

**PROCEDURE FOR PREPARING BUDGET,
CALCULATION, PAYMENT AND
ACCOUNTABILITY ON FERTILIZER SUBSIDY
(Regulation of the Minister of Finance
Number 94/PMK.02/2011, Dated June 27, 2011)**

WITH THE BLESSING OF THE ONE AND ONLY GOD
THE MINISTER OF FINANCE,

Considering:

- a. that in the context of supporting national food defense, fund for fertilizer subsidy has been allocated in the State Revenue and Expenditure Budget;
- b. that in the context of improving the provision on procedure for preparing budget, calculation, payment and accountability on fertilizer subsidy, it is necessary to re-govern the procedure for preparing budget, calculation, payment, and accountability on fertilizer subsidy, that is previously governed in Regulation of the Minister of Finance Number 120/PMK.02/2010;
- c. that based on the consideration referred to in letters a dan b, it is necessary to stipulate Regulation of the Minister of Finance on Procedure for Preparing Budget, Calculation, Payment and Accountability on Fertilizer Subsidy;

In view of:

1. Law Number 17 Year 2003 (BN No. 6913 pgs.. 16B-20B) concerning State Finance (Statute Book of the Republic of Indonesia Indonesia Year 2003

Number 47, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4286);

2. Law Number 19 Year 2003 (BN No. 6972 pgs.. 13B-18B) concerning State-owned Business Entity (Statute Book of the Republic of Indonesia Indonesia Year 2003 Number 70, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4297);
3. Law Number 1 Year 2004 (BN No. 7031 pgs.. 13B-14B) concerning State Treasury (Statute Book of the Republic of Indonesia Indonesia Year 2004 Number 5, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4355);
4. Law Number 15 Year 2004 (BN No. 7120 pgs.. 1B-6B) concerning Audit, Management and Accountability of State Finance (Statute Book of the Republic of Indonesia Indonesia Year 2004 Number 66, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4400);
5. Law Number 10 Year 2010 concerning State Revenue and Expenditure Budget Budget Year 2011 (Statute Book of the Republic of Indonesia Indonesia Year 2010 Number 126, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 5167);

GOVERNMENT REGULATIONS

6. Government Regulation Number 45 Year 2005 concerning Establishment, Management, Supervision, and Dissolution of State-owned Business Entity (Statute Book of the Republic of Indonesia Indonesia Year 2005 Number 117, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4556);
 7. Government Regulation Number 8 Year 2006 (BN No. 7360 pgs.. 11B-14B) concerning Reporting of Finance and Performance of Government Agency (Statute Book of the Republic of Indonesia Indonesia Year 2006 Number 25, Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4614);
 8. Presidential Decree Number 42 Year 2002 (BN No. 6794 pgs. 3B-12B) concerning Guideline for Implementation of State Revenue and Expenditure Budget (Statute Book of the Republic of Indonesia Indonesia Year 2002 Number 73; Supplement to Statute Book of the Republic of Indonesia Indonesia Number 4212) as amended several times and lately amended by Presidential Regulation Number 53 Year 2010;
 9. Presidential Regulation Number 77 Year 2005 concerning Decision on Subsidized Fertilizer constituting Goods under Supervision as amended by Presidential Regulation Number 15 Year 2011;
 10. Presidential Regulation Number 24 Year 2010 concerning Capacity, Duty and Function of the State Ministry, and Organizational Structure, Duty and Function of Echelon I;
 11. Presidential Decree Number 56/P Year 2010;
 12. Regulation of the Minister of Finance Number 134/PMK.06/2005 concerning Guideline for Payment on Implementation of State Revenue and Expenditure Budget;
 13. Regulation of the Minister of Finance Number 171/PMK.05/2007 concerning Accountancy System and Financial Report of Central Government;
 14. Regulation of the Minister of Finance Number 196/PMK.05/2008 concerning Procedure for Preparing and Presenting Subsidized Financial Report and Other Expenditures to Budget Financing and Estimating Department;
 15. Regulation of the Minister of Finance Number 104/PMK.02/2010 concerning Guideline for Preparing and Reviewing Work Program and Budget of the State Ministry/Institution Budget Year 2011 as amended by Regulation of the Minister of Finance Number 193/PMK.02/2010;
 16. Regulation of the Minister of Finance Number 250/PMK.05/2010 concerning Procedure for Cashing State Revenue and Expenditure Budget constituting the Portion Charged on the State General Treasury Budget at the State Treasury Service Office;
 17. Regulation of the Minister of Finance Number 256/PMK.05/2010 concerning Procedure for Depositing and Cashing Reserve Fund;
- With due observance of:
1. Regulation of the Minister of Trade Number 21/M-DAG/PER/6/2008 concerning Procurement and Distribution of Subsidized Fertilize for Agriculture Sector as amended by Regulation of the Minister of Trade Number 07/M-DAG/PER/2/2009;

