



MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA

COPY OF

REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF
INDONESIA NUMBER 127/PMK.07/2011

CONCERNING

MAXIMUM LIMIT OF REGIONAL BUDGET DEFICIT AND MAXIMUM LIMIT OF
CUMULATIVE LOCAL PUBLIC DEBT OF FISCAL YEAR 2012

BY THE GRACE OF GOD ALMIGHTY

THE MINISTER OF FINANCE,

Considering : that in order to order to implement the provision of Article 7 Government Regulation Number 23 Year 2003 concerning Cumulative Sum Control of State Budget and Regional Budget Deficit, and Cumulative Sum of Central Government Borrowing and Local Public Debt, Article 106 paragraph (2) Government Regulation Number 58 Year 2005 concerning Regional Financial Management, and Article 7 paragraph (1) Government Regulation Number 30 Year 2011 concerning Local Public Debt, there is a need to stipulate Regulation of the Minister of Finance concerning Maximum Limit of Regional Budget Deficit and Maximum Limit of Cumulative Local Public Debt of Fiscal Year 2012;

In View of : 1. Government Regulation Number 23 Year 2003 concerning Cumulative Sum Control of State Budget and Regional Budget Deficit, and Cumulative Sum of Central Government Borrowing and Local Public Debt (State Gazette of the Republic of Indonesia Year 2003 Number 48, Supplement to State Gazette of the Republic of Indonesia Number 4287);
2. Government Regulation Number 58 Year 2005 concerning Regional Financial Management (State Gazette of the Republic of Indonesia Year 2005 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 4578);
3. Government Regulation Number 30 Year 2011 concerning Local Public Debt (State Gazette of the Republic of Indonesia Year 2011 Number 59, Supplement to State Gazette of the Republic of Indonesia Number 5219);
4. Presidential Decree Number 56/P Year 2010;

DECIDES:

To stipulate : REGULATION OF THE MINISTER OF FINANCE CONCERNING MAXIMUM LIMIT OF REGIONAL BUDGET DEFICIT AND MAXIMUM LIMIT OF CUMULATIVE LOCAL



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PUBLIC DEBT OF FISCAL YEAR 2012.

CHAPTER I

GENERAL PROVISION

Article 1

In this Regulation of the Minister of Finance, the term:

1. Regional Government is Governor, Regent, or mayor, and regional apparatus as administrative element of regional government.
2. Autonomous Region, hereinafter referred to as Region, is a unity of legal community which has territorial boundaries, authorized to organize and administer the government affairs and the interests of the local community according to its own initiatives based on the community's aspirations in the Unitary State of Republic of Indonesia.
3. Regional Budget, hereinafter referred to as APBD, is annual financial plan of regional government which is discussed and agreed together by the Regional Government and Regional House of People's Representatives, and is stipulated in Regional Regulation.
4. APBD deficit is deficient difference between Regional Income and Regional Expenditure in the same Fiscal Year.
5. Gross Domestic Products, hereafter referred to as PDB, is final value of all of goods and services produced in Indonesia in a certain year, calculated according to market price.
6. Regional Income is Regional Government's right which is acknowledged as addition to net property value.
7. Regional Expenditure is all of regional obligations acknowledged as a reduction to net property value.
8. Local Public Debt is all of transactions that results in Region receiving an amount of money or benefit with money worth from another party that the Region is imposed with repayment obligation.
9. Maximum Cumulative Limit of APBD Deficit is the amount of deficie of all APBD in a Fiscal Year.
10. Maximum Limit of APBD Deficit is APBD Deficit that may not be exceeded by each of Region in a certain Fiscal Year.
11. Maximum Cumulative Limit of Local Public Debt is the total amount of debt of all Regios until certain Fiscal Year.

CHAPTER II



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MAXIMUM LIMIT OF APBD DEFICIT

Article 2

- (1) Maximum Cumulative Limit of APBD Deficit of Fiscal Year 2012 is defined for 0.5% (zero point five percent) of PDB projection of Fiscal Year 2012.
- (2) PDB as referred to in paragraph (1) is PDB projection which is used in terms of arrangement of State Budget of Fiscal Year 2012.

Article 3

- (1) Maximum Limit of APBD Deficit of Fiscal Year 2012 for each Region is defined for 6% (six percent) of estimate of Regional Income of Fiscal Year 2012.
- (2) Maximum Limit of APBD Deficit of each Region as referred to in paragraph (1) is the basis for Regional Government in defining APBD deficit of Fiscal Year 2012.

CHAPTER III

MAXIMUM CUMULATIVE LIMIT OF LOCAL PUBLIC DEBT

Article 4

- (1) Maximum Cumulative Limit of Local Public Debt which is still as Regional obligation until Fiscal Year 2012 is defined for 0.35% (zero point thirty five percent) of PDB projection as referred to in Article 2 paragraph (2).
- (2) Local Public Debt as referred to in paragraph (1) includes local public debt which is forwarded to be a loan, grant, and/or investment capital to Local-Owned Enterprises.

CHAPTER IV

PENGENDALIAN DEFISIT APBD

Article 5

- (1) Regional Government reports the excess plan of Maximum Limit of APBD Deficit as referred to in Article 3 paragraph (1) to the Minister of Finance prior to the stipulation of APBD.
- (2) In the event APBD deficit is going to be funded with Local Public Debt originated from forwarded foreign borrowing, other Regional Government, bank financial institution, and non-bank financial institution with the amount of Local Public Debt exceeds 6% (six percent) of the estimate of Regional Income of Fiscal Year 2012, the APBD deficit must be approved by the Minister of Finance.
- (3) The Minister of Finance, in granting approval as



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referred to in paragraph (2), request first a consideration to the Minister of Domestic Affairs.

