

**Thursday, Aug. 13<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### **IDI urges govt to anticipate overcrowding in COVID-19 referral hospitals**

*Republika, headline*

The Indonesian Medical Association (IDI) has urged the government to anticipate potential overcrowding at COVID-19 referral hospitals.

Zubairi Djoerban, who heads the association's COVID-19 task force, said that with COVID-19 cases still risin, the country's referral hospitals would be at full capacity by next month if the issue was not addressed.

"If [overcrowding] is not prevented, patients will be confused about where to go for treatment. Additionally, more health workers could be infected with COVID-19 from the excessive burden of treating patients [whose numbers] are increasing day by day," he said on Wednesday.

Zubairi advised the government to address the issue by building a new COVID-19 referral hospital. If this would take too long, he suggested the government to consider designating additional referral hospitals from among the existing hospitals

### **Gerindra-PDI-P ties hints at Prabowo-Puan 2024 presidential ticket**

*Koran Tempo*

Relations between the Indonesian Democratic Party of Struggle (PDI-P) and the Gerindra Party have become increasingly friendly, as indicated when PDI-P chairwoman Megawati Soekarnoputri became the only non-Gerindra party leader to be invited to Gerindra's extraordinary congress. Her attendance has prompted many to speculate that the two parties are paving the way for a coalition to contest the 2024 presidential election.

House of Representatives PDI-P faction secretary Bambang Wuryanto commented only that anything could happen in the future in terms of political dynamics, but he did not deny that the current close ties between the PDI-P and Gerindra could be sustained to the presidential elections. "Anyone can make an assumption. Many unexpected things could still happen," he said.

Bambang added, however, that Megawati had not addressed any matters related to the 2024 election. As regards the increasing calls to pair Gerindra chairman Prabowo Subianto with PDI-P executive Puan Maharani on the 2024 presidential ticket, Bambang acknowledged only that Puan was an "icon" of the PDI-P after Megawati, her mother.

A source for *Koran Tempo* said in June that Bambang had gathered all 128 members of the PDI-P's House faction to discuss a number of issues, including the 2024 presidential election.

---

## **Job creation omnibus bill 75% complete**

*Media Indonesia, p. 3*

Coordinating Economic Minister Airlangga Hartarto said that the deliberation of the omnibus bill on job creation was more than 75 percent complete and was due to wrap up soon. "Many investors are waiting for [the omnibus bill], as it will straighten out convoluted regulations," he said.

The NasDem Party's House faction chairman, Ahmad Ali, said that the party, as part of the government coalition, fully supported the omnibus bill.

"This is a government program that will facilitate investment in Indonesia. [NasDem] definitely supports it," he said. Ahmad added that the job creation omnibus bill was the most appropriate solution for the post-pandemic global economy.

Members of the National Mandate Party (PAN) on the House Legislation Body (Baleg) have also expressed their support for the bill.

---

## **Post-pandemic capital city relocation plans remain foggy**

*Kompas, p. 2*

Since the country declared a state of emergency in early March in response to the COVID-19 pandemic, President Joko "Jokowi" Widodo has not publicly addressed

---

plans to relocate the country's capital city from Jakarta to East Kalimantan. The daily media briefings from the Presidential Secretariat have not mentioned the project even once. However, it is not known whether discussions on the megaproject have been taking place behind closed doors.

At a limited Cabinet meeting on the 2021 draft state budget (RAPBN) held at Bogor Palace on Jul. 28, the President instructed his ministers to proceed with the national strategic agenda, but he did not indicate whether the relocation project was on the agenda.

"I want to emphasize again, even though we face great difficulties, we must not forget our bigger agenda, which is needed to get us out of the middle income trap," Jokowi said.

---

### **New civil service status will not affect KPK's graft fight: Palace**

*The Jakarta Post, p. 3*

The State Palace has made assurances that the change in the employee status of Corruption Eradication Commission (KPK) staff to civil servants will not affect the antigraft body's independence, despite concerns from critics.

