility
3. Act 32 of 2009 on the Protection and Management of the Environment
Social and environmental responsibility set out in Article 68.
4. Law 22 of 2001 on Oil and Natural Gas
In this Act, Article 11 paragraph (3) letter p set provisions regarding the development of surrounding communities and guarantee the rights of indigenous peoples ..
5. PP 47 Year 2012 on Social and Environmental Responsibility Company Limited
Under Article 4 and Article 6.
6. PP 23 Year 2010 on the Implementation of Mineral and Coal Mining Business
Arranged preformance Article 106 mentions in paragraph (1) and (4)
7. SOE candy PER-05 / MBU / 2007 concerning the Partnership Program State Owned Enterprises With Small And Community Development Program as amended by the SOE candy PER-08 / MBU / 2013.
Stipulated in Article 2 Candy SOE 5/2007.

2.5.2. Forms of Social and Environmental Responsibility

Information about social responsibility and lingkungan following the EITI standard, Requirement 6 which states as follows:

The EITI requires disclosures of information related to social expenditures and the impact of the extractive sector on the economy, helping stakeholders to assess Whether the extractive sector is leading to the desirable social and economic impacts and outcomes. The EITI Requirements related to social and economic spending include: (6.1) social expenditures by companies; (6.2) SOE quasi-fiscal expenditures; and (6.3) an overview of the contribution of the extractive sector to the economy.

In such requirement, the information is emphasized explicitly is related to social expenditure and its contribution to the economy, not including the environment. But considering the impact of extractive

⁷ Information for this section taken from <http://www.hukumonline.com/klinik/detail/lt52716870e6a0f/aturan-aturan-hukum-corporate-social-responsibility>

industries on the environment is relatively significant, the environmental impact of the suggested information can also be included in the report, as well as complementary information on the economic and social impacts of extractive industries.

Abandonment and Site Restoration Fund (ASR) merupakan number of funds that are required to the upstream oil and gas entity to restore the site after the end of utilization. To ensure its implementation, this fund shall be reserved and paid by the company to SKK Migas. Based on the information in the website SKK Migas, per 26 September 2016 are USD 840 million from the fund since 2010. ASR ASR cost components include engineering planning costs, the cost of licensing and regulatory compliance, the cost of closing wells in addition to exploration wells, the costs of dismantling , transportation costs, storage costs, and the cost of the recovery area.

Warranty and post-mining reclamation

This guarantee is set in ESDM No. 7, 2014. Payment of the guarantee and post-mining reclamation is one indicator of the company CNC status determination.

Recommendations for 2016 report :

- Presents all information about ASR and guarantee and post-mining reclamation containing regulatory information, the value of funds paid by the company, the total funds raised to date, implementation and monitoring the use of funds.

The environmental impact analysis

This information may refer to Ministry LHK through PROPER program for assessing the impact of oil and gas and mining companies. Benchmarks or indicators used include: Environmental Management Performance Summary Document (DRKPL); The implementation of an environmental management system; energy efficiency; Implementation of the 3R waste and non B3 B3; water efficiency; Reduced emissions; Biodiversity; andCommunity empowerment.

Recommendations for the Report 2016:

- The information has been loaded are reported in 2015, just delivered a summary only, and created links Detailed information of the discussions found in the chapter, section, page how.
- Loading the latest information related to the issues, regulations regarding social responsibility and the environment is made succinctly and in the analysis of what kind of implementation and impact.

2.6. Integrated Information Extractive Industries and Other Sectors

ESDM ministry is currently developing a system integration of all data in the energy and mineral resources. The system, named EMR One Map will collaborate with other information systems contained in the Ministry of Transportation, Ministry of Environment and Forestry, the Geospatial Information Agency and all local governments in Indonesia. EMR One folder will contain information such as the potential for geological, mining permit areas, working areas of oil and gas, geothermal working areas, the data upstream oil and gas, the overlap between the region with the area of licensing, and the identification and evaluation of IUP and geothermal working areas located in the region Forest. In addition, the integration of non-spatial data such as information on production data, lifting, oil and gas revenues and other liabilities.⁸

Recommendations for the Report 2016:

- The information was submitted in a 2015 report on the extractive industry an integrated information system with other sectors, such as MOMI, EMR One Map, just published only a summary and link the information contained in the Chapter, Sub chapter, page how.
- Presenting the most relevant information related to the integration process of oil and gas and mining information system and the progressive development of this system.

2.7. Transfer and Payments to Local Governments

Transfers from the central government to local government (Requirement 5.2)

Transfers to Local Government refer to Law 33 of 2004 and Regulation 55 of 2005. Technical regulation consists of the Presidential Decree and the Regulation of the Minister of Finance that regulates the amount of DBH of oil and gas and coal and the transfer mechanism DBH held every year. Besides, to change the transfer mechanism in 2015 there is a change of classification Funds Transfer.

Gas DBH calculation based on the prognosis of lifting with the calculation by the Directorate General of Oil and Gas, SKK Migas, DG Budget and the Directorate General of Financial Balance of each quarter. Sementera to minerba, DBH Mining is based on the realization of mining production. DBH calculation Mining is managed by the Directorate General of Mineral and Directorate General of Fiscal Balance. Local Government involved in the reconciliation value DBH DBH Gas and Mining in the quarterly reconciliation.

Presentation of information about the transfer to the Regional Government may refer Indonesia EITI Report 2015. However, this requires confirmation by the Directorate General of Financial Balance for the mechanism and classification of the latest transfer funds.

⁸ This information refers to the following link: <http://migas.esdm.go.id/post/read/esdm-one-map-indonesia-wujud-sistem-data-yang-terintegrasi>

Recommendations for the Report 2016:

- Presenting the latest regulatory information about DBH DBH Gas and Mining succinctly and clearly including the mechanism and classification.
- Presenting the 10 regions (provinces and districts / cities) receive DBH largest oil, gas and mining in 2016.

Payment of Oil, Gas and Mining Company to the Local Government (Requirement 4.6)

Company payments to the Regional Government under Law 28 of 2009 on Local Taxes and Levies (PDRD). Local regulations governing taxation and levies should refer to the Act. This section presents a brief review of PDRD imposed on oil and gas and mining companies. This information includes local tax rates and levies range of levies.

