



FINANCE MINISTER
THE REPUBLIC OF INDONESIA

COPY

REGULATION OF THE FINANCE MINISTER

NUMBER 138 / PMK.07 / 2009

ON

THE CUMULATIVE DEFICIT CEILING OF THE LOCAL REVENUE AND
EXPENDITURE BUDGET, THE DEFICIT CEILING OF THE LOCAL REVENUE AND
EXPENDITURE BUDGET OF EACH REGION, AND THE CUMULATIVE DEFICIT
CEILING OF LOCAL LOANS FOR FISCAL YEAR 2010

BY THE GRACE OF THE ONE ALMIGHTY GOD

THE FINANCE MINISTER,

- Having considered : That in order to implement the provision of Article 10 paragraph (2) of Government Regulation Number 54 of 2005 on Local Loans and Article 106 paragraph (2) Government Regulation Number 58 of 2005 on Local Financial Management, it is necessary to enact the Regulation on the Cumulative Deficit Ceiling of The Local Revenue and Expenditure Budget, the Deficit Ceiling of the Local Revenue And Expenditure Budget Of Each Region, and the Cumulative Deficit Ceiling of Local Loans for Fiscal Year 2010
- Having observed : 1. Law Number 17 of 2003 on State Finance (State Gazette of the Republic of Indonesia Number 47 of 2003, Supplement to State Gazette of the Republic of Indonesia Number 4286);
2. Law Number 32 of 2004 on Local Government (State Gazette of the Republic of Indonesia Number 125 of 2004, Supplement to State Gazette of the Republic of Indonesia Number 4437) as amended several times and last by Law Number 12 of 2008 (State Gazette of the Republic of Indonesia Number 59 of 2008, Supplement of State Gazette of the Republic of Indonesia Number 4844);
3. Law Number 33 of 2004 on Fiscal Balance between the Central Government and the Local Government (State Gazette of the Republic of Indonesia Number 126 of 2004, Supplement of State Gazette of the Republic of Indonesia Number 4438);
4. Government Regulation Number 23 of 2003 on the Control of Cumulative Deficit of the State Revenue and Expenditure Budget and the Local Revenue and Expenditure Budget and the Cumulative Amount of the Loans of the Central and Local Governments.



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5. Government Regulation Number 54 of 2005 on Local Loan (State Gazette of the Republic of Indonesia Number 136 of 2005, Supplement of State Gazette of the Republic of Indonesia Number 4574);
6. Government Regulation Number 58 of 2005 on Local Financial Management (State Gazette of the Republic of Indonesia Number 140 of 2005, Supplement of State Gazette of the Republic of Indonesia Number 4578);
7. Government Regulation Number 20/P of 2005;
8. Regulation of the Finance Minister Number 45/PMK.02/2006 on the Procedure for the Implementation and Mechanism of Monitoring of Deficit of Local Budget of Revenues and Expenditures and Local Loan;

HAS DECIDED

To enact : REGULATION OF THE FINANCE MINISTER ON THE CUMULATIVE DEFICIT CEILING OF THE LOCAL REVENUE AND EXPENDITURE BUDGET, THE DEFICIT CEILING OF THE LOCAL REVENUE AND EXPENDITURE BUDGET OF EACH REGION, AND THE CUMULATIVE DEFICIT CEILING OF LOCAL LOANS FOR FISCAL YEAR 2010.

CHAPTER I

GENERAL PROVISIONS

Article 1

For the purpose of this Regulation, the following words have the following meanings:

1. Local Government means Governor, Head of District, or Mayor, and local apparatus as elements in the administration of local government.
2. Autonomous Region, hereinafter referred to as Region, means a unit of legal community with territorial boundaries which has the authority to manage its own governmental affairs and the interest of the community in that region on its own initiation based on the aspirations from the community within the system of the Unitary State of the Republic of Indonesia.
3. Local Revenue and Expenditure Budget, hereinafter referred to as APBD, means an annual financial planning of the local government which is discussed and jointly approved by the Local Government and the Local House of Representatives, and validated in a Local Regulation.
4. Deficit APBD means a deficit between the Local Revenues and Local Expenditures in the same year.
5. Gross Domestic Product, hereinafter referred to as GDP, means the total value of all goods and services produced in Indonesia in a specific year which is calculated using the market price.
6. Local Revenue means the right of the Local Government which is acknowledged as an addition to the net asset value.



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7. Local Expenditures means all local obligations which deduct the net asset value.
8. Local Loan means all transactions which make the Region receive a sum of money or receive monetary benefits from other parties and therefore such Region has the obligation to repay.
9. Cumulative Deficit Ceiling of APBD means the total deficit of all APBDs in a Fiscal Year which is determined by the Finance Minister.
10. Deficit Ceiling of APBD means an APBD deficit which shall not be exceeded by each Region in a Fiscal Year and which is determined by the Finance Minister.
11. Cumulative Deficit Ceiling of Local Loans means the total amount of loans of all Regions up to a particular Fiscal Year which is determined by the Finance Minister.

