

Analysis of State Capital Participation

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ABSTRACT

The purpose of this research was carried out are to know how the utilization of permanent long-term government investment, in the form of State Equity Participation (PMN) in SOEs, is realized. The implementation of government investment in accordance with Government Regulation of the Republic of Indonesia number 63 of 2019 which is then associated with BUMN that obtain PMN. The research was conducted using quantitative Descriptive methods with the acquisition of analysis results and conclusions based on a review of data and information that has been published. The results of the study focused on investment in the form of PMN directly and indirectly and its benefits for the state budget.

INTRODUCTION

One of the allocations listed in the posture of the State Revenue and Expenditure Budget (APBN) of the Republic of Indonesia is the budget allocation for government investment. The regulations related to government investment are generally regulated in the Government Regulation of the Republic of Indonesia number 63 of 2019 concerning Government Investment. Government investment can be interpreted as the placement of several funds or financial assets for the long term to be invested in various forms of funding, including shares, debt securities, and/or direct investment. The purpose of placing funds in the form of government investment is to obtain economic, social, and other benefits.

The Central Government can finance BUMN through the APBN; the Central Government cannot be arbitrary in regulating BUMN because there are many stakeholders or stakeholders other than the Central Government who also participate in BUMN. Because they have different regulations, that is why BUMN is included as Separate State Assets (KND) (Ikhsan, 2021). BUMN is often referred to as a development agent or agent of development. Based on Law Number 19 of 2003 concerning State-Owned Enterprises, BUMN is a business entity whose capital is wholly or primarily owned by the state through direct participation from separated state assets (Dinarjito, 2019).

Investment itself can be broadly divided into two, namely short-term investments held for less than 12 (twelve) months and long-term investments held for more than 12 (twelve) months. One permanent long-term government investment form is state capital participation (PMN) in State-Owned Enterprises (BUMN) and institutions. Provisions regarding PMN are regulated in Minister of Finance Regulation Number 146/PMK.06/2022 concerning Preparation of Studies, Reporting, Monitoring, and Evaluation of State Capital Participation in State Companies and Other Legal Entities. PMN can be defined as the separation of state assets from the APBN to be then placed as capital in BUMN and/or other Limited Liability Companies. The funds in the form of PMN will then be managed by corporate principles. PMN can also be in the form of determining company reserves or originating from other sources regulated by the provisions.

State capital participation is a form of direct government investment in business entities by obtaining ownership rights. By Government Regulation Number 72 of 2016 concerning Amendments to Government Regulation Number 44 of 2005 concerning Procedures for Inclusion and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies, state capital participation is the separation of state assets from the APBN or determination of company reserves or other sources for used as capital for BUMN and/or other Limited Liability Companies, and managed corporately (Fathyah et al., 2019).

One of the BUMNs that received PMN was PT Perusahaan Perusahan Perusahan Perusahan PerusahanELerang Negara (Persero). PT PLN uses this PMN to build and develop various electricity infrastructures throughout Indonesia. PT PLN's activity program is also inseparable from the National Strategic Project.

This research will discuss the formulation of the problem regarding how the use of PMN is realized at PT Perusahaan Perusahaan Perusahaan Asli Negara (Persero) in order to obtain an explanation of the contribution of government investment in terms of the realization of the use of PMN at PT PLN, which is then generally linked to the realization of the implementation of National Strategic Projects in connection with acceleration, Country development. It is hoped that this research can provide general information about how the use of PMN at PT PLN directly or indirectly impacts the realization of PSN and provides general social and economic benefits for the community.

This research was carried out to find out how the realization of permanent long-term government investment, in the form of State Capital Participation (PMN) in BUMN, is realized.

LITERATURE REVIEW

Definition and Concept of Government Investment

Regulations regarding government investment are regulated in the Government Regulation of the Republic of Indonesia number 63 of 2019. Based on these provisions, government investment is defined as the placement of several funds or financial assets in the long term, which can be sourced from the APBN, returns, income from services/businesses, grants. , or other legitimate sources, to be used as investments to obtain economic, social or other benefits. These forms of investment are government investments in the form of shares, including listed money shares or those traded on the stock exchange, or shares that are not listed or traded on the stock exchange. These provisions must be in accordance with applicable laws and regulations. Debt securities, including debt securities and sukuk issued by the Government and regional governments, corporations or other legal entities, governments of other countries, and corporations or foreign legal entities. Direct investment carried out through providing loans, investment cooperation, or other forms of direct investment.=

