


Internal Function Separation Policy Strategy as a Profit-Oriented Stability Model with Public Service Obligations by PT Pertamina (Persero)

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Abstract

This study analyzes the legal and institutional tensions faced by PT Pertamina (Persero), an Indonesian State-Owned Enterprise (SOE), in fulfilling its dual command as both a profit-oriented company and a supplier of Public Service Obligations (PSO). While commanded to distribute subsidized fuel to ensure equitable energy access, Pertamina simultaneously administers under a commercial framework, often incurring financial losses due to delayed remittance and fixed fuel pricing. Employing a normative legal approach, this study explores the regulatory paradox embedded in SOE laws and proposes an internal function separation policy as a tactical solution. Specifically, the creation of a distinct subholding solely amenable for PSO execution is proposed to enhance financial transparency, accountability, and institutional efficiency. This structural model would allow Pertamina's commercial units to operate independently and competitively without being constrained by the burdens of PSO. The findings underscore the importance of legal clarity and organizational restructuring in balancing public service and profit motives within Indonesia's tactical energy sector.

KEYWORDS State-Owned Enterprises, Public Service Obligation, PT Pertamina, Legal Dispute, Profit Orientation

I. Introduction

Referring to the preamble, letter (a) of Law Number 1 of 2025, it is asserted that to maintain economic stability as an integral part of national economic expansion, the state exercises control over divisions of fabrication that hold tactical value and have widespread impact on public life.¹ Such control is directed towards maximizing the abundance of the people. In this realm, the state holds a constitutional authority to realize societal welfare, one of that is executed by the role of State-Owned Enterprises (SOEs) as the primary instruments for executing the state's economic functions.

In supporting national economic growth, SOEs serve a tactical role as the main driving force. Their existence not only contributes to the internal expansion of each enterprise but also strengthens their spot as one of the main pillars of national expansion.

In carrying out their business projects, SOEs play a crucial role not only as major contributors to the national economy but also as institutions awaited to supply public services, meet various societal needs, and uphold national interests comprehensively. Furthermore, SOEs foster motivation and innovation across economic sectors while contributing to the expansion of new businesses,

¹ Undang-Undang Republik Indonesia Nomor 1 Tahun 2025 tentang Perubahan Ketiga atas Undang-Undang Nomor 19 Tahun 2003 tentang Badan Usaha Milik Negara, Lembaran Negara Republik Indonesia Tahun 2025 Nomor 70, Tambahan Lembaran Negara Republik Indonesia Nomor 7097.

particularly in the micro, small, also medium enterprises (MSME) sector, that is essential for strengthening the national economy.

Derived from Article 1 of Law Number 1 of 2025 respecting the Third amending Law Number 19 of 2003 on State-Owned Enterprises, a State-Owned Enterprise (SOE) is defined as a business institution that fulfills nearly one of the following criteria:

1. The whole or majority of its capital is possessed by the Republic of Indonesia by direct investment;
2. or It detains special rights granted by the Republic of Indonesia. The law recognizes two forms of SOEs: Limited Liability Companies (Persero) and Public Corporations (Perum).²

According to Article 1 point 3 of the SOE Law, a Persero is a state-owned enterprise in the shape of a Limited Liability company predominantly targeted at generating profit. The management of SOEs structured as Persero ought comply with the clauses delineated in Law Number 40 of 2007 concerning Limited Liability Companies, in conformity with Article 11 of Law Number 19 of 2003 concerning SOEs.

According to a Tempo report on October 15, 2023, the fuel subsidy policy has caused financial losses for PT Pertamina (Persero), as uttered by the corporation's then President Commissioner, Basuki Tjahaja Purnama. These losses stemmed from the global rise in crude oil prices, while the selling price of subsidized fuel remained fixed as set by the government. As a result, PT Pertamina (Persero) bore the cost difference between global market prices and

² Akbar, Muhammad Gary Gagarin. 2023. "Reformulasi Pengaturan Kedudukan Mandiri Perusahaan Perseroan Dalam Rangka Mewujudkan Good Corporate Governance." Universitas Islam Indonesia.

subsidized retail prices. The situation was further aggravated by delayed remittance payments from the government, that negatively affected the corporation's financial stability.³

The government's task to PT Pertamina (Persero) to implement Public Service Obligation (PSO) reflects the state's commitment to ensuring energy availability for the public. However, simultaneously, PT Pertamina (Persero) administers as a business institution oriented toward profit-making, as assured in Law Number 1 of 2025 amending Law Number 19 of 2003 on SOEs. This situation constructs a tactical dilemma, requiring the company to stability the command of public service division with the pursuit of commercial objectives.

This study focutilizes on one SOE in Indonesia, PT Pertamina (Persero). Pertamina is currently tasked with executing the PSO, where the government commands the allocation of subsidized fuel, specifically Peralite (RON 90), to the public. On the flip side, as a profit-oriented business institution, Pertamina faces challenges that affect both the company and its consumers.

