



**REGENT SUKOHARJO
PROVINCE OF CENTRAL JAVA
REGIONAL REGULATIONS OF SUKOHARJO DISTRICT
NUMBER 20 OF 2016
ABOUT
REGIONAL PUBLIC COMPANY FOR DRINKING WATER
BY THE GRACE OF GOD ALMIGHTY**

REGENT SUKOHARJO,

Considering: a. that in order to improve the regional economy, provide public benefits in the form of services and provision of drinking water, and provide benefits for local revenue, it is necessary to manage a Regional Drinking Water Public Company that implements good corporate governance;

b. that with the enactment of Law Number 23 2014 concerning Regional Government as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government, especially in relation to provisions regarding Regional Owned Enterprises, it is necessary to restructure and adjust the Company General Regional Drinking Water as one of the Regional Owned Enterprises;

c. that based on the considerations as intended in letters a and letter, Sukoharjo Regency Regional Regulation Number 20 of 2007 concerning Regional Drinking Water Companies needs to be replaced;

d. that based on the considerations as intended in letters a, b and c, it is necessary to establish a Regional Regulation concerning Regional Public Drinking Water Companies;

- Remember :**
- 1. Article 18 paragraph (6) of the State Constitution Republic of Indonesia in 1945;**
 - 2. Law Number 13 of 1950 concerning the Establishment of Regency Areas within the Province of Central Java;**
 - 3. Law Number 11 of 1974 concerning Irrigation (State Gazette of the Republic of Indonesia of 1974 Number 3046, Supplement to State Gazette of the Republic of Indonesia Number 3046);**

4. Law Number 8 of 1999 concerning Consumer Protection (State Gazette of the Republic of Indonesia of 1999 Number 42, Supplement to State Gazette of the Republic of Indonesia Number 3821); 5. Law Number 13 of 2003 concerning Employment (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 4279);
6. Law Number 12 of 2011 concerning the Formation of Legislation (State Gazette of the Republic of Indonesia of 2011 Number 82, Supplement to the State Gazette of the Republic of Indonesia Number 5234);
7. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to the Law. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2015 Number 58, Supplement to State Gazette of the Republic of Indonesia Number 5679);
8. Government Regulation Number 16 of 2005 concerning Development of Drinking Water Supply Systems (State Gazette of the Republic of Indonesia of 2005 Number 33, Supplement to State Gazette of the Republic of Indonesia Number 4490); 9. Government Regulation Number 79 of 2005 concerning Guidelines for the Development and Supervision of Regional Government Implementation (State Gazette of the Republic of Indonesia of 2005 Number 165, Supplement to the State Gazette of the Republic of Indonesia Number 4593);
10. Government Regulation Number 121 of 2015 concerning Water Resources Management (State Gazette of the Republic of Indonesia of 2015 Number 344, Supplement to State Gazette of the Republic of Indonesia Number 5801);
11. Government Regulation Number 122 of 2015 concerning Drinking Water Supply Systems (State Gazette of the Republic of Indonesia of 2015 Number 345, Supplement to the State Gazette of the Republic of Indonesia Number 58021);
12. Presidential Regulation Number 87 of 2014 concerning Guidelines for Implementing Regulations for the Implementation of Law Number 12 of 2011 concerning the Establishment of Legislative Regulations in the State Gazette of the Republic of Indonesia of 2014 Number 199);

13. Minister of Home Affairs Regulation Number 2 of 2007 concerning Organs and Employees of Regional Drinking Water Companies;

14. Minister of Home Affairs Regulation Number 71 of 2016 concerning Technical Guidelines and Procedures for Setting Drinking Water Tariffs at Regional Drinking Water Companies (State Gazette of the Republic of Indonesia of 2016 Number 1400);

15. Minister of Home Affairs Regulation Number 80 of 2015 concerning the Formation of Regional Legal Products (State Gazette of the Republic of Indonesia of 2015 Number 2036);

With Mutual Consent

REGIONAL PEOPLE'S REPRESENTATIVE COUNCIL OF SUKOHARJO DISTRICT

And

REGENT SUKOHARJO

DECIDE :

To stipulate: REGIONAL REGULATIONS CONCERNING REGIONAL PUBLIC DRINKING WATER COMPANIES.

PIG

GENERAL REQUIREMENTS

article 1

1. The region is Sukoharjo Regency.
2. Regional Government is the Regent as the organizing element of Regional Government which leads the implementation of government affairs which are the authority of the autonomous region.
3. The Regent is the Regent of Sukoharjo.
4. The Regional People's Representative Council, hereinafter referred to as the DPRD, is the Regional People's Representative Council of Sukoharjo Regency.
5. The Regional Public Company for Drinking Water, hereinafter abbreviated to Perumda Air Drink, is the Regional Public Company for Drinking Water of Sukoharjo Regency which is a Regional Public Company which operates in the field of drinking water services.
6. The Supervisory Board is the Supervisory Board of Perumda Air Drink.
7. Directors are the Directors of Perumda Drinking Water.
8. Employees are employees of Perumda Air Minum.

9. **Income is compensation/remuneration given to the Directors, Supervisory Board and Employees because of the position and role given to the company in accordance with the duties, authority, obligations and responsibilities based on statutory regulations.**
10. **Salary is a fixed income in the form of money received every month by a person because of his position as a Director or employee.**
11. **Allowances are income in the form of money or which can be valued in terms of money received at a certain time by Directors and Employees other than salaries.**
12. **Production services are net profit after deducting depreciation, general reserves and reasonable reductions within the company.**
13. **Job Evaluation List is a list of job performance assessments determined by the Board of Directors.**
14. **Rank is a position that indicates an employee's level in the workforce structure.**
15. **Perumda Drinking Water Work Plan and Budget is a planning and budget document containing programs, activities as well as income and expenditure in one budget year.**
16. **General Reserves are reserves formed from the allowance for retained profits after deducting taxes, the use of which is approved by the Regent through the Supervisory Board.**

**CHAPTER II
ESTABLISHMENT**

Section 2

The region established a regional public drinking water company with the name "Tirta Makmur Regional Drinking Water Public Company".