Recommendations for the Report 2015:

- Loading and review the latest regulations governing PDRD and derivatives regulation.
- Contains several examples of local regulations issued by the oil and gas producing regions of the mining levy local taxes and levies to be paid by the oil and gas and mining industries. Local regulations or regulations of regional heads include prevailing and specific, which is the payment of oil and gas and mining companies,

CHAPTER 3

EITI RECONCILIATION STATEMENTS REVIEW 2015

3.1. Review Section Executive Summary

Executive Summary contained in Indonesian EITI Reconciliation Report 2015, contained a summary of the discussion as follows:

- The proportion of state revenue
 - State Revenue Components reconciled
 - Components of Revenue and Information is not reconciling
 - Provision of Infrastructure and Regulation Barter
 - Social and Environmental Responsibility (CSR)
 - ASR, Security Reclamation and Mine Closure Fund
 - transportation
 - State-Owned Enterprises (SOEs) Extractive Industries
 - Direct Payments to Local Governments
 - Covered Entities Reconciliation
 - Businesses Not Checked
 - DBH
-
- In the Executive Summary consists of 7 pages are pages 11 to 16. The information presented in the Executive Summary has been relatively good, compact and solid and can be used as a reference. However, there are still some parts that not enough priority is preserved in the body of the report.
 - Recommendation : IA asked to sort out the contents of the Executive Summary returning to prioritize the most important information that is considered to be included in the content and discussion.

3.2. Review Scope of Reconciliation

Scope of reconciliation contained in the EITI Reconciliation Report Indonesia 2015, contains a discussion as follows:

- State Revenue
 - State Revenue Components reconciled
 - Components of Revenue and Information is not reconciling
 - State revenue from Extractive Industries
 - Provision of Infrastructure and Regulation Barter
 - Social and Environmental Responsibility (CSR)
 - ASR, Security Reclamation and Mine Closure Fund
 - transportation
 - SOE Extractive Industries
 - Direct payments to the Company's Local Government
 - Other State Revenue
 - Businesses in Reconciliation
 - Oil and Gas company
 - Mining company
- In the information Scope of Reconciliation in EITI Reconciliation Report 2015 in general is quite good, but keep in mind back linkage of data, tables, and images are delivered with the information discussed in the scope of reconciliation.
 - Recommendation : IA need to be sure and check the links between the data presented in tables and drawings as illustrations with the information discussed so that this information can complement the related discussion reconciliation of extractive industry revenues.

3.3. Review Top Recommended EITI Report, 2015.

Indonesia 2015 EITI report gives recommendations for improvement next report. Therefore in the EITI Report 2016 IA must clarify the status of the follow-up of these recommendations, whether it has been successfully implemented, in process, or are still facing obstacles / barriers. If the follow-up recommendation is still facing challenges, in order to explain the steps that will be undertaken to address these constraints. 2015 EITI report recommendations should be followed up in the 2016 report are presented in the table below.

Table 10 - Response to the Recommendations Report of EITI Indonesia 2015

Overview Report 2015	Follow-up to Report 2016
1. Technical procedures were adequate and clearly illustrates how local governments can access the data in order to project the number of revenue-sharing oil and gas.	<ul style="list-style-type: none"> Therefore, it is necessary to agree on the technical procedures were adequate and clearly illustrates how local governments can access the calculation of cost recovery of SKK Migas and calculation deduction of DJA
2. EITI secretariat to send a letter to the EMR to open contract PPID PKP2B and KK upstream minerba	<ul style="list-style-type: none"> Executive Team recommend to the EITI Secretariat to write a letter of request and a copy of the contract PKP2B KK PPID upstream and coal to the EMR to be opened to the public
3. Transactions with State outside the extractive industries were not supported	<ul style="list-style-type: none"> Implementation Team is expected to conduct a study on the need to accommodate reporting Other Payments to SOEs and / or government. If based on these studies reporting deemed necessary then Other Payment form template to SOE and / or Government added in the next year EITI Reporting
4. Oil and gas lifting volume data reconciliation between the PSC and the Directorate General of Oil and Gas	<ul style="list-style-type: none"> Reconciliation of the total volume of oil lifting and lifting the total volume of natural gas should be made between the PSC with SKK Migas using the same data source, ie FQR
5. The change of ownership Participating Interest in the Oil and Gas Cooperation Contract	<ul style="list-style-type: none"> For future EITI reporting, EITI Secretariat recommended to obtain the data owner's Participating Interest, both operator and partner PSC PSC, in the format of a comparison between the owners in the scope of EITI reporting and year of reporting. The data to be obtained before entry form distributed corporate entities
6. Socialization needed more depth	<ul style="list-style-type: none"> LO and the need for emphasizing the importance of

<p>to the oil and gas sector companies related entities completeness Authorization to Open Data Sheets Taxes</p>	<p>socialization to the requirements in the oil and gas sector corporate entity. In addition applicants are required to form LO need to be clarified in the EITI, which is to be equipped with stamp duty, stamp company and attached supporting documents regarding the identity of the signer LO, both as directors of the company or the power of taxation.</p>
<p>7. Charging socialization process EITI reporting to companies and coal should be involving the Department of Energy and Mineral Resources of the Province where the mine is located</p>	<ul style="list-style-type: none"> EITI dissemination activities in the future, need to contact the EITI Secretariat and invited the entire Department of Energy and Mineral Resources of the Province where the mining area is located, for the perception of the EITI and the importance of coordination at the time of the visit to the reporting enterprise.
<p>8. Reconciliation of non-tax revenues (non-tax) for the mineral and coal sector performed between the Mining Company and the Directorate General of Treasury, Ministry of Finance</p>	<ul style="list-style-type: none"> Reconciliation of non-tax revenues should be made between the reporting company with the Directorate General of Treasury, Ministry of Finance as a government entity that directly receive non-tax payments to the State Treasury, which will facilitate the search if there is a difference.
<p>9. Necessary periodically updates the database information (address, email, mining areas) of the reporting enterprise, especially for companies and coal.</p>	<ul style="list-style-type: none"> EITI Secretariat always renew (update) EITI reporting enterprise database, through coordination with related institutions (Association, Directorate General of Mineral and Energy and Mineral Resources Department of Provincial

CHAPTER 4

SCOPE OF REPORT FOR RECONCILIATION

EITI INDONESIA 2016

The scope of reconciliation includes information about state revenues are reconciled, the reception countries / regions that are not reconciled, and names of mineral and coal oil and gas companies are required to submit reports to be reconciled. This information is necessary to meet the requirements of EITI Standard 4 of the Revenue Collection. The sections below will explain this information as a reference for Indonesian EITI Reconciliation Report 2016.