The legal basis for the government's PSO task to PT Pertamina (Persero) is supplyd under Article 66(1) of Law Number 19 of 2003 concerning State-Owned Enterprises, that utters: "The Government may assign SOEs to conduct public utility functions while ascribing the goals and objectives of the SOE's projects."⁴

The legal foundation for the PSO task is further supported by Law Number 22 of 2001 concerning Oil & gas, specifically Article 4(1), as amended,

³ Tempo, "Ahok Sebut BBM Bersubsidi Merugikan Pertamina: Kami Nombok," *Tempo.co*, Oktober 15, 2023, <https://www.tempo.co/ekonomi/ahok-sebut-bbm-bersubsidi-merugikan-pertamina-kami-nombok-132447>.

⁴ Undang-Undang Republik Indonesia Nomor 19 Tahun 2003 tentang Badan Usaha Milik Negara, Lembaran Negara Republik Indonesia Tahun 2003 Nomor 70.

that declares that oil & gas are tactical and finite resources within Indonesia's mining jurisdiction, considered national wealth under the control of the state. The explanatory note to this article accentuates that, in conformity with Article 33(3) of the 1945 Constitution of the Republic of Indonesia, the state's control over these resources is targeted at ensuring their utilization for the prominent advantages of the Indonesian people. In this regard, the management of tactical resources for instance oil & gas is not merely an economic activity but also a constitutional obligation of the state to guarantee equitable and sustainable allocation of national wealth across society.⁵

Specifically, the PSO task related to Peralite RON 90 fuel is governed under the Minister of Energy and Mineral Resources Decree No. 37.K/HK.02/MEM.M/2022 on Special Task Fuel Types.

As a state-owned enterprise in the shape of a Persero, PT Pertamina is guided by Article 12 of Law Number 1 of 2025 on the Third Amending Law Number 19 of 2003 concerning SOEs. This article utters the objectives of establishing a Persero are:

1. To generate profit; and
2. To supply and ensure the availability of high-quality and competitive goods and/or services.

Accordingly, as a Persero, PT Pertamina is tasked with a dual command: to hound profitability while fulfilling public service obligations by the PSO scheme.

Subsequent regulations strengthened Pertamina's role in the national energy industry. Law Number 8 of 1971 commandd Pertamina to conduct fabrication,

⁵ Undang-Undang Republik Indonesia Nomor 22 Tahun 2001 tentang Minyak dan Gas Bumi, Lembaran Negara Republik Indonesia Tahun 2001 Nomor 136, Tambahan Lembaran Negara Republik Indonesia Nomor 4152.

processing, and allocation of oil & gas to obtain domestic needs. The energy policy reform under Law Number 22 of 2001 redefined Pertamina's role from a PSO supplyr to a commercial business institution operating in a liberalized energy market.

The institutional history of PT Pertamina (Persero) reflects a series of structural, regulatory, and symbolic transformations that highlight its tactical role in the national energy sector. On December 10, 1957, it altered its called to PT Perusahaan Minyak Nasional (Permina), that is now memorialized as Pertamina's founding date. In 1960, Permina became a state company (PN Permina), that later integrated with PN Pertamina on August 20, 1968 to form PN Pertambangan Minyak dan Gas Bumi Negara (Pertamina).

Further institutional transformation was formalized by Government Regulation No. 31 of 2003 on June 18, 2003, that officially converted Pertamina into PT Pertamina (Persero), allowing it to operate across upstream and dposseststream oil & gas sectors. On December 10, 2005, the company upon its logo from a seahorse to a stylized green, blue, and red arrow symbolizing vigour and environmental issue.

On July 20, 2006, the company sustained substantial alteration in its structure and business projects. As part of this tactical shift, Pertamina adopted a new vision on December 10, 2007: "To accord a World-Class National Oil Company," that was enhanced in 2011 to "To accord a World-Class National Energy corporation."

Tactical consolidation efforts were evident in the Extraordinary General Meeting of Shareholders held on July 19, 2012, that permitted increased paid-in capital and business scope expansion. On December 14, 2015, the Minister of

SOEs, as the shareholder, permitted amendments to the Articles of Association to optimize resource utilization, increase state capital, and improve corporate governance by limits on directors' authority requiring prior permission from the Board of Commissioners. These alterations were notarized in Deed No. 10 on January 11, 2016, by Lenny Janis Ishak, S.H.