The Jokowi administration recently issued Government Regulation No. 41/2020 on the change in employee status as mandated by the revised KPK Law. The controversial law stipulates that all private employees of the KPK would be registered as civil servants, with a two-year grace period to implement the change.

Presidential expert staffer Dini Shanti Purwono said that the regulation would not diminish the KPK's independence and cited Article 3 of the revised law to support her claim. The article states that the KPK is to remain independent and free from any external pressures.

However, critics of the law have expressed fear that the change in employee status would undermine the KPK's capacity to fight graft. Former KPK commissioner Laode M. Syarif has stressed that an independent anticorruption body also required its employees to be independent to fulfill its mandate.

---

## BUSINESS AND ECONOMICS NEWS AND HEADLINES

---

### **Residential property sales drop in Q1, Q2 and possibly in Q3**

*Kontan, headline*

Bank Indonesia's (BI) Residential Property Price Survey (SHPR) shows that residential property sales decreased by 25.6 percent in the third quarter and 43.19 percent in the first quarter. The slowdown will likely continue in the third quarter.

The Residential Property Price Index (IHPRI) rose 1.59 percent year-on-year (yoy) in the second quarter, lower than the 1.69 percent yoy growth seen in the first quarter. The growth is expected to slow down even more in the third quarter with a projected growth of 1.19 percent yoy, said

BI executive director for communication Onny Widjanarko said the slowdown in the IHPRI also indicated the decreasing demand for subsidized houses and other properties targeting the lower-middle class market.

According to Indonesian Settlement and Housing Developers Association (Apersi) secretary-general Daniel Djumaidi, the demand from the upper-middle class had decreased significantly by 50-60 percent, while demand from the lower-middle-class segment had decreased by 30-40 percent. The price for the secondary market and direct sales from the developer are also affected by the low demand amid the COVID-19 pandemic.

Property developers have been struggling to survive and maintain their sales as marketing sales dropped 16 percent in the first half with no prospects for new projects. Pricewise, this pandemic might bring the property sector to a new equilibrium that is more reasonable and realistic, said Indonesia Property Watch executive director Ali Traghada.

---

### **Govt plans to spend Rp 700 trillion in Q3**

*Investor Daily, headline*

Coordinating Economic Minister Airlangga Hartarto said the government had spent about Rp 1 quadrillion in the first half of this year, or 37 percent of this year's revised budget of Rp 2.7 quadrillion. He said that the government would boost spending in the remainder of the year, with Rp 700 trillion in the third

quarter and Rp 1 quadrillion in the fourth quarter to save the economy from declining further.

Airlangga said the government realized the need to speed up budget disbursement, especially that of the national economic recovery (PEN) budget of Rp 695 trillion and the budgets belonging to ministries and state institutions, to prevent the economy from going negative again in the third quarter after contracting by 5.3 percent in the second quarter.

Meanwhile, State-Owned Enterprises Minister Erick Thohir, who is also executive chair of the COVID-19 Response and PEN Committee, said that the government would start disbursing the salary top up for 15.7 million employees with monthly salaries of less than Rp 5 million this August. Each worker will get Rp 600,000 a month for the next four months. The measures, Erick said, was to boost consumer demand, which has been the backbone of Indonesia's economic growth.

Meanwhile, President Joko "Jokowi" Widodo expected that the number of stimuli given to the people, particularly those in the low-income segment, would boost economic growth generally. He has also urged governors, regents and mayors to immediately spend the remaining regional budget of Rp 170 trillion.

---

## **\$1.49b earmarked for unbanked businesses**

*The Jakarta Post, headline*

The government is set to disburse on Monday Rp 22 trillion (US\$1.49 billion) in cash transfers for millions of unbankable micro, small and medium enterprises (MSME) to help them start over during the slowing, pandemic-hit economy.

According to Cooperatives and Small and Medium Enterprises Minister Teten Masduki, funds had been allocated for the first phase of the program, which will see 9.1 million MSMEs receive Rp 2.4 million each. It eventually aims to provide cash transfers for 12 million MSMEs.

