



MEDIA RELEASE OF THE TRADE UNION IN THE ELECTRICITY SECTOR

The fight of PLN Group Trade Union to Reject Privatization Has Gained Support from the Global Union Federation, Public Services International (PSI)

Public Services International (PSI), a global union federation of more than 700 trade unions representing 30 million workers in 154 countries sent a letter to the President of Indonesian Republic Joko Widodo.

In the letter signed by the Secretary General of PSI Rosa Pavanelli¹, it's firmly mentioned that PSI and its affiliated in the electricity sector in Indonesia i.e. the Trade Union of PT PLN Persero (SP PLN Persero), The Association of PT Indonesia Power Workers (Persatuan Pegawai PT Indonesia Power-PP IP), and the Trade Union of Java Bali Power Plant (Serikat Pekerja PT Pembangkitan Jawa Bali-SP PJB), firmly reject the privatization effort, by a merger of several state owned enterprises (BUMN) and its subsidiaries to become one holding company.

It's known that currently, the Ministry of SOE plans to form a holding company for geothermal and steam-coal power plants, which specially for geothermal will be separated from the government-owned PLN. After forming a separate holding company, the assets and shares will be sold through initial public offerings (IPO).

“Mr. President, the Indonesian Constitutional Court decided that any attempt to privatise the electricity, in any form, is unconstitutional. The Constitutional Court asserts that electricity is a sector of production which is important for the country and affects the life of the people,” stated Rosa in the letter

Therefore, as mandated by article 33 paragraph (2) of the Indonesian Constitution 1945, electricity must be under the powers of the state (Constitutional Court decision No. 001-021-022/PUU-I/2003, on Judicial Review of Law No. 20 of 2004 on Electricity on page 334, and Decision No.111/PUU-XIII/2015, on Judicial Review of Law No. 30 of 2009 on electricity, page 103).

“Electricity is a necessity, of strategic importance to the country and impacts the lives of all Indonesians. The government must keep ownership and work to ensure universal access and a just and equitable transition to low-carbon generation” she further stated.

Privatisation of energy services will not enable universal access nor allow the urgent transition to low-carbon generation, as required in the Paris Climate Accords (Indonesia pledged to reduce greenhouse emission as much as 29% by 2030 by increasing the use of renewable energies up to 23% of the total national consumption by 2025). Recent reports from the International Energy Agency demonstrate that private energy companies are not able to make the transition to low-carbon electricity production, as their profit streams depend on access to cheap fossil fuels.

¹ The letter can be downloaded in: <https://publicservices.international/resources/news/energy-unions-of-indonesia-oppose-further-privatisations?id=12147&lang=en>. The letter is written in English but the translation to Bahasa Indonesia is available

Rosa further stated that Once in private hands, the priority will be to manage the energy systems to extract as much profit as possible in the shortest possible time. Private operators will increase tariffs or demand higher public subsidies. They will find excuses not to serve the poor or outlying areas.

“Their extracted profits will likely be exported from Indonesia. As well, the companies buying the shares will use all their power to influence the Indonesian political system, such that laws and regulations are written and implemented in their favour” assert her.

Based on the PSI data, many countries that experienced the ills of privatisation are working to take back control of these public services. The private sector promises of new investments, greater efficiency and lower tariffs have almost universally failed to materialise.

PSI reminds that Indonesia is duty-bound, as enshrined in its Constitution, to keep electricity under public ownership and control. The PT PLN is the state agency that has the authority to provide electricity to the people of Indonesia. PT PLN has proven, time and again, with its experience managing and operating electricity assets that it is able to provide reliable and affordable electricity to the people and businesses of Indonesia.

“It is out of deep respect that we write this letter. We are willing to meet with whomever Your Excellency designates to share our experience of over 40 years of problematic privatisations. The energy unions of Indonesia stand ready to support a national energy strategy which meets the needs of all Indonesians and meets its commitments to the Paris Climate Accords”, conclude her.

Thank you,

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