Article 3

Perumda Drinking Water is domiciled in the Region.

Article 4

- (1) Perumda Air Drink can form subsidiaries and/or own shares in other companies.**
- (2) The formation of subsidiaries and/or ownership of shares in other companies as intended in paragraph (1) is determined by a Regent's Regulation.**

CHAPTER III
OBJECTIVE

Article 5

The establishment of Perumda Drinking Water aims to: a. provide benefits for regional economic development in general; b. carry out public benefits in the form of providing drinking water, and/or quality services for fulfilling people's livelihoods in accordance with the conditions, characteristics and potential of the region concerned based on good corporate governance; and c. obtain profits and/or advantages based on economic principles and social functions.

CHAPTER IV
CAPITAL

Article 6

- (1) Perumda Air Drink is a BUMD whose entire capital is owned by the Region and is not divided into shares.
- (2) Capital sources for Perumda Drinking Water consist of: a. Regional capital participation;
b. loan; c. grant;
and D. other sources of capital.
- (3) Other sources of capital as referred to in paragraph (1) letter d is: a. reserve capitalization; b. asset revaluation gains ; and c. share premium .

Article 7

- (1) Regional capital participation as intended in Article 5 paragraph (1) letter a is determined by Regional Regulation.
- (2) Regional capital participation can be made for the formation of Perumda and additional capital for Perumda Drinking Water.
- (3) Regional capital participation can be in the form of money and goods belongs to the Region.
- (4) Regionally owned goods as intended in paragraph (3) are valued according to their real value at the time the Regionally owned goods are to be used as capital participation.
- (5) The real value as intended in paragraph (4) is obtained by interpreting the price of Regionally owned goods in accordance with the provisions of statutory regulations.

CHAPTER V
COMPANY ORGANS

**Part One
General**

Article 8

- (1) Perumda Drinking Water formed by the Regional Government is supported by organs and employees.**
- (2) Drinking Water Perumda Organs as referred to in paragraph (1) consists of:**
 - a. Regent as owner of capital;**
 - b. Supervisory Board: and**
 - c. Directors.**

**The second part
supervisory Board**

**Paragraph 1
Appointment**

Article 9

- (1) The Supervisory Board comes from elements of regional government officials, professionals and/or the consumer community who are appointed by the Regent.**
- (2) The maximum age limit for the Supervisory Board is 65 (six twenty five) years.**

Article 10

- (1) Candidates for members of the Supervisory Board meet the following requirements:**
 - a. master the management of Perumda Drinking Water;**
 - b. provide sufficient time for carry out their duties; And**
 - c. No bound by family relationship with the Regent/ Deputy Regent or other Supervisory Board or Directors up to the third degree either in a straight line or laterally including sons-in-law and in-laws.**
- (2) The appointment of members of the Supervisory Board as intended in paragraph (1) is determined by a Regent's Decree.**

Article 11

- (1) The number of members of the Supervisory Board is determined based on the number of customers with the following provisions: a. a maximum of 3 (three) people for a number of customers up to 30,000 (thirty thousand) customers; And

b. a maximum of 5 (five) people for a number of customers above 30,000 (thirty thousand) customers.**
- (2) Determination of the number of the Supervisory Board as intended in paragraph (1) is carried out based on the principles of supervisory efficiency and decision-making effectiveness.**
- (3) One member of the Supervisory Board as referred to in paragraph (1) is appointed as Chairman and member and one as Secretary and member by Regent's Decree.**

Article 12

- (1) The term of office of members of the Supervisory Board is a maximum of 3 (three) years and may be reappointed for 1 (one) term of office.**
- (2) The reappointment of members of the Supervisory Board as referred to in paragraph (1) is proven by their performance in supervising the implementation of the activities of the Board of Directors and the ability of Perumda Water Drinking to improve the performance of drinking water services to the community.**

**Paragraph 2
Duties and Authorities**

Article 13

The Supervisory Board has the following

- duties: a. carry out supervision, control and guidance on the administration and management of Perumda Drinking Water;**
- b. provide considerations and suggestions to the Regent, whether requested or not, for the improvement and development of Perumda Air Drink, including the appointment of Directors, work programs proposed by the Board of Directors, plans to change the status of Perumda Air Drink's assets, plans for loans and legal ties with other parties, as well as accepting, examine and/ or sign Quarterly Reports and Annual Reports; And**
- c. examine and submit the Strategic Business Plan (business plan/ corporate plan), and the Business Plan and Annual Budget of Perumda Air Minum made by the Board of Directors to the Regent for approval.**

Article 14

In carrying out the duties as intended in Article 27, the Supervisory Board has the authority:

- a. assess the performance of the Board of Directors in managing Perumda Air Drink;
- b. assess the Quarterly Reports and Annual Reports submitted by the Board of Directors to obtain approval from the Regent;
- c. request information from the Board of Directors regarding the management and development of Perumda Drinking Water; And
- d. propose the appointment, temporary dismissal, rehabilitation and dismissal of the Board of Directors to the Regent.

Article 15

- (1) To assist the smooth running of the Supervisory Board's duties, a Supervisory Board Secretariat may be established with the Decree of the Chairman of the Supervisory Board.
- (2) The Secretariat of the Supervisory Board as referred to in paragraph (1) has a maximum of 3 (three) members and is charged with the Perumda Drinking Water Budget.
- (3) The formation of the Supervisory Board Secretariat as intended in paragraph (1) and paragraph (2) takes into account the efficiency of Perumda Drinking Water financing.

Paragraph 3

Income and Service

Article 16

The Supervisory Board is given income in the form of service fees.