4.1. STATE REVENUE RECONCILED

2016 EITI standard requirements of 4.1 states that the Executive Team should determine materiality limit (the minimum threshold) of revenues reconciled. Referring to the EITI Report Indonesia 2012-2013, Indonesia EITI Report 2014, and the Report of EITI Indonesia in 2015, the criteria used to define the type of extractive industries revenues that will be reconciled is the kind of extractive industries revenues whose contribution to state revenue above 1 percent, although its contribution under 1 percent but because it is important and it was agreed by the Meeting of the Implementation team. Indonesia 2016 EITI report will follow the same definition of materiality used in the reports of previous years as above.

Indonesia untuk EITI Report 2016, the type of state revenue taxes and non-tax will be reconciled is the same as that listed on Indonesia EITI Report previous year. To search the differences in the reconciliation process set a limit of 5 percent, meaning that if there is a difference between the data report of the company with government data above 5 percent, then the cause needs to be analyzed and explained in the report.⁹

Type revenues reconciled in the EITI Report Indonesia following the nomenclature derived from LKPP 2016, so that the reconciliation will be directly juxtaposed with LKPP 2016. Furthermore, the section below will describe the types of reception on the oil and gas sector and coal sector to be reconciled ,

Oil and Gas Sector: Information reconciled

Type of reception and the information to be reconciled between companies and government entities for the oil and gas sector are presented in Table 11 below.

⁹ This limit following the agreement at the Executive Board meeting Indonesian EITI Reports in previous years.

Table 11 - Revenues are reconciled Material & Information Oil and Gas Sector

Material state revenues (according to MA Code)	Information reconciled - Reporting Form 2016 EITI Indonesia Oil and Gas Sector	Reporting entity
42111 - Petroleum Revenue	<ul style="list-style-type: none"> Total lifting of oil and condensate Govt. lifting of oil and condensate Over / (Under) the lifting of oil 	PSC, the Directorate General of Oil and Gas, DG Budget SKK Migas
42121 - Natural Gas Revenues	<ul style="list-style-type: none"> Total lifting of gas Govt. lifting of gas Over / (Under) lifting of gas 	PSC, the Directorate General of Oil and Gas, DG Budget SKK Migas
411 316 - United Nations Oil and Gas	<ul style="list-style-type: none"> Land and Building Tax (PBB) Oil and Gas 	PSC - DG Taxation
423 133 - Income Crude Oil (DMO)	<ul style="list-style-type: none"> Oil DMO / DMO Fee 	PSC, SKK Migas
423 139 - Other income from the Upstream Oil and Gas	<ul style="list-style-type: none"> Signature Bonus - extension 	PSC, the Directorate General of Oil and Gas
423 132 - Revenues from the Upstream Oil and Gas Sales	<ul style="list-style-type: none"> Production / Development / Compensation Bonuses 	PSC, the Directorate General of Oil and Gas
41 111 - Income Tax Oil and Gas	<ul style="list-style-type: none"> Corporate and Dividend Tax 	PSC, DG Taxation

Note:

- In the Reconciliation Report 2016 Report of the United Nations Oil and Gas insert for reconciliation between the PSC, the Directorate General of Taxes and the Directorate General of Budget (necessary to check again for an entity to reconcile)
- Directorate General of Oil and Gas to report the total value of money for the lifting of oil and condensate and gas, Govt. lifting of oil and condensate and gas, including Over / (Under) the lifting of oil and gas.
- 2016 reports need to include an explanation of the conversion to the volume of oil / gas is different between the Directorate General of Oil and Gas with the PSC. This information can then be recovered from SKK Migas / Directorate General of Oil and Gas.

Mining Sector: Information reconciled

Type of reception and the information to be reconciled between companies and government entities and coal sectors are presented in Table 12 below.

Table 12 - Revenues are reconciled Material & Information Mining Sector

Material state revenues (according to MA Code)	Information reconciled - Reporting Form 2015 EITI Indonesia Mining Sector	Reporting entity
421 312 - Income Contribution Production / Mining Mining Royalties	• Royalty / Production Levy	The company, Directorate General of Mineral
423 113 - Sales Revenue Mining	• Sales Mining / IPM	PKP2B company, Directorate General of Mineral
421 311 - Income Fixed Levy Mineral and Coal Mining	• Fixed Contribution / Land rent	The company, Directorate General of Mineral
-Pendapatan 411 315 Land and Building Tax	• Land and Building Tax (PBB)	The Company, the Directorate General of Taxes
411 126 - Article 25/29 Revenue Agency (merged with other sectors)	• Income tax (VAT) Agency (Article 25 and 29)	The Company, the Directorate General of Taxes
42 212 - Income of Non-Banking Profit SOE	• Dividend to Government	Companies, DG Budget
Transport payment - to the Central Government	• Fee Payment Transportation	PT Bukit Asam (PTBA) and PT Kereta Api Indonesia (PTKAI)

Recommendations for the Report 2016:

- According to the results the implementing team meeting dated March 2, 2018, for receipt of written reconciled PBB is oil and gas sector and the Mining Sector, resulting in the 2016 report has included the reconciliation additional report.
- Prepare reports on the reconciliation section for each receipt and coal oil and gas sector and in full in concise narrative form, recapitulation and appendix tables are complete.
- Presenting the results and conclusions clearly.

4.2. REVENUE COUNTRIES / REGIONAL NOT RECONCILIATION BY SECTOR

State revenues do not materially reconciliation. In addition, there are a number of countries and regions of reception that will be reported by the company but not reconciled. This is the kind of reception that has been stipulated in the Executive Board meeting.¹⁰ The sections below will describe the state revenues and the oil and gas sector and coal sector were not reconciled.

Oil and Gas Sector: reception were not reconciled

¹⁰ The agreement on the type of reception that are not reconciled also from the decision meetings History Executive Team.

