

## EDITORIAL

## Thanks, but not today

Most people would be reluctant to have their salaries cut to feed into a state-sponsored program, especially at a time when everyone is concerned about weakening purchasing power.

Amid reports of the decline of the middle class in the country, the government has announced a mandatory pension program led by the Financial Services Authority (OJK) that would require employees to set aside a portion of their salary for an additional third-party pension fund on top of monthly obligations they already pay to the Workers Social Security Agency (BPJS Ketenagakerjaan).

There is a silver lining to the move, as it will help workers better prepare for retirement. Under the current system, retired Indonesians have to live on about 20 percent of their annual working income, far below the International Labor Organization's (ILO) recommendation of 40 percent.

However, the government should consider putting the program on hold and maintain any participation as optional.

This is partly because the only appropriate target for these programs are likely to be employees in the formal sector, whose income is easily measured and tracked due to their existing compliance with taxation and the BPJS.

The salary cut would punish employees in the formal sector, as the government would add to their burden with more costs to bear, while potentially incentivizing people to stay in the informal sector in order to avoid these kinds of obligations.

This could complicate the government's efforts to reverse the worrying trend that nearly 60 percent of the Indonesian workforce is employed in the informal sector, according to Statistics Indonesia data this February.

The OJK and other relevant institutions are still working on the details of implementing the program, but we know that there will be a certain income threshold whereby employees earning at least that minimum parameter will have to participate.

For employees earning around the minimum wage of about Rp 5 million (US\$326) a month, this would prove burdensome, as many live from hand to mouth with little access to social safety nets, which are only available for those truly living below the poverty line of over Rp 580,000 in monthly spending.

In developed countries, such mandatory pension schemes are accompanied by sufficient social safety nets that also cover certain sections of the middle-class population.

Moreover, Indonesian pension schemes, including the BPJS, require employers to bear a certain percentage of the monthly contribution alongside their employees.

While some established and prominent companies already take this into account, other businesses will have to prepare to set aside more company funds, which could translate into higher operational costs.

It would be prudent to anticipate potential risks, including the possibility of employee demands for additional remuneration to offset the impact of salary reductions associated with the program.

In addition, the government is poised to implement another analogous monthly contribution obligation in the forthcoming years, designated as Tapera. This policy requires employees to allocate a specified percentage of their monthly income for the purpose of home ownership, with employers similarly obliged to contribute.

Moreover, participation in a pension fund is not a straightforward undertaking, as it still entails a degree of risk.

As participants, employees must continue to oversee the investment decisions made by pension fund entities regarding the cultivation of their assets within the company. This includes monitoring the allocation of significant portions of these assets, such as those invested in stocks, which could potentially constitute up to half of the total value.

In the wake of market volatility during COVID-19, many Indonesians were unaware of these risks and were unable to accept the losses incurred when the stock market plunged, leading to distrust in these schemes. Furthermore, numerous high-profile cases of financial malfeasance and mismanagement of pension funds have emerged in recent years, yet the OJK has yet to provide satisfactory resolutions.

# Land reform: Toward sustainable land management

By Sofyan Djali

Jakarta

A former agrarian and spatial planning minister and former head of the National Land Agency (2016-2022)



Regulations on spatial planning and land management should be included among the top reform priorities in the cabinet president-elect Prabowo Subianto will form after he is inaugurated on Oct. 20. This is because these two functions are directly related to land, including inland water, marine areas, airspace and subterranean resources, all of which are Indonesia's natural assets.

Without judicious spatial planning, the drive for economic development could come at the cost of environmental sustainability. Indonesia must balance the use of its land for economic, social and cultural purposes with the need for conservation and climate change mitigation.

According to Statistics Indonesia (BPS), the country has a land area of 188 million hectares that is divided into two administrative designations: forest area and area for other uses (APL).

APL refers to land used for purposes other than forest and is seen as production zones. This classification has not changed, despite discrepancies with current land use and land cover realities, creating ambiguity and uncertainty in land administration.

The Environment and Forestry Ministry reports that 120.3 million ha, or 64 percent of Indonesia's total landmass, are classified as state forest area and fall under its jurisdiction. However, based on land cover analysis, 31.8 million ha, or 26.4 percent of the designated state forest area, no longer fulfill the definition of forests due to degraded land cover.

In reality, these areas have low carbon stocks and include production land cultivated by communities for agriculture, grasslands, transmigration programs, rice fields, settlements and public infrastructure, such as airports and seaports.