Article 17

- (1) The Chairman of the Supervisory Board who is also a member receives a service fee of a maximum of 45% (forty five percent) of the Main Director's salary.
- (2) The Secretary of the Supervisory Board who is also a member receives a service fee of a maximum of 40% (forty percent) of the Main Director's salary.
- (3) Each member of the Supervisory Board receives a service fee of a maximum of 35% (thirty five percent) of the Main Director's salary.

Article 18

In the event that Perumda Water Drink makes a profit, the Supervisory Board receives a proportionate share of the production services guided by the provisions of Article 17.

Article 19

The amount of fees and part of production services as intended in Article 17 and Article 18 is determined by the Regent taking into account the capabilities of Perumda Water Drink.

Article 20

- (1) The Supervisory Board at the end of each term of office receives service fees, the amount of which is determined by the Regent taking into account the capabilities of Perumda Drinking Water.**
- (2) Supervisory Board members who are honorably dismissed before their term of office ends, receive service fees provided they have carried out their duties for at least 1 (one) year.**
- (3) The amount of the service fee as referred to in paragraph (1) and paragraph (2) is based on the calculation of the length of service divided by the term of office multiplied by the last month's service fee.**

**Paragraph 4
Dismissal**

Article 21

- (1) Members of the Supervisory Board resign because: a. his term of office ends; and b. die.**
- (2) Members of the Supervisory Board are dismissed because: a. own request; b. reorganization; c. position as regional official has ended; d. reach the age limit of 65 (sixty five) years; e. unable to carry out duties; f. carry out actions that are detrimental to Perumda Drinking Water; And g. carry out actions or attitudes that are contrary to the interests of the Region or State.**
- (3) The dismissal of members of the Supervisory Board as referred to in paragraph (2) is determined by the Regent.**

Article 22

- (1) Members of the Supervisory Board who commit acts as intended in Article 35 paragraph (2) letters f and g are temporarily dismissed by the Regent.**
- (2) The temporary suspension as intended in paragraph (1) is determined by a Regent's Decree.**

Article 23

- (1) No later than 1 (one) month after the temporary dismissal, the Regent holds a meeting attended by members of the Supervisory Board to determine whether the person concerned is dismissed or rehabilitated.**
- (2) If within 1 (one) month the Regent has not held a meeting as intended in paragraph (1) the temporary dismissal is null and void.**
- (3) If at the hearing as intended in paragraph (1) a member of the Supervisory Board is absent without a valid reason, the person concerned is deemed to have accepted the results of the meeting.**
- (4) If the act committed by a member of the Supervisory Board constitutes a criminal act which has obtained permanent legal force, the person concerned is dishonorably dismissed.**

**Part Three
Directors**

**Paragraph 1
Appointment**

Article 24

- (1) The Board of Directors is appointed by the Regent on the recommendation of the Supervisory Board.**
- (2) The maximum age limit for Directors who come from outside Perumda Air Minum when first appointed is 50 (fifty) years.**
- (3) The maximum age limit for Directors from Perumda Air Minum when first appointed is 55 (fifty five) years.**
- (4) The position of a Director ends when the person concerned is a maximum of 60 (sixty) years of age.**

Article 25

- (1) Candidates for Directors meet the following requirements: a. have a Bachelor's degree (S-1); b. have work experience of 10 (ten) years for those from Perumda Air Minum or have a minimum of 15 (fifteen) years of work experience managing a company for those who do not come from Perumda Water Drink as proven by a certificate (reference) from a previous company with a good rating ;**
 - c. pass accredited drinking water management training at home or abroad as proven by certification or diploma;**

d. make and present proposals regarding the vision and mission of Perumda Water

Drink; e. willing to work full time; f.

not have family ties with the Regent/Deputy Regent or Supervisory Board or other Directors up to the third degree in a straight line or sideways, including sons-in-law and in-laws; And

g. pass the fit and proper test carried out by a team of experts appointed by the Regent.

- (2) The appointment of Directors as referred to in paragraph (1) is determined by a Regent's Decree.**
- (3) The procedures for appointing Directors as referred to in paragraph (1) are further regulated in a Regent's Regulation.**

Article 26

- (1) The number of Directors is determined based on the number of Perumda Air Drink customers with the following provisions:**
 - a. 1 (one) Director for up to 30,000 (thirty thousand) customers;**
 - b. a maximum of 3 (three) Directors for a number of customers from 30,001 (thirty thousand one) to 100,000 (one hundred thousand) customers; And**
 - c. a maximum of 4 (four) Directors for a number of customers above 100,000 (one hundred thousand).**
- (2) Determination of the number of Directors as referred to in paragraph (1) letters b and c is carried out based on the principles of efficiency and effectiveness in the administration and management of Perumda Water Drink.**
- (3) Directors numbering a maximum of 3 (three) or a maximum of 4 (four) people as referred to in paragraph (1) letter b and letter c, one of whom is appointed as President Director based on the best assessment of the results of the fit and proper test conducted by the Regent towards all Directors.**
- (4) The term of office of the Directors as referred to in paragraph (1) is 4 (four) years and can be reappointed for 1 (one) term of office.**
- (5) Reappointment as intended in paragraph (4) is carried out if the Directors are proven capable of improving the performance of Perumda Drinking Water and providing drinking water services to the community every year.**

Article 27

- (1) Directors are prohibited from holding multiple positions, namely: a. structural or functional positions in Central and Regional Government agencies/institutions; b. member of the Board of Directors at other BUMD, BUMN, and private business entities; c. positions that could give rise to a conflict of interest in Perumda Water Drinking; and/or d. other positions in accordance with statutory provisions.**
- (2) Directors may not have personal interests directly or indirectly which could give rise to a conflict of interest in Perumda Air Minum.**

**Paragraph 2
Duties and Authorities**

Article 28

The Board of Directors has the following duties:

