

## ***End of Year Report: The Indonesian Government's Flood of Debt***

Every single citizen of Indonesia currently has a debt of Rp 8.9 million. At the end of 2013, as SBY's administration entered its final year, the government reached a total debt of Rp 2,277 trillion, a debt that is yet to include the APBN 2014 deficit of Rp 175.3 trillion.

Debt from the intended budget deficit, as well as debt for other development purposes, weighs heavily on the Indonesian people. If the debt is divided between each citizen and the total population of Indonesia in 2013 was 255 million, then each citizen has a debt of Rp 8.9 million, which can be explained as follows:

Year	Debt	Population	Total debt per person
2013	2.277.000.000.000.000	255.587.718	8.908.879
2012	1.978.000.000.000.000	255.587.718	7.739.026
2011	1.809.000.000.000.000	255.587.718	7.077.805
2010	1.682.000.000.000.000	237.641.326	7.077.894
2009	1.591.000.000.000.000	237.641.326	6.694.963
2008	1.637.000.000.000.000	237.641.326	6.888.533
2007	1.389.000.000.000.000	237.641.326	5.844.943
2006	1.302.000.000.000.000	237.641.326	5.478.845
2005	1.313.000.000.000.000	237.641.326	5.525.133
2004	1.300.000.000.000.000	237.641.326	5.470.429
2003	1.232.000.000.000.000	237.641.326	5.184.283

Source: Seknas FITRA, figures from the Director General of Debt Management at the Republic of Indonesia's Ministry of Finance

From the above explanation, Seknas FITRA has recorded the following:

1) The government's debt is tormenting the people, as up until 31<sup>st</sup> December 2012, the government had already signed eight standby loan agreements with the World Bank, ADB, JBIC and the Australian Government, with a total commitment of USD\$10.5 million. Up until 2012, new standby loans of JPY35 million (equal to USD\$350 million) were used through JBIC's publishing of guaranteed samurai bonds (shibosai) in Japan's financial market.

In 2012, the government had to pay a commitment fee, as well as a front-end fee for its unused standby loans, totaling Rp 87.43 million. However, front-end fees of Rp 87.43 million would mean that the people would have to cover the cost.

2) The debt flood is particular to SBY's administration. At the end of Megawati's term in 2003, the debt position was at Rp 1.232 trillion and at the beginning of SBY's term, Indonesia's debt

was at Rp 1.3 trillion. However, by 2013, debt was up to Rp 2.277 trillion. Thus, whilst SBY held presidential office, debt increased by Rp 1.045 trillion.

3) A debt of Rp 2,277 trillion will always be considered safe for the government, when using a debt to PDB (GDP) ratio as an indicator. Between 2009-2013, the debt to PDB ratio was around 29 to 31 percent. However, it's important to remember that between 1990-1996, during the New Order Government, the debt to PDB ratio also remained stable at a range of 20 to 30 percent. Concomitant with the economic crisis in 1997-1998, the ratio increased to its highest ever at 88.8% in 2000. Thus, the debt to PDB ratio will always be invalid and deceive the public, as it includes the wealth of the rich. Furthermore, when the dollar goes up and the Rupiah slumps and has no price in the international market, the debt ratio also goes up.

4) Judging from the above explanation, it would be beneficial for the government to commit to a Debt Moratorium, which could serve as an indicator of the debt to PDB ratio. This would allow the government's debt to decrease, and would mean that citizens wouldn't have to pay a debt of Rp 8.9 million per person.

Subsequently, for every year that there is an increase in debt, it is also the fault of DPR for not tightening the budget or APBN. The budget is always engineered to have a deficit, as it can be covered by debt. However, DPR is able to make savings by, for example, reducing the ministerial operations budget or reducing travel allowances for ministerial officials, or even reducing travel allowances for the presidential office, which in 2012, spent a total Rp 202.2 million on chartered airplanes, under the banner of 'special flights' and 'presidential visits'. Furthermore, a realised budget of Rp 202.2 million allocated for flood assistance in Jakarta and Manado, could decrease the burden on the people and help to rehabilitate destroyed homes.

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