On the other hand, the ministry's data also show that the Agrarian and Spatial Planning Ministry/National Land Agency (BPN) regulates and manages 67.7 million ha, or 36 percent of the total landmass designated as production land (AP).

However, around 7 million ha of APL have forest cover that ecologically meets the terminology and criteria for their classification as a forest area.

Furthermore, communities could not obtain land certification for the production land they own and cultivate, from the government via the agrarian ministry, because they are seen to be violating the law.

Such incompatible realities indicate that spatial planning and land administration gover-



Antara/Bayu Pratama S.

**Shady canopy:** A resident of Belangian village stands on Aug. 21 next to a tall *benuang laki* (*Duabanga moluccana blume*), a native evergreen species, in the Kahung tropical rainforest of Banjar regency, South Kalimantan.

nance in Indonesia need review and reform.

To address the misalignment of land use, it is timely to reintroduce the "fit for purpose" principle in spatial planning, meaning that planning and use of space (land) should be in accordance with the specific needs and objectives that have been set.

The principle means that spatial planning should be in alignment with government policies and designed to support the expected functions of an area, ranging from production to protection and preservation, to achieve a well-defined goal. For example, areas that function as rice fields, gardens or settlements may not be classified as a state forest area.

Land management related to use/utilization and tenure must be regulated in such a way that land is used efficiently and effectively, ensuring there is no waste in land use and that each part of an area is used fit for purpose. This is crucial for Indonesia, where land problems, including overlapping land claims, land tenure and land speculation, have been perpetual issues that need to be resolved.

Spatial planning needs to take into account the local community's life needs, population growth and expectations. This includes access to public facilities, green spaces, infrastructure,

irrigation and rice fields.

Hence, it should be flexible enough to adapt to changing needs in the future.

The fit for purpose principle should be adopted and manifested in the Land Bank Agency, a sui generis (special institution) established in Law No. 11/2020 on job creation that is tasked with managing state or abandoned and unproductive land for converting into productive use, while simultaneously carrying out equitable development efforts.

A well-managed land bank could spur economic growth by reducing land-related barriers to investment and infrastructure development. This could improve the business environment, attract investment, help reduce poverty by creating jobs and increase access to food and energy production, as well as housing. It can also reduce land conflicts.

Under the fit for purpose principle, the agrarian ministry administers spatial planning and land use tenure while the forestry ministry administers and supervises forests and the environment, but no longer has authority on land use tenure.

For technical arrangements, the Land Bank Agency will take over the current function of the forestry ministry in managing ecologically non-forest areas as a representation of state control. Consequently, with the trans-

fer of ecologically non-forest areas to the Land Bank Agency, their utilization is adjusted in line with the fit for purpose spatial planning.

This will indirectly address the accusation of deforestation, which is actually misinformed due to the fact that much of the forest area claimed by the forestry ministry no longer has forest cover.

Managing non-forest areas with fit for purpose spatial planning will bring about many benefits to the people. It will provide additional land for socioeconomic activities, notably for agriculture and agroforestry, food security, green energy development and other commodity-based industries. The fit for purpose framework will also provide suitable areas for conservation, afforestation and reforestation toward a green economy.

The Land Bank Agency will administer land redistribution and certification for communities in former forest areas, which will hopefully open new opportunities for income-generating activities and improve quality of life for otherwise landless people. The agency will be able to accelerate the completion of tenurial settlements.

Under such a scenario, if all ecologically non-forest areas become more productive under the APL classification, our ecological forest cover area would be 95.5 million ha, or 51.7 percent of the country's total land. This consists of 88.5 million ha of forestland plus an additional 7 million ha of ecological forestland in APLs.

Forest areas will remain the largest portion of total land, compared to agricultural land at 31.2 percent and land for other uses at 17.1 percent.

Two policy recommendations need to be implemented to expedite spatial regularity and improve forestry governance and productivity.

The first is to unify and merge the management of forest spatial planning and land use tenure, or land allocation planning, which is now under the forestry ministry, into the agrarian ministry as the sole, national spatial planning institution. This will realize a single land administration.

Second, it is imperative to restore the basic duties and functions of the forestry ministry in managing forest areas for specific functions and purposes, such as production, protection and conservation. The ministry's land use and land allocation authority must be rescinded and transferred to the agrarian ministry.

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## National airspace management law pressing for RI

It is unfortunate that the current House of Representatives is almost certain to be unable to deliberate and pass the national airspace management bill into law, despite the strategic importance of the legislation for Indonesia.