CHAPTER II

THE CUMULATIVE DEFICIT CEILING OF THE LOCAL
REVENUE AND EXPENDITURE BUDGET

Article 2

- (1) The Cumulative Deficit Ceiling of APBD for Fiscal Year 2010 shall be 0.3% (zero point three percent) of the projection of GDP in Fiscal Year 2010.
- (2) Deficit as referred to in paragraph (1) shall be the deficit funded by the Local Loans.
- (3) GDP as referred to in paragraph (1) shall be the projection of GDP which is used in the drafting of State Budget for Fiscal Year 2010.

CHAPTER III

THE DEFICIT CEILING OF THE LOCAL REVENUE AND
EXPENDITURE BUDGET OF EACH REGION

- (1) The Deficit Ceiling of APBD of each region shall be 4.5% (four point five percent) of the estimated Local Revenues for Fiscal Year 2010.
- (2) The Deficit Ceiling of APBD as referred to in paragraph (1) shall be the deficit funded by the Local Loans.



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Article 4

The Deficit Ceiling of APBD of each region as referred to in Article 3 shall be used by the Local Government as a reference in the determination of the deficit of APBD for Fiscal Year 2010.

Article 5

- (1) Any Region may exceed the Deficit Ceiling of APBD as referred to in Article 3 after submitting an application and obtaining an approval from the Finance Minister upon the consideration of the Minister of Home Affairs.
- (2) The approval from the Finance Minister as referred to in paragraph (1) shall fulfill the following conditions:
 - a. The Deficit Ceiling of APBD as referred to in Article 2 paragraph (1) is not exceeded; and
 - b. The requirements on the purpose, the amount of obligations incurred from loans and the region's financial capacity are met.

Article 6

The procedure for the application for approval for excess in the Deficit Ceiling of APBD as referred to in Article 5 paragraph (1) shall be as follows:

- a. The Local Government submits an application for approval for excess in the Deficit Ceiling of APBD to the Finance Minister c.q. Directorate General of Fiscal Balance and to the Minister of Home Affairs c.q. Director General of Empowerment of Local Financial Administration and encloses data containing the reason(s) for the excess in the Deficit Ceiling of APBD.
- b. The application for approval for excess in the Deficit Ceiling of the APBD shall be submitted after there is a joint approval by the Head of Region and the Local House of Representatives for the Draft Local Government on APBD.
- c. The approval for excesses in the Deficit Ceiling of APBD shall constitute an inseparable document in the implementation of Local Loans for the region which exceeds the Deficit Ceiling of APBD as referred to in Article 3 paragraph (1).

Article 7

- (1) The Minister of Home Affairs c.q. Director General of Empowerment of Local Financial Administration shall provide his consideration to the Finance Minister no later than 7 (seven) working days upon receipt of application letter from the region.



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- (2) The Finance Minister c.q. Director General of Fiscal Balance shall provide an approval/a rejection for the application from the region no later than 7 (seven) working days upon receipt of letter of consideration from the Minister of Home Affairs.
- (3) If the Minister of Home Affairs c.q. Director General of Empowerment of Local Financial Administration does not provide the consideration within 7 (seven) working days as referred to in paragraph (1), the Finance Minister c.q. Director General of Fiscal Balance provide give an approval/ a rejection no later than 14 (fourteen) working days upon receipt of application letter from the region.

Article 8

The approval/rejection from the Finance Minister c.q. Director General of Fiscal Balance for the excess in the Deficit Ceiling of APBD as referred to in Article 7 shall not constitute a document required in the process of evaluation of Draft Local Regulation on APBD.

CHAPTER IV

THE CUMULATIVE CEILING OF LOCAL LOANS

The Cumulative Ceiling of Local Loans which constitutes a Region's obligations up to Fiscal Year 2010 shall be 0.35% (zero point thirty five percent) of the projection of GDP as referred to in Article 2 paragraph (3).

CHAPTER V

THE MONITORING OF THE DEFICIT
OF LOCAL REVENUE AND EXPENDITURE BUDGET
AND LOCAL LOANS

Article 10

- (1) The Finance Minister shall monitor the deficit of Local Budget and of Local Loans in order to control the cumulative deficit of APBD and the cumulative deficit of Local Loans.
- (2) Based on the monitoring as referred to in paragraph (1), the Finance Minister shall carry out an evaluation in order to determine the Cumulative Deficit Ceiling of APBD and Cumulative Deficit Ceiling of Local Loans for Fiscal Year 2011.



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CHAPTER VI
CLOSING PROVISIONS

Article 14

This Regulation of the Minister of Finance shall be effective as of the date of its promulgation.

In order that this Regulation is known to the general public, it is hereby ordered that this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Enacted in Jakarta

On 28 August 2009

FINANCE MINISTER

(Signed)

SRI MULYANI INDRAWATI

Promulgated in Jakarta

On 31 August 2009

MINISTER OF JUSTICE AND HUMAN RIGHTS,

(Signed)

ANDI MATTALATTA

OFFICIAL GAZETTE OF THE REPUBLIC INDONESIA NUMBER 281 OF 2009

This copy is in conformity with the original
Head of General Affairs Bureau
For
Head of Administration, the Ministry of Finance

(signed and sealed with the seal of the
General Affairs Bureau)
Antonius Suharto
NIP 060041107