Government investment itself can be categorized as Non-Permanent Long-Term Investment, namely long-term investment that is intended to be owned on an unsustainable basis. Usually held for a period of less than 12 (twelve) months. Examples are investments made by the Government in the form of placing funds in Public Service Agencies and Government Investments in the context of National Economic Recovery (IP PEN) in BUMN. Permanent Long-Term Investment, namely long-term investment intended to be owned continuously. Generally owned for more than 12 (twelve) months. An example is the placement of government funds in State Capital Participation (PMN) in BUMN or institutions.

In business continuity, almost every year, the Government always budgets State Capital Participation (PMN) to BUMN after evaluating BUMN performance. This is intended to assist BUMN in carrying out its activities and is also given if a BUMN receives a special government assignment. The additional PMN will help BUMN improve the condition of the company both in terms of its financial condition and the company's performance in generating revenue. Based on the BUMN Law, one of the goals of BUMN is to generate

profits to increase the company's value. Therefore, one of the objectives of providing PMN is so that BUMN can improve its performance and continue to provide services and goods to the community per the mandate of the 1945 Law of the Republic of Indonesia (Dinarjito, 2019).

Definition and Concept of State Capital Participation

Based on Government Regulation number 72 of 2016 concerning Amendments to Government Regulation number 44 of 2005 concerning Procedures for Participation and Administration of State Capital in BUMN and PT, State Capital Participation (PMN) is defined as the separation of state assets from the APBN or determination of company reserves or other sources, to be used as capital for BUMN or other Limited Liability Companies, to be subsequently managed by corporate principles.

PMN sourced from the APBN can include fresh funds, BMN, state receivables from BUMN or PT, state-owned shares in BUMN/PT, or other state assets. Meanwhile, PMN originating from other sources can be asset revaluation profits or share premium. The implementation of PMN, both additions and reductions, is reported by the Minister to the Minister of Finance so that administration can then be carried out. The Minister of Finance organizes the administration of PMN to BUMN and PT, accompanied by changes. Provisions regarding KND administration are regulated through PMK Number 246/PMK.06/2016 concerning KND Administration. research conducted by Rahmasari (2022) at PT Krakatau Steel stated that state capital participation in 2016 had not impacted improving financial performance.

Referring to PMK number 146/PMK.06/2022 concerning the Preparation of Study, Reporting, Monitoring and Evaluation of PMN in State Companies and Other Legal Entities as one of the requirements for submitting PMN, the Minister of Finance synergizes with the Minister of BUMN, and can also involve the Minister of Engineering, it is necessary to prepare a PMN study, in order to support the draft government regulations regarding PMN in question. The PMN study must contain information regarding the urgency of providing PMN to the BUMN. Research on BUMN for the 2018-2020 period found that state capital participation did not affect financial performance (Andreas, 2022). By carrying out a comprehensive analysis through the preparation of a PMN study, it is hoped that the implementation of PMN will become a strategic matter that will provide benefits for companies in particular and the country at a macro level.

National Strategic Project Policy

Through Presidential Regulation of the Republic of Indonesia number 18 of 2020 concerning the 2020-2024 National Medium Term Development Plan, several Strategic Priority Projects (Major Projects) have been established, which serve as a reference for policy and funding focus in the RPJMN, RKP and annual APBN. The determination of this Major Project will then be integrated with funding sources through K/L spending and other sources consisting of subsidies, transfers to regions, communities and BUMN. Of the 41 (forty-one) significant projects, there are several projects related to the development of

electricity infrastructure carried out by PT Perusahaan Perusahan Perusahan Perusahan PerusahanELerang Negara (Persero).

METHODOLOGY

This research was carried out using a descriptive quantitative method by obtaining analysis results and conclusions based on a review of published data and information and focusing on observing the realization of the use of PMN at PT Perusahaan Perusahan Perusahan Perusahan PerusahanELerang Negara (Persero)/PT PLN. PT PLN was established to carry out the business of providing electricity, which can be used for public purposes in adequate quantities and quality, especially to meet the needs of the community. PT PLN as a BUMN, is also expected to gain profits from its operational activities and carry out Government assignments in the electricity sector to support national development while continuing to apply the principles of good Limited Liability Company management (good corporate governance). The data obtained by the author comes from documented information that has been published and can be accessed openly (open access). Data analysis was carried out using quantitative descriptive techniques through a comparison between the theory obtained as a literature study in research with the implementation or realization that has been carried out. Next, process the data and information to obtain adequate conclusions.