Table 13 - Flow admission country / region & Information Not reconciled Oil and Gas Sector

The type of revenue stream countries / regions	The information is not reconciling - Indonesia EITI Reporting Form 2015 Oil and Gas Sector	Reporting entity
411 211 - VAT revenues of the Interior (Merged with VAT from other sectors)	• Value Added Tax (VAT) Oil and Gas	• DG Budget
423 139 - Other income from the Upstream Oil and Gas	• Signature Bonus - a new contract • Firm Commitment	• Directorate General of Oil and Gas
Regional revenue Levies (PDRD)	• PDRD	• DG Budget
Social payments	• CSR	• PSC
Payment of transportation (especially SOEs)	• transportation services	• PT. Pertamina (Persero)

Mining Sector: reception were not reconciled

Table 14 - Flow admission country / region and information is not reconciling the Mining Sector

The type of revenue stream countries / regions	The information is not reconciling - Reporting Form 2015 EITI Indonesia Mining Sector	Reporting entity
Regional revenue Levies (PDRD) (Listed in the Financial Statements of Regency related)	• PDRD	• Mining company
Another revenue stream in addition to the Local Government PDRD	• Direct payments to local governments	• Mining company
Social payments - directly to the public	• CSR	• Mining company
	•	•
Provision of Infrastructure - to the Regional Government or the public	• provision of Infrastructure	• Mining company
42 144 - Income Forest Area	• Forest Area	• Mining company
Coal DMO	• Coal DMO	• Mining company
Production and Sales Volumes	• volume production • The volume of domestic sales • The volume of export sales	• Mining company

Recommendations for 2016 report :

- Prepare reports on parts that are not reconciled for each receipt in full in concise narrative form, recapitulation and appendix tables are complete.
- Presenting the results and conclusions clearly.

REVENUE ALLOCATION TO OIL AND REGIONAL MINING - not reconciling

Proceeds from the oil and gas sector and coal received by the Central Government allocated back to the area by the regulations in force. The reception area of oil and gas and coal is called the Transfer Fund DBH Natural Resources (DBH SDA). DBH SDA for the oil and gas sector called Migas DBH and DBH for the Mining Sector consists of DBH royalties and fees remain.

Transfer DBH SDA in 2016 determined by the Minister of Finance. Namely, consisting of SDA DBH realization in 2016, and Less / Overpayment of 2014 and 2015. Therefore, the preparation of this report should refer to the section related PMK DBH SDA during 2016.¹¹ Post-2013, there are changes to the technical regulations for the distribution of DBH SDA to the area. Therefore, recommendations for the Independent Administrator is collecting information and confirmation by the Directorate General of Fiscal Balance on information DBH SDA Oil and Gas and Mining.

Standard EITI Requirement 5 on the allocation of extractive industries revenues, which include sub-national information transfer. To meet these requirements, the Directorate General of Fiscal Balance will fill out a form reporting on DBH SDA 2016. This information is not reconciled with consideration of the number of local governments that receive very large SDA DBH. The information submitted by the Directorate General of Fiscal Balance is shown in Table 15 below.

Table 15 - Information filled out by the Directorate General of Financial Balance and not reconciling

SDA DBH name	receiving area	type of transfer
DBH Oil and Gas	Provincial and District of Oil and Gas Producers and Beneficiary DBH	Realization 2016 and Less / Overpayment of 2014 and 2015.
DBH Mining: Royalties and Fees Remain	Provincial and District Mining Manufacturer and Recipient DBH Royalty and Fees Remain	Realization 2016 and Less / Overpayment of 2014 and 2015.

Source: based on the PMK 250 / PMK.07 / 2016 and PMK 259 / PMK.07 / 2016 ---- Check Back

4.3. THE COMPANY required to report EITI REPORTS IN 2016

Extractive industry companies will be obliged to submit reports on EITI if its royalty payments large enough and contribute significantly to the total state revenue. Selection of oil and gas companies and coal are requested to report to the EITI Indonesia based on the materiality definition.

¹¹ For example, in 2016 there were PMK No. 250 / PMK.07 / 2016 on the amendment DBH Natural Resources by Province / City District for Fiscal Year 2016 and PMK No. 259 / PMK.07 / 2016 about underpayment and overpayment DBH Source Natural Resources by Province / City District for Fiscal Year 2014 and Fiscal Year 2015.

In the oil and gas sector, the entire oil and gas contractors who have been in production are thought to contribute significantly (material). Thus, the entire production PSC asked to participate in the EITI reporting Indonesia, 2016.

On mineral and coal sector, materiality base used is PNB Mining, namely the amount of royalties, PHT, and fixed fees. And coal companies that are considered material is all companies which cumulatively contribute reached at least 94% of the total non-tax revenues and coal in 2016, or nominally pay royalties (including IPM and fixed fees) over Rp 16 billion each company. And coal companies that pay royalties and / or IPM and / or fixed contributions over USD 16 billion will be included in the reporting of EITI Indonesia, 2016.

Section below PSC will outline a list of companies and enterprises and coal for Indonesia EITI Report, 2016.

Oil and Gas sector

There 71 KKKS production company will report as follows:

Table 16 - List of Operator / Production Reporting KKKS Indonesia EITI Report 2016

NO.	PSC	WORKING AREA
1	BOB Pertamina - Bumi Siak Pusako	CPP BLOCK, ONS. CENTRAL SUMATRA
2	PHE NSB	NORTH SUMATRA "B", the ONS. NORTH SUMATRA
3	BP BERAU LTD.	BERAU, OFF. IRIAN JAYA
4	BP Muturi HOLDINGS BV	Muturi, ONS. & OFF. IRIAN JAYA
5	BP Wiriager LTD.	Wiriager, ONS. IRIAN JAYA
6	CAMAR RESOURCES CANADA INC.	BAWEAN, EAST JAVA
7	CHEVRON INDONESIA COMPANY	EAST KALIMANTAN
8	Rapak CHEVRON LTD.	Rapak
9	MAKASSAR CHEVRON LTD.	MAKASSAR STRAIT, OFF. MAKASSAR STRAIT
10	CHEVRON PACIFIC INDONESIA	Rokan, CENTRAL SUMATRA
11	CITIC Seram ENERGY LIMITED	NON SERAM BULA
12	CNOOC SES LTD.	SOUTHEAST SUMATRA, OFF.
13	CONOCOPHILLIPS (Grissik) LTD.	CORRIDOR, ONS. SOUTH SUMATRA
14	MEDCO E & P NATUNA LTD.	NATUNA SOUTH SEA "B", OFF.
15	EMP (Bentu) LTD.	Bentu Segat, ONS. RIAU
16	EMP Malacca Strait SA	Malacca Strait, OFF.
17	ENERGY EQUITY EPIC (Sengkang) PTY. LTD.	Sengkang, SOUTH SULAWESI
18	INDONESIA PETROLEUM LTD.	MAHAKAM, OFF. EAST KALIMANTAN
19	Kalrez PETROLEUM (Seram) LIMITED	BULA, SERAM
20	Kangean Energy INDONESIA LIMITED	Kangean, ONS. & OFF. EAST JAVA SEA