Finally, on November 24, 2016, by Minister of SOEs Decree No. S-690/MBU/11/2016, further amendments were made to the Articles of Association covering alterations in the composition of the Board of Directors and Commissioners, adjustment of CEO authority, also new procedures for board meetings.⁶

By 2023, PT Pertamina (Persero) produced and distributed a wide array of products and services to the public. These encompassed subsidized and non-subsidized fuels for households for instance kerosene and Mitanku. For vehicles, the company supplied assigned or subsidized fuels like Solar and Biosolar, and non-subsidized fuels for instance Peralite, Pertamina, Pertamina Green, Pertamina Turbo, Dexlite, and Pertamina Dex. It also offered non-subsidized gas fuels for vehicles involving Vi-Gas, Envogas, and GasKu. For industrial use, diesel and kerosene were supplied. In the gas fuel category, the company distributed 3-kg subsidized LPG and non-subsidized products like 12-kg and 50-kg LPG cylinders, bulk LPG, Bright Gas in 220 grams, 5.5 kg, and 12 kg variants, and Musicool refrigerant products.⁷

⁶ PT Pertamina (Persero), "Sejarah Pertamina," *Pertamina.com*, diakses Juni 6, 2025, <https://www.pertamina.com/id/sejarah-pertamina>.

⁷ PT Pertamina (Persero), *Laporan Tahunan 2023 / 2023 Annual Report* (Jakarta: PT Pertamina (Persero), 2024), <https://www.pertamina.com/id/annual-report>.

Derived from the background elaborated above, this research addresses three main issues: **One**, What are the legal clauses respecting the stability between profit orientation and public service obligations in Indonesian State-Owned Enterprises? **Two**, What are the legal implications for PT Pertamina (Persero) as both a supplier of Public Service Obligation and a profit-oriented business institution? **Three**, What policy strategies, particularly the internal functional separation model, can be implemented to stability profit-making and public service commands within PT Pertamina (Persero)?

II. Methods

This study utilizes a normative legal approach with a doctrinal study method. This approach is also known as doctrinal legal research, that law is understood as a norm drafted in laws and regulations (law in the book), and as a set of rules that serve as guidelines for behavior in society. However, law can also be studied from a practical perspective, that are as applied in real life (law in action). In practice, there are often differences between the law as idealized in the regulatory text and its realization in the field.⁸

This study specifically utilizes a statutory approach, with a focus on the analysis of Law Number 19 of 2003 conjoint to Law Number 1 of 2025 respecting State-Owned Enterprises, also the Decree of the Minister of Energy and Mineral Resources Number 37 of 2022 respecting Types of Special Task Fuel Oil. These clauses are the basis for the government's special task to PT Pertamina (Persero) in terms of distributing subsidized Fuel Oil. This study found a dispute

⁸ Jonaedi Efendi dan Johnny Ibrahim, *Metode Penelitian Hukum Normatif & Empiris*, cet. ke-2 (Jakarta: Kencana, 2018),

in the legal rules, that are the regulatory paradox between the obligation of BUMN to supply public services by the Public Service Obligation (PSO) mechanism also the demand to continue to seek profits as a company. In its legal study, this study uncovers three main things: the dispute of norms in laws and regulations, the impact of the dual role of BUMN on its performance, also the inconsistency of government policies in the allocation of energy subsidies.

The concept of the welfare state began to be widely accepted, especially after World War II, as a response to the failure of the classical legal state concept or the night watchman state (*nachtwächterstaat*) in ensuring the welfare of the community. As a form of correction to this failure, a new paradigm integrated that placed the state as the main actor amenable for fulfilling the welfare of the people. Within this framework, the principle of *freies Ermessen* supplies broad discretionary authority to the state administration to carry out various legal actions in the common welfare. To support the realization of this jurisdiction, the state is also given the authority to design relevant legal instruments.⁹

The constitutional command in Article 33 of the 1945 Constitution of the Republic of Indonesia supplies a strong normative basis for the management of the oil & gas industry, emphasizing two main aspects: control by the state also the achievement of people's wealth. Within the framework of a welfare state, Indonesia constitutionally spots the state as the main servant of the people's interests, as remarked in the Preamble to the 1945 Constitution that establishes national ideals in the shape of justice and wealth for all Indonesian people. Chapter XIV of the 1945 Constitution, especially Article 33 paragraphs (2) and (3), directs the management of the national economy to ensure social welfare by

⁹ Dr. Ridwan HR, *Hukum Administrasi Negara* (Jakarta: Rajawali Pers, 2014), 14 -19.

state control over divisions of fabrication that are essential to the state and handle the livings of many people. Consistency with this principle is manifested by the allotment of Law Number 22 of 2001 respecting Oil & gas, that accentuates that oil & gas are tactical and vital resources for national expansion towards a just and prosperous society. Therefore, its utilization is under the authority of the state and can only be handled by state-owned enterprises.¹⁰