RESEARCH RESULT

The provision of electricity infrastructure will significantly influence regional economic growth, especially in meeting electrical energy needs. Meanwhile, PT PLN authorizes electricity supply in Indonesia with reference to the Republic of Indonesia Government Regulation number 17 of 1990 concerning the State Electricity Public Company (Perum) and then the Republic of Indonesia Government Regulation number 23 of 1994 was issued concerning the Transfer of the State Electricity Public Company (Perum) to a Company Company. (Persero). One of the government's efforts to increase the availability of built infrastructure in Indonesia is by budgeting and investing in BUMN, namely by providing PMN to PT PLN. The PMN distribution mechanism refers to Indonesian Government Regulation number 4 of 2005 concerning Procedures for Participation and Administration of State Capital in BUMN. The flow of providing PMN can be as follows:

1. PMN was initially proposed by the Minister of Finance to the President along with the basis for considering the PMN, namely in the form of a study that was reviewed jointly with the Minister and Technical Minister.
2. The plan to provide PMN can be implemented with the initiative of the Minister of Finance, Ministers and/or Technical Ministers.
3. Next, a joint review is carried out between the Minister of Finance, Ministers and Technical Ministers, coordinated by the Minister of Finance.
4. This joint study may also involve the participation of other Ministers or heads of other agencies deemed relevant and related. However, if

necessary, the study can also be carried out using the services of an independent consultant who has the capability to carry out the analysis.

Table 1 Historical Summary of PMN Grants to PT PLN in the Last 4 Years

Year	PMN Amount	Regulations
2019	Rp 6,5 triliun	Peraturan Pemerintah RI nomor 51 tahun 2019
2020	Rp 5 triliun	Peraturan Pemerintah RI nomor 37 tahun 2020
2021	Rp 5 triliun	Peraturan Pemerintah RI nomor 83 tahun 2021
2022	Rp 5 triliun	Peraturan Pemerintah RI nomor 27 tahun 2022

Source: PT PLN Data

In 2022, IDR 5 trillion is determined through the addition of PMN, meaning that the nominal number of government shares in PT PLN increases, with the total ownership being 100% owned by the Republic of Indonesia. Based on the accounting concept for stock investments, the amount spent by the government will be recorded as investment costs in the central government's financial reports and as additional paid-in capital for the company. Meanwhile, government investment in the form of PMN will be recorded in the budget posture stipulated in the APBN Law, namely in the Investment Financing section. In more detail, contributions that can be directly seen from government investment in PT PLN, include:

State Revenue in the Form of Dividends

A BUMN in the form of a Limited Liability Company is a company that has a certain amount of capital with a share proportion that is 100% (one hundred percent) owned by the government, or at least 51% (fifty one percent) belongs to the Republic of Indonesia.

Table 2 Historical Data on Dividend Payments by PT PLN for the Last 4 Years

Years	Net Profit (Rp Miliar)	Dividend (Rp Miliar) *	Sources
2019	4.322	4.000	Financial Statements Audited 2019
2020	5.993	-	Financial Statements Audited 2020
2021	13.174	400	Financial Statements Audited 2021
2022	14.414	750	Financial Statements Audited 2022

Source: PT PLN Data

Tax revenue

By implementing additional capital to the company, it will directly or indirectly affect the company's business capacity. The historical data on tax burden recorded in PT PLN's financial reports for the last few years is as follows.