21	Lapindo Brantas INC.	BRANTAS, ONS. & OFF. EAST JAVA
22	EXXONMOBIL Cepu LTD.	Cepu
23	PHE NSO	NORTH SUMATRA OFFSHORE
24	MONTD'OR Tungkal OIL LIMITED	Tungkal, ONS. JAMBI
25	Mubadala PETROLEUM	Sebuku, OFF. SULAWESI
26	PERTAMINA HULU ONWJ ENERGY LTD.	NORTHWEST JAVA SEA OFFSHORE
27	PT BENUO TAKA WAILAWI	WAILAWI - EAST KALIMANTAN
28	Petrogas (BASIN) LTD.	HEAD OF BIRDS, Irian Jaya
29	BANGKO PETROCHINA INTERNATIONAL LTD.	BANGKO, ONS. SOUTH SUMATRA
30	PETROCHINA JABUNG INTERNATIONAL LTD.	JABUNG, ONS. JAMBI
31	PETRONAS Carigali (KETAPANG) LTD.	KETAPANG, EAST JAVA SEA
32	PETRONAS Carigali (Muriah) LTD.	Muriah, OFF. NORTH EAST JAVA SEA
33	PHE SIAK	SIAK, ONS.
34	PREMIER OIL NATUNA SEA BV	NATUNA SEA BLOCK "A", OFF.
35	PHE KAMPAR	KAMPAR
36	PT MEDCO E & P Lematang	Lematang, ONS. SOUTH SUMATRA.
37	PT MEDCO E & P Rimau	Rimau, ONS. SOUTH SUMATRA
38	PT MEDCO E & P SOUTH SUMATRA	SOUTH SUMATRA
39	PT MEDCO E & P TARAKAN	TARAKAN ISLAND, ONS. EAST KALIMANTAN
40	PT Pertamina EP	INDONESIA
41	PT PHE WMO	WEST MADURA, OFF. EAST JAVA
42	PT SELE RAYA DUA Merangin	Merangin II, SOUTH SUMATRA
43	PT SPR LANGGAK	LANGGAK, RIAU
44	PT TIARABUMI PETROLEUM	KOMERING AIR WEST, SOUTH SUMATRA
45	SAKA INDONESIA Pangkah LTD.	Pangkah BLOCK, OFF. NE JAVA SEA
46	OPHIR INDONESIA (Bangkanai) LTD.	Bangkanai, CENTRAL / EAST KALIMANTAN
47	SANTOS (MADURA OFFSHORE) PTY. LTD.	MADURA OFFSHORE, SOUTH EAST MADURA
48	SANTOS (SAMPANG) PTY. LTD.	SAMPANG, EAST JAVA
49	ENERGY STAR (SNAPPER) LTD.	SNAPPER, OFF. SOUTH CHINA SEA
50	TATELY NV	PALMERAH, JAMBI - SOUTH SUMATRA
51	TOTAL E & P INDONESIE	MAHAKAM, OFF. EAST KALIMANTAN
52	VICO CBM	GMB Sanga-Sanga
53	VIRGINIA COMPANY INDONESIA (VICO), LLC.	Sanga-Sanga, ONS. EAST KALIMANTAN
54	JOA TOTAL E & P INDONESIE	CENTRAL, OFF. EAST KALIMANTAN
55	JOB Pertamina - GOLDEN SPIKE INDONESIA LTD.	KING AND HALL, ONS. SOUTH SUMATRA
56	JOB Pertamina - Medco E & P Simenggaris	Simenggaris, EAST KALIMANTAN
57	JOB Pertamina - PETROCHINA EAST JAVA	TUBAN, ONS. EAST JAVA
58	JOB Pertamina - PETROCHINA Salawati	Salawati, ONS. & OFF. IRIAN JAYA
59	JOB PERTAMINA - TALISMAN OGAN KOMERING LTD.	OGAN KOMERING, ONS. SOUTH SUMATRA
60	JOB PERTAMINA - TALISMAN Jambi Merang	JAMBI MERANG, ONS. JAMBI
61	JOB Pertamina - Medco Tomori Sulawesi	Senoro - Toili, CENTRAL SULAWESI
62	PHE CENTRAL K - JOA P CENTRAL	CENTRAL, OFF. EAST KALIMANTAN

63	PHE KING TEMPIRAI - JOB P GSIL	KING AND HALL, ONS. SOUTH SUMATRA
64	PHE TUBAN EAST JAVA - JOB PPEJ	TUBAN, ONS. EAST JAVA
65	PHE Salawati - JOB PPS	Salawati, ONS. & OFF. IRIAN JAYA
66	PHE OGAN KOMERING - JOB P TOKL	OGAN KOMERING, ONS. SOUTH SUMATRA
67	PHE JAMBI MERANG - JOB P TALISMAN	JAMBI MERANG, ONS. JAMBI
68	MEDCO PHE Tomori - JOB P MEDCO	Senoro - Toili, CENTRAL SULAWESI
69	PHE Simenggaris	Simenggaris, EAST KALIMANTAN
70	KRISENERGY (Satria) LTD.	FEATHER, OFF. NORTH EAST JAVA
71	PT HEXINDO GEMILANG JAYA	Lemang, CENTRAL SUMATRA

Source: Information from the internal SKK Migas via email in February 2018

Mining sector

And coal companies that will participate dIndonesian natural EITI Report 2016 is that cumulatively contribute 94% of total non-tax payments Mining (IPM, royalties, fixed fees) with a minimum payment of over 16 billion.

From the analysis of the entire payment data Mining companies that pay non-tax revenues in 2016, there are 33 companies PKP2B, 8 mineral companies contract work (KK), 58 companies IUP IUP Coal and Minerals 13 Companies that pay more than Rp 16 billion. Thus there are 112 mineral and coal companies that will participate in the EITI reporting year 2016. The table below is the names of the companies and their respective contributions.