On the flip side, the concept of Good Corporate Governance (GCG) as defined by the Cadbury Report, refers to the mechanism of corporate direction and control to maintain a stability between power and authority in the company. GCG functions as a system that regulates and supervises corporate operations to construct asset for all stakeholders. Normatively, the application of GCG principles in State-Owned Enterprises (BUMN) in Indonesia is governed by the Regulation of the Minister of BUMN Number PER-2/MBU/03/2023 respecting Guidelines for Governance and Significant Corporate Projects of BUMN. In Article 3 paragraph (2) of the regulation, it is accentuated that there are five main principles of BUMN governance, that are transparency, accountability, authority, independence, and fairness.¹¹

III. Result and Discussion

A. Legal Clauses Regarding the Stability Between Profit-Oriented and Public Service Obligations by State-Owned Enterprises in Indonesia

¹⁰ Suyitno Patmosukismo, MIGAS POLITIK, HUKUM & INDUSTRI Politik Hukum Pengelolaan Industri Migas Indonesia Dikaitkan dengan kemandirian dan ketahanan Energi dalam Pembangunan Perekonomian Nasional (Jakarta: PT Fikahati Aneska, 2011), 56-58

¹¹ Adrian Sutedi, S.H., M.H., Good Corporate Governance (Jakarta: Sinar Grafika, 2011), 1 - 4.

As previously explained, PT Pertamina (Persero) carries out two main commands in its capacity as a State-Owned Enterprise. For starter, as the implementer of the PSO, the company is amenable for delivering advantages for the common welfare by the division of affordable and equitable energy in the shape of subsidized fuel. Second, Pertamina also administers as a profit-oriented business institution, with the aim of obtaining optimal profits as befits a commercial company. This duality of roles requires the company to be able to stability social authority and financial performance.

Public Service Obligation is a public service commission that is predominantly an commission that ought be executed by the government as the arranger of state power. The 1945 Constitution explicitly utters "The state is amenable for delivering adequate health care and public service facilities."

From the enactment of Law Number 19 of 2003 respecting State-Owned Enterprises, the government has the authority to assign special tasks to BUMN to organize services that supply advantages to the wider community, without ignoring the commercial objectives and business orientation of the company. This division is explicitly governed in Article 66 paragraph (1), that accentuates the dual role of BUMN as a business institution 'as well as an implementer of the state's social functions.

Although BUMN was settled with the target and objective of hounding profit, it is viable that for urgent matters, BUMN will be entrusting particular roles by the government. If the task is fiscally infeasible according to the study, the government ought supply remittance for whole costs hound by the BUMN involving the awaited margin. Law Number 22 of 2001 stipulates that oil & natural gas are tactical and finite resources that have an essential role in acquiring

the essential needs of the public and significantly contribute to the national economy. The state's control over these resources aims to ensure their optimal management for the prominent advantages of the people's welfare and wealth. In this realm, the management of the oil & gas sector—particularly by PT Pertamina (Persero)—is regarded as a constitutional command implemented by the Public Service Obligation (PSO) mechanism, reflecting the state's authority to supply public services in the energy sector as part of its commitment to social justice.

PT Pertamina (Persero) was given an task by the Indonesian Government regarding the Public Service Obligation in the shape of subsidized fuel Peralite (RON 90). The PSO task specifically related to Peralite RON 90 type of Fuel Oil (BBM) is governed in the Decree of the Minister of Energy and Mineral Resources Number 37.K/HK.02/MEM.M/2022 respecting the Type of Special Fuel Oil Task.

The fulfillment of public service obligations by PT Pertamina (Persero), which operates as a Limited Liability Company rather than a State-Owned Public Corporation (Perum), has given rise to a legal controversy under company law. Within them: For starter, derived from the definition of a BUMN business institution, a distinction is made between a BUMN business institution that is beneficial to the community and a BUMN business institution that prioritizes earnings (earnings oriented). This might be viewed from the understanding of companies and public companies. The company is a state-owned enterprise structured as a Limited Liability Company, with its capital divided into shares, at least 51% of which are owned by the Republic of Indonesia. Its primary objective is profit generation, meanwhile a public is a business institution possessed by a country whose shares are utterly possessed by the state and are not categorized in

shares, that targets for public advantages in the shape of delivering better quality goods and/or services while still hounding profits derived from the principles of corporate management.¹²

As a legal institution derived from the principle of going issue, the existence of State-Owned Enterprises (SOEs) is not affected by alterations in share ownership, involving the death of shareholders. This confirms the status of SOEs as legal subjects that are autonomous and separate from their founders. The installation of SOEs is a manifestation of the state's authority, as commandd by the constitution, to ensure the availability of essential goods and services for all Indonesian people. Within the framework of economic expansion, SOEs have a tactical function as the main actor that not only drives national economic growth, but also contributes to state financing by its contribution to the State Budget (APBN).