2. Regulation of the Minister of Agriculture Number 06/Permentan/SR.130/2/2011 concerning the Need for and the Highest Retail Price (HET) for Subsidized Fertilizer for Agriculture Sector in Budget Year 2011 as amended by Regulation of the Minister of Agriculture Number 22/Permentan/SR.130/4/2011;

D E C I D E S:

To stipulate:

REGULATION OF THE MINISTER OF FINANCE CONCERNING PROCEDURE FOR PREPARATION, CALCULATION AND PAYMENT OF BUDGET AS WELL AS ACCOUNTABILITY ON FERTILIZER SUBSIDY.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation of the Minister of Finance by:

1. Fertilizer Producer shall be company producing unorganic fertilizer and organic fertilizer domestically as stipulated by the Minister of Agriculture.
2. Subsidy Reserve Account / Public Service Obligation (PSO) shall be account belonging to the Minister of Finance used to accommodate subsidy reserve fund/ PSO.
3. Line I up to Line IV shall be location for fertilizer warehouse as referred to in Regulation of the Minister of Trade governing Procurement and Distribution of Subsidized Fertilizer for Agriculture Sector.
4. Fertilizer Sale Price, hereinafter referred to as

HPP, shall be procurement and distribution costs of subsidized fertilizer incurred by Fertilizer Producer.

5. Highest Retail Price hereinafter referred to as HET, shall be the highest price for subsidized fertilizer in Line IV as stipulated by the Minister of Agriculture.
6. Fertilizer Distribution Volume shall be volume of subsidized fertilizer distributed by Fertilizer Producer as stipulated by the Minister of Agriculture.
7. Decision Letter on State Work Program and General Treasurer Budget hereinafter referred to as SP RKA-BUN, shall be decision on budget allocation according to organizational unit and program and as detailed into work unit at the State General Treasurer Budget Department.
8. Questionnaire Form for Budget Implementation, hereinafter referred to as DIPA, shall be document for budget implementation prepared by the Budget User / Authorized Budget User and approved by the Director General of Treasury or Head of Regional Office of the Directorate General of Treasury on behalf of the Minister of Finance acting as State General Treasurer.
9. Instruction Letter for Payment hereinafter referred to as SPM, shall be document issued / used by Budget User / Authorized Budget User / SPM Signing Official to cash fund allocation which source of fund originating from the Questionnaire Form for Budget Implementation or other equivalent document.
10. Authorized Budget User hereinafter referred to as KPA, shall be official obtaining authority and re-

sponsibility from the Budget User for using the budget authorized to him/her.

Article 2

In the context of implementing fertilizer subsidy activity, the Director General of Infrastructure and Facilities of Agriculture-Ministry of Agriculture is appointed as KPA.

CHAPTER II
FERTILIZER SUBSIDY

Article 3

- (1) The Minister of Agriculture will decide the type of fertilizer that will be granted based on the provisions in the statutory regulation.
- (2) The subsidy referred to in paragraph (1) will be granted through the Fertilizer Producer.

Article 4

The volume of Fertilizer Subsidy for the respective type of fertilizer will be calculated from the difference of the HPP (Rp/Kg) less the HET (Rp/Kg) multiplied by Volume of Fertilizer Distribution (Kg).

CHAPTER III
SALE COST PRICE

Article 5

- (1) The Minister of Agriculture shall propose HPP to the Minister of Finance as data for preparation of State Revenue and Expenditure Budget Plan (APBN Plan).
- (2) The HPP used as data for preparing the APBN referred to in paragraph (1) will be used as the basis

for allocation of fund for fertilizer subsidy.

- (3) The HPP referred to in paragraph (2) shall be submitted by the Minister of Finance to the Minister of Agriculture for stipulation.
- (4) The HPP referred to in paragraph (3) will be used as the basis for calculation and payment of fertilizer subsidy to the Fertilizer Producer.

CHAPTER IV
PROCEDURE FOR PROVISION AND PAYMENT
OF FERTILIZER SUBSIDY

Article 6

- (1) Fund for the required fertilizer subsidy will be allocated in the APBN.
- (2) The Director General of Budget-Ministry of Finance shall submit notification on the ceiling of fertilizer subsidy to the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture constituting as KPA.
- (3) The notification referred to in paragraph (2) shall constitute as the basis for the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA to submit proposal for provision of fund to the Director General of Budget of the Ministry of Finance.
- (4) Based on the proposal referred to in paragraph (3), the Director General of Budget of the Ministry of Finance shall issue SP RKA-BUN.
- (5) The SP RKA-BUN referred to in paragraph (4) must be submitted in writing to the Director General of Treasury of the Ministry of Finance and Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA.

- (6) Based on SP RKA-BUN referred to in paragraph (5), the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA shall prepare DIPA concept and submit it in writing to the Director General of Treasury of the Ministry of Finance for the purpose of obtaining approval.
- (7) DIPA that has obtained approval as referred to in paragraph (6) shall constitute the basis for making payment for fertilizer subsidy.