Table 17 - List PKP2B (Coal) which Melapor Indonesia EITI Report 2016

No.	Company name	Payment value PNBP
1	KALTIM PRIMA COAL	4,427,037,782,263
2	ADARO INDONESIA	3,289,343,477,569
3	KIDECO JAYA AGUNG	1,975,382,499,650
4	BERAU COAL	1,372,434,371,746
5	Indominco Mandiri	1,240,419,719,826
6	Arutmin INDONESIA	1,151,491,185,861
7	Trubaindo Coal Mining	636,332,605,349
8	MOUNTAIN Antang MERATUS	458,504,696,501
9	Asmin BARA Bronang	408,989,559,661
10	BORNEO Indobara	400,478,197,697
11	Bharinto Ekatama	275,982,050,548
12	SELF INTIPERKASA	259,520,855,739
13	SOURCE MAHAKAM JAYA	255,280,039,191

14	INSANI Baraperkasa	178,325,416,870
15	Baramarta	176,168,647,920
16	Lanna Harita INDONESIA	174,174,302,960
17	WAHANA Baratama MINING	172,191,683,470
18	INDEXIM COALINDO	170,632,012,471
19	SUSTAINABLE ENERGY KALIMANTAN	135,428,981,287
20	MULTI HOPE KEY	125,318,555,475
21	Asmin Koalindo Tuhup	117,662,165,592
22	Firman Ketaun PERKASA	114,762,596,139
23	MINING PEACE	112,012,714,839
24	MINERAL GRAHA MARUNDA	107,769,088,934
25	SINGLURUS PRATAMA	98,277,766,748
26	Tanito Harum	78,358,458,380
27	Lahai Coal	72,806,192,346
28	Jorong BARUTAMA Greston	56,522,940,518
29	PERKASA INAKERTA	37,413,781,210
30	TEGUH SINAR ABADI	30,364,005,669
31	EARTH WORKS Baratama	22,692,770,940
32	COCONUT COAL	22,136,914,132
33	MULTI Tambangjaya MAIN	16,870,380,688
	TOTAL COMPANY PNB 33 PKP2B	18,171,086,418,189

Source: compiled from worksheet Directorate General of Coal and Mineral

Table 18 - List of Contract of Work (Minerals) Reporting Indonesia EITI Report 2016

NO	Company name	Payment value PNB
1	FREEPORT INDONESIA	1,569,781,413,061
2	NEWMONT NUSA SOUTHEAST	1,026,543,393,134
3	VALE INDONESIA TBK	161,623,471,612
4	MINE TONDANO NUSAJAYA	116,356,533,987
5	Agincourt Resources	37,361,718,503
6	Meares Soputan MINING	35,975,001,002
7	EARTH Kasongan KENCANA	25,745,087,940
8	NUSA HALMAHERA MINERALS	18,268,786,539
	PNB 8 TOTAL COMPANY KK	2,991,655,405,778

Source: compiled from worksheet Directorate General of Coal and Mineral

Table 19 - List of coal IUP Reporting Indonesia EITI Report 2016

No.	Company name	Payment value PNB
1	BUKIT ASAM TBK PERSERO	692,414,804,263
2	Kayan MAIN SON COAL	237,810,921,371
3	Jembayan Muarabara	180,321,783,771
4	MITRABARA ADIPERDANA TBK	161,745,527,466
5	ADIMITRA Baratama ARCHIPELAGO	137,206,466,144
6	BHUMI RANTAU ENERGY	130,678,729,955
7	MULTI FACILITY AVINDO	128,754,076,401
8	BARA tabang	120,947,294,784
9	TUNAS INTI ABADI	114,598,434,313
10	Megaprima PERSADA	93,650,051,552
11	PEARL sparrow JAYA	88,388,012,901
12	RIVER LAKE JAYA	81,835,669,197
13	METALINDO BUMI RAYA	69,042,243,956
14	ARZARA BARAINDO ENERGITAMA	67,368,641,360
15	Binuang PARTNERS TOGETHER TWO BLOCKS	66,260,574,916
16	KALTIM JAYA BARA	64,073,282,337
17	MAJOR NATURAL BARA	59,527,277,037
18	NATURAL MUARA PROSPER	52,468,773,629
19	RINJANI mammal	51,592,424,461
20	KHOTAI MAKMUR INSAN ABADI	49,451,749,809
21	Indoasia CEMERLANG	48,775,886,294
22	BARA KUMALA MAGIC	45,413,530,078
23	ALAMJAYA BARAPRATAMA	45,152,630,924
24	LUSH WELARCO JAYA	42,649,053,921
25	ADI PRECIOUS GIFT OF TRUSTEES	41,797,706,758
26	Kitadin	40,150,270,573
27	Baramulti SUKSESSARANA	39,407,397,158
28	LONG KEY RANTAU Bhakti	39,386,938,706
29	Lembuswana PERKASA	38,481,039,552
30	COPYRIGHT Prolindo ARCHIPELAGO	38,222,529,893
31	BARA CORE PRIME	35,473,683,329
32	KUD MAKMUR SALAM BABARIS / UNIT DESA MAKMUR	30,746,849,760
33	Surya Kencana Sakti DARMA	30,188,470,774
34	LIGHT ENERGY SELF	29,583,949,821
35	Parahyangan PUTRA MANDIRI	28,702,796,768
36	Indomining	27,884,708,306
37	MAJOR MINERALS TRISENSA	27,864,512,921

38	MANAMBANG MUARA ENIM	27,780,412,214
39	KUMALA SINAR NAGA	26,516,417,209
40	Firman Ketaun	24,436,137,344
41	Binuang PARTNERS TOGETHER	23,704,578,752
42	ARTHA PRATAMA JAYA	23,655,304,141
43	PRIMA COAL INTERNATIONAL	23,446,561,604
44	ASTRI MINING RESOURCES	22,521,039,368
45	BERAU INDEPENDENT BUSINESS	21,863,546,520
46	BANGUNNUSANTARA JAYAMAKMUR	20,597,111,746
47	INTER LAMINDO MULTIKON	18,432,616,368
48	NUSA DWINAD PROSPER	18,363,753,234
49	Laskar SEMESTA ALAM	17,866,432,702
50	MAKMUR TOGETHER	17,569,477,859
51	INTAN WORKS SELF	17,391,167,692
52	MAIN RAYA KUSUMA	17,221,149,089
53	GENERAL TERMINAL Satui	17,187,740,656
54	THANKS TO LOW REJEKI	17,007,252,671
55	GLOBALINDO INTI ENERGY	16,774,654,578
56	PRIMA MAHAKAM AKBAR REAL	16,696,042,800
57	MAIN Fazar	16,593,772,500
58	BARA SUPRA ENERGY	16,490,957,539
59	SUSTAINABLE ENERGY COAL	16,361,132,858
	IUP 59 PNBP TOTAL COAL COMPANY	3,716,495,954,603