As a corporation whose shares are nearly 51% possessed by the state, SOEs are formed to hound profits while carrying out public service functions. This dual role encompassess the division of goods and services that are vital to the community, as well as the delegation of the micro, small, also medium enterprises (MSMEs), cooperatives, and economic actors from vulnerable groups. This function is in line with the clauses assured in Law Number 19 of 2003 respecting State-Owned Enterprises, that accentuates the role of SOEs as a state instrument in realizing social justice and sustainable economic expansion.¹³

¹² Muhammad Insa Ansari, "State-Owned Enterprise and Public Service Obligation in the Sector of Oil & gas," *Mimbar Hukum* 29, no. 3 (October 2017): 515–527, <https://doi.org/10.22146/jmh.23643>.

¹³ Amir Firmansyah, Aris Machmud, dan Suparji, "Peran BUMN sebagai Pilar Utama Ekonomi Nasional yang Mandiri: Sebuah Kajian Hukum Korporasi," *Binamulia Hukum* 13, no. 2 (Desember 2024): 517–528, <https://doi.org/10.37893/jbh.v13i2.952>.

Derived from the clauses of Article 66 of Law Number 19 of 2003 respecting State-Owned Enterprises, that is the legal basis for the task of public service obligations (Public Service Obligation/PSO), and Article 1 of Law Number 1 of 2025 as the third amendment to the same Law, that accentuates the purpose of establishing a BUMN type Persero, it can be concluded that PT Pertamina (Persero) is required to maintain a stability between commercial orientation also the realization of the state command. As a BUMN institution in the tactical sector, that are oil & gas, Pertamina does not only aim to gain profits as companies in general do, but also carries out the state's function in ensuring the availability of national energy. This legal spot places PT Pertamina (Persero) as a government instrument that carries out dual functions—as a competitive business actor and as an implementer of public policy—both of that are explicitly governed in the legal framework of BUMN legislation.

B. Legal Implications of PT Pertamina (Persero) as a Public Service Obligation and as a Earnings oriented Business Institution

Various countries implement various methods of corporate restructuring, for instance mergers and acquisitions, initial public offerings (IPOs), sales to tactical partners (tactical sales), sales to internal management (management buy-out/MBO), management by management contracts, also the formation of holding companies. The strategy of forming a holding company for a number of BUMNs operating in similar sectors is considered to be able to increase organizational flexibility. This allows subsidiaries to operate more independently as pure corporate entities. A holding company itself refers to a parent institution

that has authority over several companies in one business group. According to Black's Law Dictionary, a holding company is a corporation whose main focus is investing in subsidiaries and carrying out supervisory functions over the operational management of these entities.¹⁴

According to Dr. Toto Pranoto, a State-Owned Enterprise is defined as a business institution whose government ownership is above 50% (fifty percent). BUMN can also be a non-profit company that aims to supply goods or services to the community.¹⁵ According to Munir Fuady, a Holding Company is a corporation that possesses shares in one or more companies and/or regulates other companies.¹⁶

PT Pertamina (Persero), as a state-owned enterprise (SOE), administers under a dual command—as both a commercial institution and a supplier of Public Service Obligations (PSO). These dual functions are legally commandd and result in significant implications for the corporation's operational and tactical orientation.

As a state-owned enterprise designated as a Public Service Obligation (PSO) provider, PT Pertamina plays a vital role in delivering products and services that directly serve the public interest, particularly in the provision of subsidized fuel. To support the effective targeting of fuel subsidies, Pertamina has implemented the *Subsidi Tepat* (Targeted Subsidy) feature through the MyPertamina

¹⁴ Ahmad Yani dan Gunawan Widjaja, *Seri Hukum Bisnis Perseroan Terbatas* (Jakarta: Rajawali Pers, 1999), 153.

¹⁵ Dr. Toto Pranoto, *Holding Company BUMN: Konsep, Implementasi, dan Benchmarking* (Jakarta: Lembaga Manajemen Fakultas Ekonomi dan Bisnis Universitas Indonesia, 2017), 4.

¹⁶ Munir Fuady, *Hukum Perusahaan dalam Paradigma Hukum Bisnis* (Bandung: Citra Aditya Bhakti, 2008), 83.

application. This feature directs consumers to the official subsidy registration portal at <https://subsiditepat.mypertamina.id/>. Upon successful registration and verification, consumers are issued a QR code, which must be presented to fuel station operators when purchasing subsidized fuel, whether via cash or non-cash transactions. This platform is designed to ensure that the allocation of subsidized fuel is conducted in accordance with government regulations and reaches the intended recipients. Given that subsidized fuel is a state-controlled commodity, both in terms of price and distribution volume, access is restricted to eligible consumers only. Accordingly, the registration process is a prerequisite for receiving subsidies, aligned with the government's policy on quota-based allocation and distribution oversight.¹⁷

As a commercial enterprise, Pertamina have an essential role in ensuring the availability and sustainability of energy supply across Indonesia. To fulfill this jurisdiction, Pertamina has settled a fully integrated energy business chain, encompassing upstream to downstream operations. To enhance operational focus and efficiency, on June 12, 2020, Pertamina officially restructured its business by the installation of six subholdings, each amenable for specific segments of the energy value chain:

1. Upstream Subholding, handled by PT Pertamina Hulu Energi (PHE), oversees examination and fabrication projects of oil & gas, both domestically and internationally.
2. Gas Subholding, operated by PT Perusahaan Gas Negara Tbk. (PGN), is amenable for gas transmission and allocation, involving the sourcing and

¹⁷ Imam Subairi, *Implementasi Sistem Pembelian BBM Melalui Aplikasi MyPertamina Ditinjau dari Perspektif Good Corporate Governance* (Tesis Magister Hukum, Universitas Islam Indonesia, 2023).

marketing of Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG), also the expansion of supporting infrastructure for instance regasification terminals, pipelines, and gas refueling stations.

3. New and Renewable Energy (NRE) Subholding, run by PT Pertamina Power Indonesia, focutilizes on the examination and expansion of new and renewable energy sources. Its projects encompasses geothermal resource expansion and operations, as well as gas-based and renewable power generation.
4. Commercial and Trading Subholding, handled by PT Pertamina Patra Niaga, administers in the dpossestream sector, distributing and marketing various energy products involving fuels, lubricants, LPG, asphalt, and petrochemical products. This subholding is also tasked with executing the Public Service Obligation (PSO) policy, particularly in the allocation of subsidized fuels.
5. Refining and Petrochemical Subholding, handled by PT Kilang Pertamina Internasional, is amenable for refining crude oil into fuels and petrochemical products.
6. Integrated Marine Logistics Subholding, operated by PT Pertamina International Shipping, manages the corporation's maritime logistics, involving vessel division and shipping services for energy transportation.¹⁸

This subholding-based organizational model enables Pertamina to strengthen its commercial competitiveness while also ensuring effective

¹⁸ PT Pertamina (Persero), "Bisnis Kami," *Pertamina.com*, diakses 7 Juni 2025, <https://www.pertamina.com/id/bisnis-kami>.

fulfillment of its public service obligations. The corporation's dual role spots it as a tactical pillar of national energy security, capable of responding to market motion while simultaneously upholding its authority to supply affordable and accessible energy for the Indonesian population.

PT Pertamina is facing serious financial pressure due to the delay in fuel remittance payments by the government, that is exacerbated by the absence of clear regulations regarding the mechanism for allocating, collecting, and settling the remittance. This condition constructs an instability in cash flow and an increase in interest expenses, while the corporation's inability to record income from fuel remittance cautilizes a mismatch between expenses and income.

To address this challenge, PT Pertamina prioritizes an internal financing strategy by a treasury center system, that aims to reduce costs and optimize profit margins. However, in conditions where liquidity needs exceed internal capacity, external financing remains an option. Prior to the regulatory alterations, the financing value was determined derived from the estimated present value calculated using the government bond discount rate. The allotment of the Minister of Finance Regulation (PMK) Number 227 of 2019 became unessential, allowing for accurate revenue recognition and quickening the collection process.

The realization of the PMK also eliminates the need for discounts in the payment process, thus having a positive impact on the corporation's profitability. This increase in profit not only strengthens PT Pertamina's financial performance, but also has a positive impact on the state by increased tax revenues, corporate income, and BUMN dividends. Thus, fiscal policy reforms and payment

acceleration have significantly improved Pertamina's financial stability while increasing its contribution to state revenue.¹⁹

C. Internal Function Separation Policy Strategy as a Profit-Oriented Stability Model with Public Service Obligation by PT Pertamina (Persero)

The concept of Public Service Obligation (PSO) was first introduced by a Government statement as an interpretation of the purpose of establishing a State-Owned Enterprise (BUMN), as uttered in Article 2 paragraph (1) letter c of the BUMN Law. This division utters the Government can give special tasks to BUMN, either in the shape of Persero or Perum, to carry out public service functions for the common welfare. This task can be executed on existing BUMN or by the formation of a latest institution, and ought be accompanied by cost remittance derived from commercial business calculations. However, the general view of the related factions in the discussion of the law did not explicitly state the reasons why BUMN in the shape of Persero are also burdened with public service responsibilities. This constructs a contradiction to the basic character of Persero as an institution that is in principle oriented towards obtaining maximum profit on a sustainable basis.²⁰

The organizational structure of State-Owned Enterprises (SOEs) in Indonesia is generally hierarchical, consisting of the Board of Directors, Board of

¹⁹ Asep Darmansyah, Yeza Bella Nugroho, dan Tuntun Salamatun Zen, "Financial Impacts from Task of Supply and Allocation of Subsidized Fuel in PT Pertamina (Persero)," *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)* 8, no. 2 (2025): 3428–3441.

