

Constructing “Jalur Sutera” in Sumatera with Sumatera Trans Toll

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The Government has determined to construct connectivity inter province in Sumatera gradually with the road of Tol Trans Sumatera less than 2,600 km as totally estimated will take Rp 332 trillion. The determination of Government is contained in the Presidential Regulation Number 100 of 2014 concerning Acceleration for the Toll Road Development in Sumatera, in which the Government assigned PT Hutama Karya (Persero) to exploit the construction, operation and maintenance. There have been 24 sections assigned to PT Hutama Karya (Persero) in which for the first stage of PT Hutama Karya (Persero) shall be required to complete the construction of 8 sections at the latest end of 2019, namely Medan – Binjai, Palembang – Indralaya, Pekanbaru – Dumai, Bakauheni – Terbanggi Besar, Terbanggi Besar – Pematang Panggang, Pematang Panggang – Kayu Agung, Palembang – Tanjung Api-Api and Kisaran – Tebing Tinggi.

The purposes underlying the development of Tol Trans Sumatera as expressed by President Joko Widodo upon the ground breaking in Palembang

in May 2015 such as improving the economy in Sumatera as Sumatera is the largest contributor of national PDB after Java island and during the latest years for the sufficient economy growth trend so that the supply of transportation infrastructure is expected to accelerate the economy growth. Line of Tol Trans Sumatera will stretch from Aceh province in the north end until the Lampung province in the end of south in Sumatera island and be expected to be road arterial of Sumatera economy. This line can be said such as the former Jalur Sutra to the connecting or road arterial of economy alongside 6,400km between Europe and East Asia.

However, to reach the purposes, commitment is strongly required from the Government, not only from the side of land provision so needed, but it views from the side of funding. The article, cost of the toll project construction in which the amount is not little and may not be funded independently from the project revenues which are very dependent on the number of vehicle across the toll road. The project of Tol Trans Sumatera is not commercial, has not yet been equalized with the project of toll in Java as average total road user in Sumatera for a period of 5 years to come cannot equalize average total road user in Java. Consequently, the project of Tol Trans Sumatera is dependent on the fund of the Government or APBN/APBD. This is proved from the relatively low to the amount of load compared to the project value that can be

obtained by the section of Medan-Binjai and Palembang-Indralaya, even though it the sections with the prospect of the best traffic volume compared to the sections of the other Tol Trans Sumatera. The larger traffic volume, the larger cash flow of the revenues that will become the source of interest burden payment and returning of the debt to the Creditor, but it seems profile for the cash flow of revenues to the section of Medan-Binjai and Palembang-Indralaya which is relatively low so that the Creditor is only prepared to give the loan of 30% from total project investment value, even though the interest burden given is sufficiently low and period of loan to reach 25 years. Portion of debt financing of the two sections is lower than the toll projects in Java Island which can obtain the debt financing up to 70% from total investment value of the project. Therefore, by realizing the two toll sections, the Government should provide the fund of APBN up to 70% from the investment value through the State Capital Participation (PMN). It starts from the second section, definitely it can be understood if the need of PMN will be huge to the other sections of Tol Trans, projection of the car traffic is not the best two sections.

Further, the fund of PMN for the project of Tol Trans Sumatera should be ensured that the availability in accordance with the schedule as the creditor will not take risk to give the fund before the whole portion of PMN at each

section is fully disbursed. Risk on the approval of budgeting the fund of PMN proved in the discussion of the previous APBN 2016 in which the need of PMN 2016 in the amount of Rp3 trillion addressed by the Government for the section of Pekanbaru – Dumai and section of Bakauheni – Terbanggi Besar was rejected by the Representative House (DPR) along with all proposals of the other PMN with total PMN in the amount of Rp 40.4 trillion.

Based on the said observation, can be acknowledged that commitment of Government is actually required to realize Tol Trans Sumatera, as wished by the Government as the road arterial of economy, such as any ‘jalur sutera’, in Sumatera island in support of the Indonesia economy growth as a whole. Of course, the necessary commitment involves the related agencies/ministry, either at central level or region. Support from the legislative institution and various social elements becomes the determinant factor for the success of project development having the strategic value.