Source: compiled from worksheet Directorate General of Coal and Mineral

Table 20 - List of Minerals Reporting IUP Indonesia EITI Report 2016

NO	Company name	Payment value PNB
1	TIN (Persero) TBK	201,595,970,672
2	Aneka Tambang Tbk	166,626,635,466
3	MINERAL Bintangdelapan	59,821,054,789
4	Sago PRIMA PRATAMA	48,894,604,492
5	VENUS CORE PERKASA	31,851,386,071
6	TININDO INTER NUSA	25,157,558,123
7	DAWN OF CROSS Bhakti Nusantara	19,119,594,183
8	TOWER OF HUMAN NOBLE	18,816,526,006
9	PRIMA MAIN LEAD	18,351,758,454
10	REFINED TIN BANGKA	18,256,427,945
11	BANGKA TIN INDUSTRY	18,116,902,158
12	PRIMA BANGKA TIN	17,550,082,791

IUP PNB 12 TOTAL MINERAL COMPANY	644,158,502,150
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Source: compiled from worksheet Directorate General of Coal and Mineral

Table 21 -Number Mining Company and Contribution

JENIS PERIJINAN	JUMLAH	MATERIALITAS	JUMLAH PNB	PROSENTASE
	PERUSAHAAN			DARI TOTAL PNB
PKP2B	33	> 16 M	18,171,086,418,189	66.92%
Kontrak Karya	8	> 16 M	2,991,655,405,778	11.02%
IUP Batubara	59	> 16 M	3,716,495,954,603	13.69%
IUP Mineral	12	> 16 M	644,158,501,150	2.37%
	112		25,523,396,279,720	94.00%
TOTAL PNB Minerba LKPP (Audited) 2016			27,153,299,350,423	
TOTAL PNB 112 Perusahaan Minerba			25,523,396,279,720	

Especially for transport payments in accordance with the EITI Standard Requirements 4.4, companies that report is PT. Bukit Asam will be reconciled with PT. Kereta Api Indonesia.

Recommendations for the Report 2016:

- IA obliged to follow up looking for information KKKS partner / operator of oil and gas; as well as an update on the company's database PSC and its Partners.
- IA required to find information and perform classification and clarification of the company on the basis of the area of oil and gas and mineral and coal operations.
- IA obliged to find and update on the company's database of mineral and coal
- IA asked to check the status of the CNC for all mineral and coal companies listed in the list of 112 companies and coal are required to submit EITI Report, 2016.

EITI REPORTING FORM OF INDONESIA YEAR 2016

Form EITI Indonesia 2016 will be distributed to companies and government entities to be filled. The central government entities / regions will participate in the EITI Report Indonesia in 2016 is shown in Table 22 below.

Table 22 -Entitas Indonesian Government's EITI Report 2016

Sector	Government entities
Oil and Gas	<ul style="list-style-type: none"> • Directorate General of Oil and Gas • SKK Migas • DG Budget

	<ul style="list-style-type: none"> • DG Fiscal Balance • Directorate General of Taxes *)
Mining	<ul style="list-style-type: none"> • Directorate General of Coal and Mineral • DG Budget • DG Fiscal Balance • DG Taxation
National sub-	<ul style="list-style-type: none"> • Riau provincial government • Provincial Government of East Kalimantan • E. Java

Note: *)Based on the PMK 70 2015 related to income tax and the UN Migas Migas, some functions were transferred to the Directorate General of Budget Tax Directorate since June 2015. So for 2016 has been fully carried reconciliation between Oil and Gas Company with the Directorate General of Taxation.

In general, the reporting form EITI Indonesia just undergone some changes improvements since the third report EITI Indonesia, the 2012-2013 report. Changes improvement was made to adjust for changes that EITI standards of EITI standards in 2013 to 2016. The EITI standards following sections present a description of the form to be filled out by the company for the EITI Report Indonesia 2016 and compliance with EITI standards in 2016 as well as a review of the reporting form in 2015. form in Table 23 are for the oil and gas sector, Table 24 for a coal company, and Table 25 for a mineral company.

Recommendations for the Report 2016:

- Develop recapitulation identity and ownership information of each company in a structured way.
- For a reconciliation report, to recapitulate any information reconciled and are not reconciled structured.

Table 23 - Description of Reporting Form to be filled by the PSC's 2016 Oil and Gas Production

PART	DESCRIPTION FOR REPORT 2016	EITI STANDARD - REQUIREMENT
1. IDENTITY INFORMATION KKKS	PSC's name, work area, expiry date, address	
	Responsible Finance: name, title, telephone / fax, email	
	Responsible technical: name, title, telephone / fax, email, phone no	
2. PSC PROPRIETARY INFORMATION DECEMBER 31, 2016	Participating Interest Holder Name, percentage of ownership, contact name, address, e-mail / phone	requirement 2.5
3. INFORMATION FOR reconciled	Filled by FQR	
	A. Total lifting and production of oil and condensate in the barrel, the value of the USD.	Requirement 4.1 and 4.2
	B. Total lifting and gas production: natural and LPG (in MMBTU, MT, and MMSCF), the total lifting gas (USD), the total gas production (MSCF)	Requirement 4.1 and 4.2
	C. Government lifting: lifting government oil & condensate (barrel), government lifting gas: natural and LPG (in MMBTU, MT, and MMSCF)	Requirement 4.1 and 4.2
	D. DMO oil (Barrels), DMO fee (USD)	Requirement 4.1 and 4.2
	E. Over / under lifting: oil & gas (USD)	Requirement 4.1 and 4.2
	Filled by Cash Basis	
	Signature bonus, bonus Production, Corporate & Tax Divident, the United Nations Oil and Gas	
4. INFORMATION not reconciling	1. Social responsibility (CSR)	requirement 6.3
	2. Direct Payments to Local Governments	requirement 4.6
	3. provision of infrastructure	requirement 4.3
5. HUMAN RESOURCES 2016	Labor and equipment / contract with the status of citizen / foreigner / local	Requirement 3.1 and 6.3
6. DECLARATION OF CONFORMITY		
7. APPENDIX	1. DMO details Fee	Requirement 4.1 and 4.2
	2. Details of Signature Bonus	Requirement 4.1 and 4.2
	3. Production Details Bonus	Requirement 4.1 and 4.2
	4. Details Corporate Tax	Requirement 4.1 and 4.2