- (4) The approval of the Minister of Finance as referred to in paragraph (2) is granted as long as the Maximum Cumulative Limit of APBD Deficit as referred to in Article 2 paragraph (1) is not exceeded.

Article 6

The procedures of excess of Maximum Limit of APBD Deficit which is funded with Local Public Debt as referred to in Article 5 is made provided that:

- a. Governor, regent, or mayor submits application for approval of excess of Maximum Limit of APBD Deficit to the Minister of Finance c.q. the Director General of Financial Balancing and the Minister of Domestic Affairs c.q. the Director General of Regional Public Finance.
- b. The application for approval as referred to in item a is submitted by the regent or mayor, with carbon copy to the governor.
- c. The application for approval as referred to in item a is submitted at the latest 1 (one) month prior to the submission of Draft of Regional Regulation concerning APBD or Draft of Regional Regulation concerning APBD Amendment for evaluation.
- d. The application for approval as referred to in item a contains the reason of excess of Maximum Limit of APBD Deficit and the plan on the borrowing usage, enclosed with documents:
 1. Regional Government's Financial Statement for 3 (three) recent years;
 2. APBD Draft or APBD Amendment Draft of the concerned year;
 3. calculation of the remaining Local Public Debt plus the amount of borrowing to be withdrawn not more than 75% (seventy five percent) of general APBD receipt of the previous year; and
 4. calculation on the ratio of regional financial ability to return the borrowing.
- e. On the basis of application for approval as referred to in item a, the Director General of Financial Balancing on behalf of the Minister of Finance request a consideration to the Minister of Domestic Affairs c.q. the Director General of Regional Public Finance.
- f. The Director General of Regional Public Finance on behalf of the Minister of Domestic Affairs suggests consideration within 10 (ten) business days as of the



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receipt of consideration request by the Director General of Financial Balancing on behalf of the Minister of Finance.

- g. In the event the Director General of Regional Public Finance on behalf of the Minister of Domestic Affairs does not give consideration within the period as referred to in item f, the Director General of Financial Balancing on behalf of the Minister of Finance suggest approval or rejection on the excess of Maximum Limit of APBD Deficit.
- h. The Director General of Financial Balancing on behalf of the Minister of Finance is obliged to give approval or rejection within 20 (twenty) business days as of the receipt of complete documents as referred to in item d.

Article 7

The approval or rejection of the Director General of Financial Balancing on behalf of the Minister of Finance on the excess of Maximum Limit of APBD Deficit which is funded with Local Public Debt as referred to in Article 6 is the required documents for the evaluation process of Regional Regulation Draft concerning APBD or Regional Regulation Draft concerning APBD Amendment.

CHAPTER V

LOCAL PUBLIC DEBT PLAN BALANCING

Article 8

- (1) Governor submits Middle Term Borrowing and Long Term Borrowing plan originated from forwarded foreign borrowing, other Regional Government, bank financial institution, and non-bank financial institution to the Minister of Domestic Affairs for consideration.
- (2) Regent or mayor submits Middle Term Borrowing and Long Term Borrowing plan originated from forwarded foreign borrowing, other Regional Government, bank financial institution, and non-bank financial institution to the Minister of Domestic Affairs for consideration with carbon copy to governor.
- (3) The submission as referred to in paragraph (1) and (2) encloses at least:
 - a. approval of Regional Houses of People's Representatives on the Local Public Debt plan;
 - b. copy of minute of governor, regent, or mayor installation;
 - c. statement as having no arrearage on borrowing return originated from the Government;



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- d. frame of reference of activities that will be financed with borrowing;
 - e. calculation on the ratio of regional financial ability to return the borrowing.
 - f. Regional Government's Financial Statement for 3 (three) recent years;
 - g. APBD Draft or APBD Amendment Draft fo the concerned year;
 - h. comparison of the remaining Local Public Debt plus the amount of borrowing to be withdrawn not more than 75% (seventy five percent) of general APBD receipt of the previous year; and
 - i. borrowing financial plan.
- (4) The Minister of Domestic Affairs suggests consideration to the govenror, regent, or mayor as referred to in paragraph (1) and paragraph (2) after making coordination to the Minister of Finance.

CHAPTER VI

MONITORING OF REGIONAL BUDGET AND LOCAL
PUBLIC DEBT DEFICIT

Article 9

Regional Government is obliged to report the position of cumulative borrowing and borrowing obligation to the Minister of Finance and the Minister of Domestic Affairs in the current financial year.

Article 10

- (1) The Minister of Finance makes monitoring on APBD and Local Public Debt Deficit in terms of cumulative APBD Deficit and Cumulative Local Public Debt.
- (2) Based on the monitoring as referred to in paragraph (1), the Minister of Finance makes evaluation in order to stipulate the Maximum Cumulative Limit of APBD Deficit and Maximum Cumulative Limit of Local Public Debt of Fiscal Year 2013.

CHAPTER VI

CLOSING PROVISION

Article 11

This Regulation of the Minister of Finance shall come into force on the date of its promulgation.

For public cognizance, this Regulation of the Minister of Finance shall be promulgated by placing it in State Gazette



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of the Republic of Indonesia.

Stipulated in Jakarta
on August 15, 2011
MINISTER OF FINANCE
Signed,
AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta
On August 15, 2011
MINISTER OF LAW AND HUMAN RIGHTS
Signed
PATRIALIS AKBAR

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 500