²⁰ Arya Anggara "Legal Limitation of Public Service Special Task Charges Bond in the Form of a BUMN (State-Owned Enterprises)." *Peradaban Hukum Nusantara* Volume 1, No, 1 (27, April, 2024): 96-114, <https://doi.org/10.62193/b0vxxs79>

Commissioners, also Supervisory Board. In conformity with the clauses of Article 5 number 2 of the SOE Law, the Board of Directors has full authority in handling the company to achieve the goals and interests of the SOE, and acts as the corporation's legal representative both inside & outside the court. Meanwhile, supervision of the corporation's operations is under the authority of the Commissioners also the Supervisory Board, as uttered in Article 6 number 2, that utters they are amenable for executing the supervisory function to achieve the goals of the SOE. To improve operational efficiency and effectiveness, various large-scale SOEs have initiated the restructuring process. Referring to Article 1 number 11 of the SOE Law, restructuring is defined as a tactical effort to improve the health of the company, by improving internal conditions, increasing performance, and adding value to the company. This step is intended to simplify the organizational structure and minimize bureaucracy, so that it is awaited to accelerate decision-making, increase responsiveness to market motion, and encourage overall improvement in company performance.²¹

During its more than six decades of journey, PT Pertamina (Persero) has experienced various significant organizational motion. The transformation began with the change of the corporation's initial name, that are PT Eksploitasi Tambang Minyak Sumatera Utara, that later became PT Perusahaan Minyak Nasional (Permina). The company then experienced a change in legal status to Perusahaan Negara (PN) Permina, then integrated with PN Pertamina and formed a latest institution called PN Pertambangan Minyak dan Gas Bumi

²¹ Raihan Fathurrahman, "Analisis Perbandingan Struktural dan Karakteristik Badan Usaha Milik Negara Indonesia Dengan Malaysia," *Jurnal Hukum & Pembangunan* 54, no. 3 (2024): artikel 2, <https://doi.org/10.21143/jhp.vol54.no3.1615>.

Negara (Pertamina). Over time, Pertamina perceived a tactical command from the government to carry out the Public Service Obligation (PSO) function, that was realized by examination, fabrication, processing, and allocation of oil & natural gas. The company also continues to adjust its tactical direction by updating its foresight to accord a world-class national energy corporation. The last prominent transformation is the formation of a holding structure in the energy sector as part of the organization's modernization and efficiency strategy.

In its new organizational structure as a holding company, PT Pertamina (Persero) has the tactical authority to manage the portfolio and construct synergy between business units across the company group. These tasks encompasses quickening the expansion of new businesses and executing various national programs set by the Government of Indonesia as the main shareholder and stakeholder. As a consequence of this transformation, a number of core projects that were previously directly under Pertamina are now transferred to subholdings, consisting of 12 subsidiary entities and several portfolio entities. This division is intended to increase effectiveness and optimize performance in each business line, while strengthening the realization of operational excellence byout the Pertamina ecosystem.

Each subholding is amenable for specific business projects. The Upstream Subholding is handled by PT Pertamina Hulu Energi (PHE) together with its subsidiaries for oil & gas examination and fabrication projects in onshore and offshore working regions, both domestic and international. Subholding Gas, run by PT Pertamina Gas Negara (PGN) along with PT Nusantara Regas and PT Pertamina Gas, focutilizes on transmission, natural gas trading, LNG and CNG management, and gas infrastructure expansion for instance pipelines and SPBGs.

Furthermore, Subholding Power & New Renewable Energy (NRE) by PT Pertamina Power Indonesia and PT Pertamina Geothermal Energy is tasked with developing and operating new and renewable energy sources, involving geothermal and gas power plants. Subholding Commercial & Trading run by PT Pertamina Patra Niaga manages the allocation and marketing of energy products, for instance BBM, LPG, lubricants, asphalt, and petrochemicals to various domestic and international market segments.

Crude oil processing and petrochemical fabrication projects are executed by Subholding Refining & Petrochemical under the coordination of PT Kilang Pertamina Internasional, involving the institution PT Tuban Petrochemical Industries, with tactical refinery facilities spread across various regions of Indonesia and a fabrication capacity reaching around 90% of the total national capacity. Meanwhile, Subholding Integrated Marine Logistics handled by PT Pertamina International Shipping and PT Pertamina Trans Kontinental runs a marine logistics business that encompassess delivering a fleet of ships and marine transportation services.