- a. prepare plans, coordinate and supervise all operational activities of Perumda Drinking Water;**
- b. develop employees;**
- c. managing and administering the assets of Perumda Air Minum;**
- d. carry out general administration and finance;**
- e. prepare a 5 (five) annual Business Strategic Plan (business plan/corporate plan) which is approved by the Regent through a recommendation from the Supervisory Board.**
- f. prepare and submit the Business Plan and Annual Budget of Perumda Air Drink which is an annual elaboration and Business Strategic Plan (business plan/corporate plan) to the Regent through the Supervisory Board; and g. prepare and submit reports on all activities Perumda Drinking Water.**

Article 29

- (1) The reports as intended in Article 28 letter g consist of Quarterly Reports and Annual Reports.**
- (2) The Quarterly Report as intended in paragraph (1) consists of operational and financial activity reports submitted to the Supervisory Board.**

- (3) The Annual Report as intended in paragraph (1) consists of an audited financial report and a management report signed jointly by the Directors and Supervisory Board and submitted to the Regent.**
- (4) The Annual Report as intended in paragraph (3) is submitted no later than 120 (one hundred and twenty) days after the Perumda Air Minum financial year closes to be ratified by the Regent.**
- (5) The Annual Report as intended in paragraph (4) is reported no later than 30 (thirty) days after being received by the Regent.**
- (6) The Board of Directors disseminates the Annual Report through the mass media no later than 15 (fifteen) days after it is ratified by the Regent.**
- (7) Members of the Board of Directors or Supervisory Board who do not sign the Annual Report as intended in paragraph (3) must state the reasons in writing.**

Article 30

In carrying out the duties as intended in Article 28, the Board of Directors has the authority: a. appoint

and dismiss Perumda Air Drink employees based on Perumda Water Drink Company Regulations; b. determine the

organizational structure and work procedures of Perumda Drinking Water with the approval of the Supervisory

Board; c. appoint employees to occupy positions under the Board of Directors;

d. representing Perumda Air Minum inside and outside the court:

e. appoint a

power of attorney to carry out legal actions

representing Perumda Drinking Water;

f. sign Quarterly Reports and Reports

Annual;

g. sell, guarantee or dispose of assets belonging to Perumda Air Minum based on the approval of the Regent at the discretion of the Supervisory Board; and h. make

loans, enter into agreements, and collaborate with other parties with the approval of the Regent at the discretion of the Supervisory Board by pledging the assets of Perumda Air Minum.

Article 31

To support the smooth management of Perumda Drinking Water, the Board of Directors may be given representative funds of a maximum of 75% (seventy five percent) of the Directors' total income in 1 (one) year.

**Paragraph 3
Appointment of Temporary Officials**

Article 32

- (1) If until the end of the term of office of the Directors, the appointment of new Directors is still in the process of being finalized, the Regent can appoint/appoint the old Directors or a Structural Official of Perumda Drinking Water as temporary officials.**
- (2) The appointment of temporary officials as intended in paragraph (1) is determined by a Regent's Decree.**
- (3) The Regent's decision as intended in paragraph (2) is valid for a maximum of 6 (six) months, and can be extended until a new Director is appointed.**
- (4) Temporary officials as referred to in paragraph (1) are not inaugurated and take the oath of office.**
- (5) Temporary officials as referred to in paragraph (1) have the same duties and authority as the Director, except in matters of appointment, transfer and dismissal of employees as well as strategic policies related to the Company's Work Plan and Budget.**

**Paragraph 4
Income, Community Service, and Leave**

Article 33

- (1) Directors' income consists of salaries and allowances.**
- (2) The allowance as intended in paragraph (1) consists of:
from:**
 - a. Adequate care/health benefits including wife/husband and children; And**
 - b. other allowances.**
- (3) In the event that Perumda Water Drink makes a profit, the Board of Directors gets a share of the production services.**
- (4) The amount of salary, allowances and part of production services as intended in paragraph (1), paragraph (2) and paragraph (3) is determined by the Regent after taking into account the opinion of the Supervisory Board and financial capabilities Perumda Drinking Water.**
- (5) The total costs for Directors' income, Supervisory Board income, employee income and other labor costs may not exceed 40% (forty percent) of the total costs based on the realization of the Company's Budget for the previous Fiscal Year.**

Article 34

- (1) At the end of each term of office, Directors may be given a service fee, the amount of which is determined by the Regent based on the recommendation of the Supervisory Board and the financial capacity of Perumda Air Drink.**
- (2) Directors who are honorably dismissed before their term of office ends may be given service fees as intended in paragraph (1) provided they have carried out their duties for at least 1 (one) year.**
- (3) The amount of service fees as referred to in paragraph (1) and paragraph (2) is based on the calculation of the length of service divided by the term of office multiplied by the last month's income.**

Article 35

- (1) Directors obtain leave rights including:
 - a. annual leave;
 - b. great leave;
 - c. sick leave;
 - d. leave for important reasons or leave to perform the Hajj pilgrimage;
 - e. marriage leave;
 - f. maternity leave; And
 - g. leave outside the responsibility of Perumda Drinking Water.**
- (2) Directors who take leave as intended in paragraph (1) are still given full income except for leave that is not covered by Perumda Air Minum.**
- (3) The implementation of leave as intended in paragraph (1), is further regulated in a Regent's Regulation guided by statutory regulations.**

**Paragraph 5
Dismissal**

Article 36

- (1) Directors resign because:
 - a. his term of office ends; And
 - b. die.**
- (2) Directors are dismissed because:
 - a. own request;
 - b. reorganization;
 - c. carry out actions that are detrimental to Perumda Air Drink;**

d. carry out actions or attitudes that are contrary to the interests of the Region or State;

e. reach the age limit of 60 (sixty) years; and f. unable to carry out his duties.

(3) The dismissal of the Directors as referred to in paragraph (2) is determined by a Regent's Decree.