Table 3 Historical Data Historical Data Tax Burden

Years	Taxes Remitted to the State (Rp Miliar) *	Sources
2019	21.797	Financial Statements Audited 2019
2020	6.298	Financial Statements Audited 2020
2021	10.046	Financial Statements Audited 2021
2022	7.126	Financial Statements Audited 2022

Source: PT PLN Data

Building electricity infrastructure and achieving the realization of electricity supply in various regions in Indonesia

The use of PMN contributes to the development of electricity infrastructure in Indonesia. Several projects implemented by PT PLN during the 2019-2021 period, namely

Years	Realized Achievements	Keterangan
2019	PT PLN has successfully completed the construction of a 275 kV Extra High Voltage Overhead Line (SUTET) in the Sumatra Electric Toll area, which has been declared fit for operation as of June 29 2019. The classification of fit for operation was issued after obtaining a Voltage Worthy Recommendation for the 275 kV SUTET.	The Sumatra Electric Toll Road has a section of ± 2,834 circuit kilometers (kms). The toll road passes along the regencies/cities from Lahat to Galang Regency.
2020	The progress of the 35,000 MW project from the power plant construction aspect is: 1) planning phase of 724 MW (2%), 2) procurement phase of 839 MW (2%), 3) contract/PPA phase not yet construction of 6,528 MW (18%), 4) construction phase of 17,715 MW (50%), and 5) operation phase (SLO/COD) of 9,931 MW (28%). Meanwhile, the progress of supporting transmission construction was completed at 23,321 kms (48%) and the main substation was completed at 83,017 MVA (68%).	One of the National Strategic Programs related to energy infrastructure is the 35,000 Mega Watt Program, which is to meet electricity needs and encourage domestic industrial growth, which then has an impact on improving the community's economy.

2021	To support government programs related to national economic recovery efforts (PEN), the government through its state-owned energy company, namely PT PLN, is also providing electricity stimulus by allocating a budget of IDR 12.02 trillion in 2021.	The electricity stimulus is used for subsidies to the public, with details: <ol style="list-style-type: none">1. Household, small business and small industrial customers with 450 VA power receive a 50% discount on electricity rates with a maximum usage of 720 hours.2. Customers who are classified as RT with subsidized 900 VA electricity receive a 25% electricity tariff discount for a maximum of 720 hours of use.3. Industrial, business and social customers get exemption from loading or subscription fees, as well as exemption from account requirements of at least 50%.
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Source : Annual Report PT PLN 2019-2021

DISCUSSION

Measuring the benefits of government investment through PMN at PT PLN can be carried out to find out whether the projects implemented by PT PLN and funded from sources in the form of placement of government funds in the form of PMN are able to provide returns in the form of benefits for the organization, government and society. These benefits can include tangible and intangible benefits, considering the costs incurred by the government from the APBN (Akhmadi, M. H., 2021). Of course, PMN in BUMN will be able to make a contribution, both directly and indirectly, especially in supporting the accelerated development of electricity infrastructure such as transmission, substations and village electricity. The availability of electricity will provide support for improving investment climate conditions as well as increasing the community's production and socio-economic activities, which will furthermore have an impact in the form of increasing potential tax revenues for the state.

The purpose of placing the capital is to obtain profits. Meanwhile, BUMN must distribute the government's share of BUMN profits in accordance with the company's conditions accompanied by a shareholder agreement. About the condition of PT PLN as a corporate company, it must deposit dividends to the state, which are then recognized as PNBPN on Separated State Assets. In this regard, the following is historical data on dividend payments by PT PLN in the last few years. If a company can carry out operational activities optimally, there is the potential for an increase in the amount of tax revenue for the state, in a certain amount and within a certain time period. Through the various realizations and contributions to the government as stated above, it can

be illustrated several benefits that the state can obtain from implementing permanent investment in the form of PMN, both in terms of state revenues and the development of the availability of electricity infrastructure in the territory of the Republic of Indonesia.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of a review of the data and information that the author conveys in the discussion material, several conclusions can be obtained, namely that government investment in the form of PMN in PLN, viewed directly or indirectly, provides many benefits for the state budget, in this case at the revenue post. These benefits include the impact on non-tax state revenues in the form of dividends and tax revenues. Several electricity infrastructure projects have been realized up to in 2022. Of course, this is supported by additional company capacity, with additional capital contributions from PMN to PLN from 2019 to 2022. 2022. Apart from the macroeconomic benefits, there are also social benefits obtained from the use of PMN by PT PLN, namely meeting the community's electricity needs. Conditions where electricity needs are met adequately will support and encourage people to carry out production activities and increase industrial progress. This can also impact the quality of the economy at a micro and macro level. Widening access to electricity also supports labor absorption cost efficiency, improves living standards, and facilitates access to insight and information. This will also have an impact on the quality of society.

ADVANCED RESEARCH

This research has limitations because it only use one company. For the future research, researcher can compare several companies.

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