He said the government had compiled data on around 17 million MSMEs, including from cooperatives, regional administrations and the Financial Services Authority (OJK), adding that the government would "verify and validate" the data so that the stimuli could be "well-targeted".

MSMEs, which account for around 60 percent of Indonesia's gross domestic product (GDP), are among the hardest-hit businesses during the coronavirus outbreak as demand weakens and bank loans become harder to access.

---

President Joko “Jokowi” Widodo has ordered the allocation of Rp 123.47 trillion in stimuli for MSMEs, including fund placement in banks to boost working capital loan disbursements and loan interest subsidies, in addition to the latest cash transfers.

Finance Minister Sri Mulyani Indrawati said on Tuesday that the government was also mulling a plan to provide a zero-interest-rate loan worth up to Rp 2 million each to ultra-micro enterprises.

However, only Rp 32.5 trillion or 27.1 percent from the allocated funds have been disbursed as of Aug. 6, including Rp 30 trillion in fund placements in state-owned banks.

---

### **Govt mulls further incentives to revive tourism**

*Kompas, Economy and Business page*

Coordinating Economic Minister Airlangga Hartarto said that the government was mulling further incentives for the tourism sector that has been decimated by the COVID-19 pandemic. The incentives are expected to encourage domestic tourism and revive the industry.

The incentives, according to Airlangga, would target businesses in the transportation sector, hotels and restaurants, so that they could provide good prices for domestic tourists. The incentives would be an addition to the existing incentives worth Rp 3.8 trillion.

Reviving the tourism sector would help certain regions whose economies rely heavily on tourism such as Bali, Airlangga said, adding that the government was still discussing the size and forms of the new stimuli.

“We are boosting the stimuli for the transportation, accommodation, food and beverages, including also for hotels and restaurants, because all the money will be spent domestically,” Hartarto said in a meeting with the Indonesian Employers Association (Apindo) on Wednesday.

---

### **Pre-employment card selection to be tightened**

*Koran Tempo, Economy and Business page*

The pre-employment card Project Management Office (PMO) will tighten the selection criteria for the fourth and fifth batch participants. The office will use the

---

priority list of names from the Manpower Ministry and the Workers Social Security Agency (BPJS Ketenagakerjaan). Other qualified applicants will be considered only if there are remaining quotas, said pre-employment card PMO spokesperson Louisa Tuhatu.

The PMO has received the data of 2.1 million laid-off workers, and the data will be filtered to exclude those who have received other forms of social aids, including the 1.3 million participants who have been registered in the earlier batches of the job card program. Prospective participants will also need to fulfill the criteria of being under 18 years old, not currently working and pursuing education, and not a civil servant or affiliates of SOEs to be considered on the priority list.

The data verification process for the upcoming batches will use family cards to match the number of participants' ID cards instead of the previously used face scanner. In addition, the fourth batch participants will have the option to choose from the offline training services provided by the Manpower Ministry.

The application for the fourth batch was delayed to Aug. 8 and the application for the fifth batch will follow on Aug. 15. The delay was due to the moratorium imposed by the government while it was reviewing the program. The Corruption Eradication Committee (KPK) has previously noted that only 143,000 out of 1.7 million names on the priority list have benefitted from the pre-employment card program.

---

**Disclaimer:**

Tenggara Strategics always aims to use reliable sources in providing our best analysis to our clients, and is not responsible for any errors, inaccuracies and/or viewpoints in the original source material upon which we have based our analysis. The analysis contained in this document is intended exclusively for our clients who have subscribed to this service, and is not for public consumption or dissemination.

Nothing contained herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Tenggara Strategics, including its employees, be liable for any decisions made or actions taken in reference to the information contained in these documents, or for any incidental, consequential, indirect, special or exemplary damages, including damages from loss of profits or opportunities, even if advised of the possibility of such damages.