Article 37

(1) Directors who are suspected of committing acts as intended in Article 36 paragraph (2) letters c and d are temporarily dismissed by the Regent on the recommendation of the Supervisory Board for a maximum period of 1 (one) month.

(2) The temporary suspension as intended in paragraph (1) is determined by the Regent accompanied by reasons and notified to the person concerned.

Article 38

(1) No later than 1 (one) month after the temporary dismissal as intended in Article 37, the Supervisory Board shall hold a hearing attended by the Directors to determine whether the person concerned is dismissed or rehabilitated.

(2) The Supervisory Board reports to the Regent the results of the trial as intended in paragraph (1) as material for the Regent to dismiss or rehabilitate.

(3) If at the hearing as intended in paragraph (1) the Directors are not present without a valid reason, the person concerned is deemed to have accepted the results of the Supervisory Board hearing.

(4) If the act committed by the Directors constitutes a criminal act with a guilty verdict and has obtained permanent legal force, the person concerned is dishonorably dismissed.

CHAPTER VI EMPLOYEE

Part One Appointment

Article 39

(1) The appointment of Perumda Air Drink employees must meet the following requirements:

a. Citizen of the Republic of Indonesia;

b. have good behavior and have never been punished;

- c. have education, skills and expertise required;
 - d. declared healthy by a public hospital appointed by the Board of Directors;
 - e. maximum age 35 (thirty five) years; And
 - f. pass the selection.
- (2) Appointment of employees is carried out after going through a trial period of at least 3 (three) months and a maximum of 6 (six) months provided that they fulfill the work assessment list for each element of at least good value.
- (3) During the trial period as referred to in paragraph (2) an assessment shall be carried out including:
- a. loyalty;
 - b. proficiency;
 - c. health;
 - d. cooperation;
 - e. craft; f.
- work performance; And
- g. honesty.
- (4) If at the end of the probation period the prospective employee does not meet the requirements as intended in paragraph (3), he or she may be dismissed without receiving severance pay.

Article 40

- (1) The Board of Directors may appoint honorary or contract workers by providing an honorarium whose amount is determined by a Directors' Decree which is guided by the Regency Minimum Wage.
- (2) Honorary workers or contract workers as intended in paragraph (1) are not allowed to hold positions.

Article 41

- (1) The retirement age limit for Perumda Air Drink employees is 56 (fifty six) years.
- (2) Employees entering retirement may be given a service promotion to a level higher than their rank provided they have served at least 2 (two) years in their last rank.

**The second part
Earnings and Leave**

Article 42

- (1) Perumda Air Drink employees are entitled to salaries, allowances and other legal income in accordance with their rank, type of work and responsibilities.**
- (2) Allowances as intended in paragraph (1) includes:
a. food allowance; b.
health benefits; and c. other
allowances.**
- (3) Health benefits as intended in paragraph (1) letter b are given to employees and their dependent families.**
- (4) Health benefits as referred to in paragraph (1) include treatment and/or care in hospitals, clinics and others, the implementation of which is determined by the Directors' Decree.**
- (5) The granting of rights as intended in paragraph (1) is adjusted to the capabilities of Perumda Drinking Water.**

Article 43

- (1) The preparation of the salary scale for Perumda Water Drinking employees can refer to the principles of the salary scale for State Civil Servants which are adjusted to the needs and capabilities of Perumda Water Drinking.**
- (2) The salary provisions for Perumda Air Minum employees as referred to in paragraph (1) are determined by a Decree of the Board of Directors.**

Article 44

- (1) Employees who are married are given a wife/husband allowance of a maximum of 10% (ten percent) of their basic salary.**
- (2) Employees who have children aged less than 21 (twenty one) years, do not have their own income and are not or are not married are given a child allowance of 5% (five percent) of the basic salary for each child.**
- (3) The child allowance as intended in paragraph (2) can be extended until the age of 25 (twenty five) years, in the event that the child is still at school/college as proven by information from the school/college letter.**
- (4) Child allowance as intended in paragraph (2) is given to a maximum of 2 (two) children.**

Article 45

- (1) Employees are entitled to old age security, the funds of which are collected from Perumda Air Drink's business or Perumda Air Drink's employee contributions as determined by the Directors' Decree.**
- (2) The amount of the old age security allowance as intended in paragraph (1) is based on salary calculations.**

Article 46

In the event that Perumda Air Drink makes a profit, Perumda Air Drink's employees are given a share of production services in accordance with Perumda Air Drink's financial capabilities.

Article 47

- (1) Employees who have a good average score in the Employee Job Evaluation List are given periodic salary increases.**
- (2) Periodic salary increases as referred to in paragraph (1) given every 2 (two) years.**
- (3) If the person concerned has not fulfilled the requirements as intended in paragraph (1), the periodic salary increase is postponed for a maximum of 2 (two) years.**

Article 48

- (1) Employees receive leave rights including:
 - a. annual leave;**
 - b. great leave;**
 - c. sick leave;**
 - d. leave for important reasons or leave to perform the Hajj pilgrimage;**
 - e. marriage leave;**
 - f. maternity leave; And**
 - g. leave outside the responsibility of Perumda Drinking Water.****
- (2) Employees who take leave as intended in paragraph (1) are still given full income, except for leave that is not covered by Perumda Air Minum.**
- (3) The implementation of leave as intended in paragraph (1), is further regulated by a Regent's Regulation.**

**Part Three
Awards and Merits**

Article 49

- (1) The Board of Directors gives awards to employees who have continuous service for 10 (ten) years, 20 (twenty) years and 30 (thirty) years, the amount of which is adjusted to the capabilities of Perumda Water Drink.**
- (2) The Board of Directors gives service marks to employees who have demonstrated extraordinary achievements in the development of Perumda Drinking Water.**
- (3) The awarding of awards and service marks to employees as referred to in paragraph (1) and paragraph (2) is determined by a Decree of the Board of Directors.**