	5. Details of Tax Divident	Requirement 4.1 and 4.2
	6. Direct deposit details to LGs	requirement 6.3
	7. Details of Social Cost (CSR)	requirement 4.6
	8. Details Infrastructure Provision	requirement 4.3

Table 24 - Description of Reporting Form 2016 for completion by the Company of Coal

PART	DESCRIPTION FOR REPORT 2016	REQUIREMENT
1. CORPORATE IDENTITY INFORMATION	The company name, the name of the taxpayer, tax ID, address	
	Generation contract, expiry date, comprehensive, coordinate	
	The business license number, expiry date, license issuer, spacious, coordinates	
	Financial undertaking: name, title, email, phone / fax	
	Technical responsible person: name, position, tel / fax, email, phone	
2. PROPRIETARY INFORMATION	The names of shareholders, the percentage owned, contact name, address, phone	requirement 2.5
3. HUMAN RESOURCES PER 31 DES 2016	Labor and equipment / contract with the status of citizen / foreigner / local	Requirement 3.1 and 6.3
4. INFORMATION reconciled	Royalties for the calories low, medium, high	requirement 4.1
	Sales of mining products (for PKP2B)	requirement 4.1
	Corporate income tax article 25 and 29	requirement 4.1
	Dividends to the government	requirement 4.5
	Transportation fee payments	requirement 4.4
	Fixed fees, the UN,	requirement 4.1
5. INFORMATION not reconciling	PDRD, direct payments to the local government,	requirement 4.6
	Social costs (CSR),	requirement 6.1
	provision of Infrastructure	requirement 4.3
	Forest Area	requirement 4.1
	Coal DMO	requirement 4.2
6. COAL PRODUCTION AND SALES DATA	Coal production volume: calories, low, medium, high	requirement 3.2
	The volume of domestic sales: calories, low, medium, high	requirement 3.3
	Overseas sales volume: calories, low, medium, high	requirement 3.3
7. SHEET STATEMENT		
8. SHEET AUTHORIZATION		

9. ATTACHMENT	1. Royalties details: date, NTPN, the amount (USD & USD)	requirement 4.1
	2. IPM details: date, NTPN, the amount (USD & USD)	requirement 4.1
	3. Details Corporate Tax: moon, NTPN, number, date	requirement 4.1
	4. Contribution details remain: region, NTPN, No. SK IUP, the date, the amount (IDR / USD)	requirement 4.1
	5. Details UN: region, NTPN, NOP, KPP location, date, amount	requirement 4.1
	6. PDRD details: date, value, basic, recipient local government	requirement 4.5
	7. Direct deposit details to local government: the date, the value of, the Memorandum of Understanding, the Government of the recipient	requirement 4.5
	8. Details of CSR: activities, the value of the USD / USD	requirement 6.1
	9. Details Infrastructure: type, date, value (USD / IDR), funding method	requirement 4.3
	10. Transportation Fee details: period, transportation providers, the value of (Rp / USD)	requirement 4.4
	11. Details of Forest Area	requirement 4.1
10. ADDITIONAL	Documents Reports Social and Environmental Impact Assessment or the like for enterprises with royalties and / or IPM above Rp 500 Billion	requirement 6.1

Table 25 - Description of Reporting Form to be filled by the Company's 2016 Minerals

PART	DESCRIPTION FOR REPORT 2016	REQUIREMENT
1. CORPORATE IDENTITY INFORMATION	The company name, the name of the taxpayer, tax ID, address	
	Generation contract, expiry date, comprehensive, coordinate	
	The business license number, expiry date, license issuer, spacious, coordinates	
	Financial undertaking: name, title, email, phone / fax	
	Technical responsible person: name, position, tel / fax, email, phone	
2. PROPRIETARY INFORMATION	The names of shareholders, the percentage owned, contact name, address, phone	requirement 2.5
3. HUMAN RESOURCES PER THE END OF 2016	Labor and equipment / contract with the status of citizen / foreigner / local	Requirement 3.1 and 6.3
4. INFORMATION reconciled	Royalties for each commodity	requirement 4.1
	Pph body of article 25 and 29	requirement 4.1

	Dividends to the government	requirement 4.5
	Landrent (Fixed Levy) and the UN Mining	requirement 4.1
5. INFORMATION not reconciling	PDRD, direct payments to the local government,	requirement 4.6
	Social costs (CSR),	requirement 6.1
	provision of Infrastructure	requirement 4.3
	Forest Area	requirement 4.1
6. COAL PRODUCTION AND SALES DATA	Volume and value of production of each commodity	requirement 3.2
	The volume of domestic sales of each commodity	requirement 3.3
	Overseas sales volume of each commodity	requirement 3.3
7. SHEET STATEMENT		
8. SHEET AUTHORIZATION		
9. ATTACHMENT	1. Details of the royalty: date, NTPN, the amount (USD & USD)	requirement 4.1
	2. Details Corporate Tax: moon, NTPN, number, date	requirement 4.1
	3. Contribution details remain: region, NTPN, No. SK IUP, the date, the amount (IDR / USD)	requirement 4.1
	4. Details UN: region, NTPN, NOP, KPP location, date, number	requirement 4.1
	5. PDRD details: date, value, basic, recipient local government	requirement 4.6
	6. Direct deposit details to local government: the date, the value of, the Memorandum of Understanding, the Government of the recipient	requirement 4.6
	7. Details of CSR: activities, the value of the USD / USD	requirement 6.1
	8. Details Infrastructure: type, date, value (USD / IDR), funding method	requirement 4.3
	10. Details of Forest Area	requirement 4.1
10. ADDITIONAL (VOLUNTARY)	Copy documents Reports Social and Environmental Impact Assessment, certificates PROPER, or document similar social and environmental analysis for all enterprise reporting	requirement 6.1