Article 7

- (1) The Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA shall issue decision for appointment of.
 - a. the official granted the authority to take action that causes cost to the expenditure budget/person in charge of activities/commitment maker hereinafter referred to as Commitment Maker Official (PPK); and
 - b. the official granted the authority to conduct test on collection to the State and to sign SPM, hereinafter referred to as SPM Signing Official.
- (2) Copy of the decision letter referred to in paragraph (1) must be submitted to the Head of the local State Treasury Service Office making payment of subsidy.

Article 8

- (1) The Directors of Fertilizer Producer shall submit collection for payment of fertilizer subsidy to the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA.

- (2) Based on the collection to Fertilizer Producer referred to in paragraph (1), KPA shall assign verification team to verify the document on fertilizer subsidy collection.
- (3) Further provision on procedure for collection and verification shall be governed by the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA.

Article 9

- (1) In certain or emergency condition, Fertilizer Producer may fulfill the short supply of subsidized fertilizer within the area constituting the responsibility for procurement and distribution of other fertilizers producer.
- (2) Fulfillment of the short supply of subsidized fertilizer referred to in paragraph (1) shall be governed respectively by the Minister of Agriculture, Minister of Industry, and Minister of Trade based on their respective authority.

Article 10

Procedure for submitting and issuing SPM in the context of fertilizer subsidy shall be conducted in accordance with the provisions in the statutory regulation.

Article 11

- (1) Fertilizer subsidy not paid yet up to December of the current year resulting from failure to conduct verification of the document of collection of fertilizer subsidy referred to in Article 8, will be placed in the Subsidy Reserve Account / Public Service

Obligation (PSO) in accordance with the provisions in the statutory regulation.

- (2) Placement of fund in the Subsidy Reserve Account / Public Service Obligation (PSO) referred to in paragraph (1), the maximum amount thereof must be equivalent to the DIPA remaining ceiling for fertilizer subsidy expenditure.
- (3) Cashing of fund at the Subsidy Reserve Account / Public Service Obligation (PSO) referred to in paragraph (2) shall be made in accordance with the provisions in the statutory regulation.

CHAPTER V
ACCOUNTABILITY, REPORTING, AND
AUDIT OF FERTILIZER SUBSIDY

Article 12

The Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA is fully responsible for distribution of fund for fertilizer subsidy to the Fertilizer Producer in accordance with the provisions in the statutory regulation.

Article 13

The Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture as KPA shall conduct accountancy and reporting in accordance with the provisions in the statutory regulation.

Article 14

- (1) The Fertilizer Producer shall submit report on accountability on the use of fertilizer subsidy budget to the Director General of Agriculture Infrastruc-

ture and Facilities of the Ministry of Agriculture as KPA in accordance with the provisions in the statutory regulation.

- (2) The report on accountability referred to in paragraph (1) must at least cover the target and realization of distribution of subsidized fertilizer.

Article 15

- (1) The fertilizer subsidy referred to in Article 3 and Article 4 must be audited by competent auditor in accordance with the provisions in the statutory regulation.
- (2) Report on the audit result referred to in paragraph (1) must be submitted to the Director General of Agriculture Infrastructure and Facilities of the Ministry of Agriculture, the Director General of Budget of the Ministry of Finance, and the Director General of Treasury of the Ministry of Finance.
- (3) If the report on audit result referred to in paragraph (2) states that the amount of fund for fertilizer subsidy born by the Government is smaller than the amount of fund paid by the Government in one Budget Year, the excess payment must be deposited to the State Treasury by the Fertilizer Producer using Account Code 423913 (reimbursement of other expenditure in clean rupiah during the last Budget Year).
- (4) If the report on audit result referred to in paragraph (2) states that there is short payment of fertilizer subsidy from the Government to the Fertilizer Producer in one Budget Year, the short payment may be proposed to be budgeted in the next APBN Budget Year.

**CHAPTER VI
CLOSING PROVISION**

Article 16

In the implementation of fertilizer subsidy, the Ministry of Finance and Ministry of Agriculture may establish a team to conduct monitoring and evaluation based on their respective authority.

Article 17

This Regulation of the Minister of Finance survives so long fund for the required fertilizer subsidy is allocated in the APBN.

Article 18

By the time this Regulation of the Minister of Finance takes effect, Regulation of the Minister of Finance Number 120/PMK.02/2010 concerning Procedure for Preparing Budget, Calculation, Payment, and Accountability on Fertilizer Subsidy is revoked and is declared null and void.

Article 19

This Regulation of the Minister of Finance

takes effect on the date it is enacted.

For public cognizance this Regulation of the Minister of Finance shall be announced by placing it in the State Gazette of the Republic of Indonesia Indonesia.

Stipulated in Jakarta

Dated June 27, 2011

MINISTER OF FINANCE,

sgd

AGUS D.W. MARTOWARDOJO

Enacted in Jakarta

Dated June 27, 2011

MINISTER OF LAW AND HUMAN RIGHTS,

sgd

PATRIALIS AKBAR

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

INDONESIA YEAR 2011 NUMBER 366

(MA)