With their term ending in two weeks, the lawmakers have been preoccupied by other draft laws that are believed to facilitate a smooth transition from the current administration to the incoming one.

Proposed by the Defense Ministry, the national airspace management bill was drafted to establish a comprehensive regulation on national airspace management. We can only hope that the new House members will prioritize the deliberation of the bill after their inauguration on Oct. 1.

For one, the draft law on national airspace management raises the United Nations Convention on the Law of the Sea (UNCLOS) 1982 and the Indonesian Archipelagic Sea Lanes (ALKI) issue all at once.

It aims to address the grey area of foreign military or state aircraft rights. Given the escalating tensions in the South China Sea, the number of such flights in ALKI will potentially increase, which is why we urgently need such legislation.

Although UNCLOS is called the "Law of the Sea", it also covers airspace and the operation of aircraft, as stated in official UN documents. UNCLOS defines volumes of airspace that are sovereign and international. It rules where states may make laws and where states may not make international laws.

One of the primary motiva-



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Antara/M. Risyal Hidayat

**Awesome airmen:** The Indonesian Air Force's Jupiter Aerobatic Team, flying South Korea's KAI KT-1 Woongbi single engine turboprop plane, perform a maneuver during an exercise on Aug. 10 prior to landing at Sultan Haji Muhammad Sulaiman International Airport in Balikpapan, East Kalimantan.

tions for the draft law is to address the lack of clear regulations with firm sanctions on national airspace management.

This situation has left Indonesia vulnerable to foreign state aircraft violations. Indonesia's strategic location makes it a key transit route for both civil and state aircraft.

In recent years, there have been numerous national airspace violations, especially by foreign state aircraft. Not only do they infringe on sovereignty,

but such breaches also pose serious risks to national defense and aviation security.

Military aircraft are allowed to escort their aircraft carrier while passing through ALKI. However, there are reports that numerous fighters are flying too high and far. Questions have been raised about whether such aircraft are performing escort duties, also because they are not in the high seas. The territory of an archipelagic state should be respected to avoid unnecessary provocation

in the region.

From the Indonesian Air Force (TNI AU) perspective, such maneuvers contain security threats to national defense. The TNI AU claims it has a strong ground because the new Indonesian capital city Nusantara in East Kalimantan sits near ALKI-2. No doubt, the relocation of the capital city from Java to Kalimantan has led to new defense challenges for Indonesian airspace management.

The capital city relocation has provided momentum to enact a more comprehensive legal framework. This step is to ensure the national airspace surrounding Nusantara is adequately protected. Indeed, Government Regulation No. 4/2018 on National Airspace Security is in force and classifies the airspace above the Presidential Palace as a no-fly zone. However, this limited designation may no longer suffice in the context of the future fully operational capital.

The draft law will redefine the airspace above Nusantara, potentially declaring it a restricted or prohibited zone to ensure maximum security.

As a consequence, the new Nusantara airport should be reserved for noncommercial and state aircraft flights only. Meanwhile, Sultan Aji Muhammad Sulaiman Airport in Balikpapan must be maintained as a commercial airport.

Furthermore, the capital relocation also affects the country's Air Defense Identification Zone (ADIZ). Indonesia's ADIZ is currently centered around the airspace over Java, Madura, Bali and surrounding lesser islands, based on National Air Defense (Pangkohanudnas) Commander

Regulation No. 4/2010. With the capital moving up to East Kalimantan, the Indonesian Military (TNI) has to update the ADIZ.

As ADIZ deals with consistent legal enforcement and not only drawings on maps, it will trigger the formation of new Air Force squadrons. Hopefully, it is not only about increasing the number of fighter jets and transport planes, but also drones.

Plans to increase defense capacity through a legal framework should be balanced with the government's commitment to civil flight security.

In parallel with the completion of the national airspace management bill, the government needs to ratify Article 3bis of the Chicago Convention of 1944. The article refrains from the use of weapons applies to any civilian aircraft. Although Article 3bis has become an international customary law, the world still needs to see Indonesia's good faith through ratification.

Considering the newly enacted Jakarta-Singapore Flight Information Region, Indonesia needs to gain global confidence by ratifying the article. Such an action is also important to prevent new tension in the region.

The onus is on the incoming administration of president-elect Prabowo Subianto to finalize the national airspace management bill and enact it sooner rather than later. Making it a top priority on the legislation agenda will level up national airspace management.

The protracted Russian-Ukraine war, the current Middle East crisis and the Qatar airspace blockade a few years ago have shown how significant it is for a nation to rule the air.