**Part Four
Obligations and Prohibitions**

Article 50

Every employee is obliged to:

- a. uphold and practice Pancasila and implement the 1945 Constitution of the Republic of Indonesia;**
- b. prioritize the interests of Perumda Drinking Water above other interests;**
- c. obey and comply with all obligations and prohibitions;**
And
- d. uphold the secrets of Perumda Drinking Water and the secrets of office.**

Article 51

Employees are prohibited from:

- a. carry out activities that are detrimental to Perumda Air Drinking, Region and/or Country;**
- b. using his position to provide benefits for himself and/or others to the detriment of Perumda Air Minum; and c. Defaming the good name of the Regional Drinking Water Company, Region and/or Country.**

CHAPTER VII
PENALTY

Article 52

- (1) Perumda Air Drink employees who violate the prohibitions as regulated in Article 51 may be subject to punishment.**
- (2) Type of punishment as intended in paragraph (1) includes:
 - a. verbal warning;**
 - b. written warning;**
 - c. postponement of periodic salary increases;**
 - d. delay in promotion;**
 - e. demotion;**
 - f. release from office;**
 - g. temporary dismissal;**
 - h. honorable discharge; and**
 - i. dishonorable dismissal.****
- (3) The implementation of the imposition of punishment as intended in paragraph (2) is determined by the Directors' Decree.**

Article 53

- (1) Perumda Air Minum employees are temporarily dismissed if they are suspected of having committed a prohibition as intended in Article 51 and/or a criminal act.**
- (2) Temporary suspension as intended in paragraph (1) is a maximum of 6 (six) months or there is a court decision that has permanent legal force for the alleged criminal act committed.**

Article 54

- (1) Perumda Air Drink employees who are temporarily dismissed as referred to in Article 52, starting the following month will be given 50% (fifty percent) of their salary.**
- (2) In the event that an employee who has been temporarily dismissed as referred to in paragraph (1) is not proven guilty, the employee concerned must be re-employed in the same position and is entitled to receive the remaining unearned income.**
- (3) If the employee who is temporarily dismissed as referred to in paragraph (1) is proven guilty, the Board of Directors will dismiss him dishonorably.**

Article 55

- (1) Employees are honorably dismissed because: a. die; b. own request; c. unable to carry out duties; d. unhealthy as proven by a certificate doctor; e. have reached retirement age; and/or f. reorganization.**
- (2) Employees who are honorably dismissed are given severance pay, the amount of which is determined by the Directors' Decree.**
- (3) Employees who are dismissed as referred to in paragraph (1) letter b will take effect at the end of the following month.**

Article 56

- Employees are dishonorably dismissed because: a. violate the employee's oath and/or oath Position;**
- b. punished based on a court decision in a criminal case that has obtained permanent legal force; and/or c. detrimental to the finances of Perumda Drinking Water.**

**CHAPTER VIII
COOPERATION**

Article 57

- (1) Perumda Drinking Water can collaborate with other Perumda Drinking Water and/or with third parties.**
- (2) Procedures for cooperation as intended in paragraph (1) refer to statutory regulations.**

Article 58

- (1) Cooperation as intended in Article 57 with the principle of mutual benefit.**
- (2) Cooperation as referred to in paragraph (1) must protect the interests of the community, regional government and collaborating parties.**
- (3) The implementation of cooperation between Perumda Drinking Water with other Perumda Drinking Water and/or with third parties is entirely within the authority of the Board of Directors in accordance with the company's internal mechanisms.**

(4) Procedures for cooperation as intended in Article 57 are regulated by Regent's Regulations.

CHAPTER IX

CORPORATE PROFITS

Article 59

(1) The use of net profit is regulated as follows:

- | | | |
|----|--|--------|
| a. | Regional Revenue and Expenditure Budget: 55% general | |
| b. | reserves | : 15 % |
| c. | social Fund | : 5 % |
| d. | production services | : 5 % |
| e. | education fund | : 15 % |
| f. | welfare fund | : 5 % |

(2) The Regional Revenue and Expenditure Budget as intended in paragraph (1) letter a is budgeted in the receipt of the Regional Revenue and Expenditure Budget for the following fiscal year.

(3) General reserves as intended in paragraph (1) letter b are used to increase capital or cover losses after obtaining approval from the Regent through the Supervisory Board.

(4) Social Funds as referred to in paragraph (1) letter c are used for social activities, assistance/donations from the Board of Directors, Supervisory Board and Employees.

(5) Education funds as referred to in paragraph (1) letter d are used to improve the human resources of the Board of Directors, Supervisory Board and Employees.

(6) Production services as referred to in paragraph (1) letter e are used to provide awards to the Trustees, Directors, Supervisory Board and employees for the results of work with the distribution determined by the Directors' Decree.

(7) The Welfare Fund as referred to in paragraph (1) letter f is used to improve the welfare of the Directors, Supervisory Board and Employees with the distribution determined by the Directors' Decree.

CHAPTER X

SPECIAL ASSIGNMENT OF REGIONAL GOVERNMENT

Article 60

(1) The Regional Government may give a special assignment to Perumda Drinking Water in order to carry out some of the tasks of the regional government to carry out public benefit functions in the field of drinking water supply.