After the restructuring of PT Pertamina (Persero) was completed, the formation of the holding and subholding framework was considered the right tactical step by the Indonesian government (as a shareholder). This might be seen from the various positive results obtained, involving profit optimization and significant operational cost savings from the six subholdings formed. In addition, this restructuring also clarified the authority of PT Pertamina (Persero) as the holding and its subholding, thanks to a leaner organizational structure, that influenced the company to accord quicker, more nimble, and more efficient in decision making. However, PT Pertamina (Persero) ought be wiser and more

careful in handling the PSO assigned by the Indonesian government. On the one hand, the company ought continue to carry out its public advantages function in delivering fuel oil (BBM), while on the flip side, the company is required to be more productive in optimizing profits and operational cost efficiency. In addition, PT Pertamina (Persero) also needs to pay attention to its commitment to delivering clean and environmentally friendly energy in conformity with the command of the Paris Agreement, as well as taking advantage of business expansion opportunities in the European energy market considering the threat of stopping energy supplies by the Russian government to Europe.²²

In the realm of corporate restructuring, PT Pertamina (Persero) faces the challenge of a complex dual role, that are as a business institution burdened with public service obligations (Public Service Obligation/PSO) and as a business institution that is required to generate profits (profit-oriented). Although it has undergone institutional transformation by the formation of holdings and subholdings, the burden of PSO is still directly attached to Pertamina. This is remarked in the corporation's obligation to bear the price difference between the global crude oil market price also the selling price of subsidized fuel domestically, that in practice cautilizes financial losses for the company.

PT Pertamina (Persero) continues to hound a wide range of commercial projects by its diversified business lines, whole oriented toward maximizing profitability. However, the inherent imstability between its social command and commercial objectives necessitates the immediate realization of an internal

²² Ririh Aji Pangestu, *Analysis of Motion and Restructuring of PT Pertamina (Persero)*, *Jurnal Kebijakan dan Manajemen Publik* 11, no. 2 (Oktober 2023): 120–128, <https://doi.org/10.21070/jkmp.v11i2.1740>.

functional separation. This institutional strategy aims to construct a sustainable equilibrium between public service responsibilities and profit-driven operations. One proposed model involves the installation of a dedicated unit tasked exclusively with handling Public Service Obligation (PSO) programs. This unit would be amenable for handling government-commandd subsidized products—for instance subsidized fuel—without engaging in other commercial ventures of the company.

The adoption of such structural separation is awaited to significantly enhance financial management, accountability, and transparency in the realization of PSO programs, while simultaneously preserving the efficiency and performance of Pertamina's commercial business lines. As a result, PT Pertamina (Persero) would be better spotted to concentrate on its core commercial functions without being burdened by the operational costs associated with PSO tasks, particularly in the allocation of subsidized fuel.

In executing its PSO command, PT Pertamina Patra Niaga—serving as the Commercial & Trading Subholding under PT Pertamina (Persero)—functions as the primary operational institution amenable for distributing subsidized fuel to the public. Pertamina Patra Niaga oversees dpossessestream energy operations, involving the receipt, storage, and allocation of various energy products for instance fuel, liquefied petroleum gas (LPG), lubricants, and petrochemical derivatives, catering to both domestic and international markets. Supported by an extensive and reliable infrastructure network, the company plays a tactical role in ensuring smooth energy allocation across key sectors for instance retail, industry, aviation, and maritime.

Nevertheless, this operational role does not equate to Pertamina Patra Niaga being a pure PSO institution. Despite its authority for subsidized fuel allocation, the company continues to hound numerous commercial ventures, involving the sale of industrial fuel, marine fuel, aviation fuel, petrochemical products, and integrated energy services by Pertamina One Solution.²³ Consequently, it remains oriented toward profit generation, consistent with its status as a commercial enterprise.

Given the complexity of these dual functions, PT Pertamina (Persero) may tacticalallly consider the formation of a specialized subholding dedicated solely to handling PSO tasks. This proposed subholding would focus exclusively on public service functions in the shape of subsidized energy allocation, thereby preventing the social obligations commandd by the state from impeding the performance and focus of other commercial subholdings. Such a model is awaited to establish a clearer demarcation between common welfare responsibilities and business orientation, while simultaneously strengthening accountability and efficiency in the realization of national energy subsidy policies.

IV. Conclusion

PT Pertamina (Persero), as a tactical State-Owned Enterprise, bears a complex dual command: delivering essential public services by PSO while simultaneously achieving profitability in its commercial operations. The current structure, where both commands are handledwithin overlapping operational lines, has led to inefficiencies, legal inconsistencies, and financial strain—

²³ PT Pertamina Patra Niaga, “Pertamina One Solution,” *Pertamina Patra Niaga*, diakses 7 Juni 2025, <https://www.pertaminapatraniaga.com/page/pertamina-one-solution>.

particularly due to uncompensated fuel subsidies and delayed government reimbursements. To resolve this structural dispute, this study recommends the installation of a specialized subholding exclusively tasked with handling PSO projects. This proposed model of internal function separation is anticipated to strengthen legal certainty, improve fiscal accountability, and optimize corporate governance. Furthermore, it would enable Pertamina's commercial subholdings to focus more effectively on business expansion and competitiveness, while the PSO unit concentrates on fulfilling state-directed energy allocation commands. In doing so, Pertamina can maintain a stabilityd role in both national expansion and market-driven performance, upholding its constitutional authority while advancing economic sustainability.

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