- (2) Assignment as intended in paragraph (1) includes:**
- a. implementation of government programs to provide assistance in providing drinking water to non-customer communities experiencing a drinking water crisis.**
 - b. implementation of government waste management programs liquid**
 - c. other activities in accordance with the business sector of providing drinking water to the community.**
- (3) In carrying out special regional government assignments as intended in paragraph (1), bookkeeping is carried out separately.**

CHAPTER XI

LOAN

Article 61

- (1) The Regional Government can continue regional loans as loans, grants, and/or capital participation to Perumda Air Drink within the framework of financial relations between the Regional Government and Perumda Water Drink.**
- (2) Perumda drinking water can collaborate with financial institutions or other institutions in the form of loans.**
- (3) Loans that can be received by Perumda Air Minum from Financial Institutions or other Institutions as intended in paragraph (2) are determined as follows:**
- a. loans up to IDR 500,000,000.00 (five hundred million rupiah) by the Board of Directors; And**
 - b. loans of more than IDR 500,000,000.00 (five hundred million rupiah) up to IDR 1,000,000,000.00 (one billion rupiah) with the approval of the Regent.**
- (4) Loans as intended in paragraph (1) and paragraph (2) are carried out according to statutory regulations.**

CHAPTER XII

INTERNAL SUPERVISION UNIT

Article 62

- (1) The Board of Directors carries out internal supervision.**
- (2) Internal supervision as intended in paragraph (1) is carried out by establishing an internal Supervision Unit.**
- (3) The internal supervision unit as intended in paragraph (2), is led by a head who**

appointed and dismissed by the Board of Directors with the approval of the Supervisory Board.

- (4) The Internal Supervision Unit is tasked with:
- a. assist the Board of Directors in carrying out operational and financial audits of the Company, assessing control, management and implementation at the Company, as well as providing suggestions for improvements;
 - b. provide a report on the results of the inspection or results of the implementation of the duties of the Internal Audit Unit as referred to in letter a to the Board of Directors; And
 - c. monitor follow-up on inspection results has been reported.
- (5) The Board of Directors submits reports on the implementation of internal supervision duties periodically to the Supervisory Board.
- (6) The Board of Directors is obliged to follow up on reports on the implementation of internal supervision duties as intended in paragraph (5).
- (7) In carrying out its duties, the Internal Supervisory Unit is obliged to maintain the smooth running of the duties of other organizational units within Perumda Drinking Water in accordance with their respective duties and responsibilities.

CHAPTER XIII
AUDIT COMMITTEE AND OTHER COMMITTEES

Article 63

- (1) The Supervisory Board forms an audit committee and other committees to assist the tasks of the Supervisory Board.
- (2) Establishment and implementation of the duties of the audit committee and other committees in accordance with the provisions of statutory regulations.

CHAPTER XIV
RATES

Article 64

- (1) Calculation and determination of drinking water tariffs are regulated by Regent's Regulations.
- (2) Calculation and determination of drinking water tariffs as intended in paragraph (1) are based on: a. affordability and fairness; b. service quality; c. cost recovery; d. water use efficiency; e. raw water protection; and f. transparency and accountability.

CHAPTER XV
RESTRUCTURISATION

Article 65

Perumda Air Minum can carry out restructuring to make the company healthy so that it can operate efficiently, accountably, transparently and professionally.

CHAPTER XVI
DISSOLUTION AND CHANGE IN LEGAL FORM

Article 66

- (1) Perumda Drinking Water can be dissolved or changed form.
- (2) Dissolution or change in the form of a legal entity as intended in paragraph (1) can be carried out if Perumda Air Drink experiences losses due to debts that exceed Perumda Air Drink's capital or other reasons.
- (3) The dissolution or change in the form of Perumda Air Minum as intended in paragraph (1) is determined by a Regional Regulation.
- (4) The assets of Perumda Water Drink which have been dissolved and become the rights of the Region are returned to the Region.
- (5) In the event of the dissolution of Perumda Air Drink, all rights and obligations of Perumda Water Drink are transferred to the Regional Government.
- (6) Dissolution or change in the legal entity form of Perumda Air Drink is carried out in accordance with the provisions of statutory regulations.

CHAPTER XVII
BANKRUPTCY

Article 67

- (1) Losses experienced by Perumda Drinking Water are borne by Perumda Drinking Water.
- (2) In the event that Perumda Air Minum cannot cover losses with the assets and wealth it owns, it is declared a loss through a court decision.
- (3) A business unit owned by Perumda Air Drink that cannot cover losses with the assets and wealth it owns, is declared bankrupt in accordance with the provisions of the laws and regulations regarding bankruptcy.

CHAPTER XVIII
PENSION FUND

Article 68

- (1) Directors and employees of Perumda Air Drink must be included in the pension program organized by the Employer Pension Fund or Financial Institution Pension Fund.
- (2) The administration of the pension program as referred to in paragraph (1) is based on considerations of optimization and certainty of benefits for the Directors and employees of Perumda Air Minum in accordance with statutory regulations.
- (3) Based on considerations of the effectiveness and efficiency of the pension program organizers as referred to in paragraph (1), priority is given to employer pension funds managed by the Perumda Air Minum joint venture.

CHAPTER XIX
ASSOCIATION

Article 69

- (1) Perumda Drinking Water is required to become a member of the Association of Drinking Water Companies throughout Indonesia (PERPAMSI).
- (2) Perumda Drinking Water can utilize PERPAMSI as an association that bridges cooperative activities between domestic and foreign Perumda Drinking Water and coordinates with relevant agencies at the central and regional levels.

CHAPTER XX
GUIDANCE AND SUPERVISION

Article 70

Guidance for Perumda Drinking Water is carried out by the Regent and Deputy Regent.

CHAPTER XXI
CLOSING

Article 71

When this Regional Regulation comes into force, Regulation Sukoharjo Regency Region Number 20 of 2007 concerning Regional Drinking Water Company (Regional Gazette Sukoharjo Regency 2007 Number 22, Supplement

Sukoharjo Regency Regional Gazette Number 151) is revoked and declared invalid.

Article 72

This local regulation are applied at the date stated.

So that everyone knows, this invitation is ordered by placing it in the Sukoharjo Regency Regional Gazette.

Stipulated in Sukoharjo on
December 30 2016

REGENT SUKOHARJO,

Promulgated in Sukoharjo
on **December 30, 2016**

WARDOYO WIJAYA

**REGIONAL SECRETARY
SUKOHARJO DISTRICT,**

**AGUS SANTOSA
SUKOHARJO DISTRICT REGIONAL GAZETTE
YEAR 2016 NUMBER 20**

**NOREG REGIONAL REGULATIONS OF SUKOHARJO DISTRICT, PROVINCE
CENTRAL JAVA : (20/2016)**

**EXPLANATION
ON
REGIONAL REGULATIONS OF SUKOHARJO DISTRICT
NUMBER 20 OF 2016
ABOUT
REGIONAL PUBLIC COMPANY FOR DRINKING WATER**

I. GENERAL

The enactment of Law Number 23 of 2014 concerning Regional Government as amended several times, most recently with Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government brings fundamental changes regarding the regulation of Regional Owned Enterprises (BUMD). Based on their capital ownership, BUMD consists of Regional public companies and Regional public companies. Because PDAM Tirta Makmur is a BUMD whose entire capital is owned by one region and is not divided into shares, it is necessary to make adjustments to become a regional public company (Perumda) for Drinking Water.

The aim of establishing Perumda drinking water is:

- a. provide benefits for regional economic development generally;
- b. carry out public benefits in the form of providing quality goods and/or services for the fulfillment of people's livelihoods in accordance with the conditions, characteristics and potential of the region concerned based on good corporate governance; And
- c. obtain profits and/or benefits.

To realize this goal, a Perumda organ is needed which consists of regional heads as regional representatives as capital owners, Directors, Supervisory Board and Perumda employees.

In order for Perumda drinking water to provide drinking water supply services to the community, as well as provide economic benefits for local revenue, Perumda management must at least fulfill the following elements:

- a. procedures for capital participation;
- b. organs and employees;
- c. evaluation procedures;
- d. good corporate governance;
- e. planning, reporting, coaching, supervision;
- f. cooperation;
- g. use of profits;
- h. Regional Government assignments;
- i. loan;
- j. internal supervisory unit, audit committee and other committees;
- k. assessment of the level of soundness, restructuring, privatization;

- I. change in legal form;
- m. bankruptcy; And
- n. mergers, consolidations and takeovers.

II. ARTICLE BY ARTICLE

article 1

Quite clear

Section 2

Quite clear

Article 3

Quite clear

Article 4

Quite clear

Article 5

Quite clear

Article 6

Paragraph (1)

Quite clear

Paragraph (2)

Quite clear

Paragraph (3)

Letter a

What is meant by "reserve capitalization" is the addition of paid-in capital originating from reserves.

Letter b

What is meant by "asset revaluation gain" is the revaluation of a company's assets due to an increase in the value of those assets.

Letter c

What is meant by "share premium" is the excess of the shareholder's deposit above the nominal value in the case of shares issued at nominal value.

Article 7

Quite clear

Article 8

Quite clear

Article 9

Quite clear

Article 10

Quite clear

Article 11

Quite clear

Article 12

Quite clear

Article 13

Quite clear

Article 14

Quite clear

Article 15

Quite clear

Article 16

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Article 17

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Article 18

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Article 19

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Article 20

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Article 21

Quite clear

Article 22

Quite clear

Article 23

Quite clear

Article 24

Quite clear

Article 25

Quite clear

Article 26

Paragraph (1)

Quite clear

Paragraph (2)

What is meant by "the principle of efficient management and management of Perumda Drinking Water" is a principle oriented towards minimizing the use of resources in state administration to achieve the best work results.

What is meant by "the principle of effective management and management of Perumda Drinking Water" is a principle that is oriented towards appropriate and efficient goals.

Paragraph (3)

Self-explanatory

Paragraph (4)

Quite clear

Paragraph (5)

Quite clear

Article 27

Quite clear

Article 28

Quite clear

Article 29

Quite clear

Article 30

Quite clear

Article 31

What is meant by "representative funds" are funds provided by the Directors in connection with their position as head of Perumda Water Drinking.

Article 32

Quite clear

Article 33

Quite clear

Article 34

Quite clear

Article 35

Quite clear

Article 36

Quite clear

Article 37

Quite clear

Article 38

Quite clear

Article 39

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Article 40

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Article 41

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Article 42

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Article 57

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Article 58

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Article 59

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Article 60

Quite clear

Article 61

Quite clear

Article 62

Quite clear

Article 63

Quite clear

Article 64

Paragraph (1)

Quite clear

Paragraph (2)

Letter a

What is meant by "affordability" is that:

- 1. Determining tariffs for standard drinking water needs is adjusted to the ability to pay for customers whose income is the same as the Provincial Minimum Wage, and does not exceed 4% (four percent) of the income of the customer community.**
- 2. Determination of tariffs for basic drinking water standards for Low Income Communities is subject to the highest tariff being the same as the low tariff.**

What is meant by "justice" is achieved through:

- 1. application of differentiated tariffs with cross subsidies between customer groups; and**
- 2. implementation of progressive tariffs in order to reduce the use of drinking water.**

Letter b

What is meant by "quality of service" is that tariffs are determined which take into account the balance with the level of service quality received by customers

Letter c

What is meant by "cost recovery" is intended to cover operational needs and development of drinking water services.

Letter d

What is meant by "water use efficiency" is the amount of water used which is calculated based on the application of progressive tariffs or tariffs charged to customers whose consumption exceeds the standard basic drinking water requirements.

Letter e

What is meant by "raw water protection" is that Perumda Drinking Water in calculating tariffs must consider the protection and preservation of raw water sources in the long term by imposing progressive tariffs.

Letter f

- 1. What is meant by "transparency" is that it is carried out including by:
 - a. capture customer aspirations related to calculation plans and tariff determination; And**
 - b. convey information relating to tariff calculation plans to customers.****
- 2. What is meant by "accountability" is being able to be held accountable in accordance with statutory provisions.**

Article 65

Quite clear

Article 66

Quite clear

Article 67

Quite clear

Article 68

Quite clear

Article 69

Quite clear

Article 70

Quite clear

Article 71

Quite clear

Article 72

Quite clear