

## EDITORIAL

## Choked by our own neglect

The subject of haze from the rampant burning of trash across Greater Jakarta has been notable for its absence from the recent conversations about air pollution in the region.

The smoke from burning trash chokes millions daily, especially in the morning and afternoon, with virtually no one doing anything about it. Even residents themselves do not realize that the activity is punishable under several laws and regulations.

In Jakarta, for example, the action is prohibited under two national laws on waste management and on environmental protection, as well as two bylaws. The 2009 law says burning trash can land the perpetrator in jail for up to a year or a maximum Rp 1 billion (US\$70,937) fine. In South Tangerang and Tangerang in Banten, as well as Bogor, Depok and Bekasi in West Java, respective bylaws stipulate three months in jail as punishment or a fine up to Rp 50 million.

Yet a lack of court cases or convictions for trash burning is evidence that both central and local governments have turned a blind eye to the practice, despite the real threat to our health and the environment.

In late August, reports surfaced of an infant suffering from a respiratory infection, blamed on haze from trash burning in Sindang Jaya district, Tangerang regency.

The family of the 1-month-old baby lived some 150 meters from a plot of land where people burned hazardous waste. Some residents said the practice had been going on for years; some even said burning trash was their source of income.

"People salvage the good quality plastic [waste], then burn the rest," a resident said.

The Jakarta Environment Agency's head of sanitation management, Ahmad Hariadi, claimed the agency imposed firm penalties to create a deterrence against trash burning and littering.

However, he said officials more often caught illegal dumpers than people burning trash.

One reason people burn their trash is that there is no reliable waste collection service in place. However, the ultimate reason is: Why not? They think it is better to burn their garbage rather than having it pile up like a mountain. People think it is okay and even a good thing to do because no one tells them otherwise.

Years of government inaction only show authorities intentionally turning a blind eye because trash burning is deemed a solution for reducing waste in the metropolis.

Greater Jakarta's dumpsites, like Bantargebang for Jakarta, Cipayung for Depok, Cipeucang for South Tangerang, Jatiwaringin for Tangerang regency, Sumur Batu for Bekasi municipality and Burangkeng for Bekasi regency, are all reportedly overloaded.

The cities' trash problem is, of course, the responsibility of each of us. We, the residents, have to reduce our waste, while the administrations and the central government should be serious in law enforcement. Jakarta should deploy the famous orange troops not to pick up ignorant people's litter but to catch litterbugs and trash burners. Other cities should deploy public order personnel to crack down on trash burning.

If we don't do anything about our own trash and don't take responsibility for our own mess, we should indeed expect to be choked by our own neglect.

## Melrose found plenty of low-hanging fruit at GKN

By Chris Hughes

Bloomberg Opinion

Bloomberg Opinion columnist covering deals. He previously worked for Reuters Breakingviews, as well as the Financial Times and the Independent newspaper.

It was the biggest hostile bid in the United Kingdom in almost a decade and it succeeded by the narrowest of margins. Turnaround specialist Melrose Industries Plc snared British engineer GKN Plc in an US\$11 billion deal last year, with investors on both sides well aware the struggling aerospace and automotive company harbored untapped potential.

Results since the completion have provided the proof. But the tangible benefit to Melrose shareholders remains elusive.

The market isn't giving Melrose any credit for this acquisition so far. The stock's total returns since the ambition to buy GKN became public are minus 5 percent, according to Bloomberg data. The notional value creation from the part-stock, part-cash deal has gone entirely to GKN investors in the premium paid.

If we assume GKN shareholders kept the Melrose shares they received in the takeover and re-invested the cash in the turnaround company's stock, their total returns are roughly 25 percent over the same period.

It's not that things are going badly operationally. Melrose's latest results showed GKN's aerospace business growing underlying operating profit rapidly in the first half of 2019.

Volumes in GKN's automotive components business dipped given the weakness of its markets. Impressively, the unit's margins held firm as cost cutting

completely offset the impact.

The remedies aren't rocket science and could have been pursued by GKN itself as an independent company. It's less clear whether this would have happened as aggressively without external managers taking charge. Melrose has been surgical in cutting jobs at all levels.

All but the smallest capital expenditure projects are now centrally policed. Procurement has become ruthlessly efficient.

The upshot is a better performing business and Melrose now running with less leverage than investors had feared.

Still, Melrose can only control what it owns. The macro environment for the automotive sector remains tough.

The powders business, originally destined for disposal, couldn't find buyers and its performance has deteriorated. Melrose appears stuck with it. The group's share price is highly susceptible to tweets from the White House that escalate trade tensions with China.

The latest results remove some worries about the progress of what is Melrose's biggest ever industrial project. The task now is to prove that there's more to GKN than plucking the low-hanging fruit from a previously under-managed business.

Shareholders must hope that the trade war eases and the automotive cycle turns. This was going to be a four to five year project. Melrose will need the time.

## Development by design for sustainable Indonesia

President Joko "Jokowi" Widodo has announced that the capital city of Indonesia will move to East Kalimantan. Since the plan to move the capital city was revealed a few months ago, a debate has arisen as to whether the relocation is necessary and will disrupt the ecosystem due to land conversion, and how it will keep the right balance between development and conservation.

Due to its unique geographical location, Indonesia has an extremely high level of biodiversity and endemism, both in its terrestrial and marine ecosystems. Our terrestrial biodiversity ranks second after Brazil with 19,000 to 25,000 species of trees and other living species, according to the Center for International Forestry Research (CIFOR) report in 2015.

When one rainforest is destroyed, it takes up to 250 years of reforestation to return to its ideal condition, researchers Kuswata Kartawinata and Soedarsono Riswan have found. The loss of an ecosystem and its biodiversity will not only affect the life of Indonesian people, but it will also impact the world.

East Kalimantan is a biodiversity hotspot in terms of its ecosystem, species and genetics. Errors in land-based planning will threaten the rich marine ecosystem.

Nonetheless, development is inevitable, driven by population and economic growth. Indonesia is currently the world's 16th-largest economy and is predicted to jump to the seventh-largest in 2030. With this in mind, the government should make sustainability a priority in developing the new capital.

Several policies and strategies now focus more on economic growth and override the sustainable development paradigm. Without intervention, it could damage, even destroy, our biodiversity.

To avoid permanent damage and to prevent bigger losses, it is necessary to develop a well-planned design based on scientific study that can be verified, accounted, measured and monitored. The methodology is best known as development by design based on science to protect nature, to improve resource management and to invest wisely for a sustainable future.

In the early 1960s, first president Sukarno launched the Comprehensive Development Planning (Pembangunan Semesta Berencana). It was a concept of development that considered all aspects comprehensively; economically, socially, cultur-



JP/AWO

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ally, physically and ecologically. Unfortunately, the progressive concept was inapplicable for various reasons.

Development by Design (DbD) resembles Sukarno's concept as it seeks to provide a holistic view of how future development could affect natural systems and offers solutions for both people and wildlife.

Any single development project, by itself, is unlikely to cause an extinction or eco-catastrophe, but the cumulative impacts of many development projects, and uncoordinated development, can severely imperil both biodiversity and ecosystem services.

At its core, DbD seeks to proactively identify when development impacts are compatible with conservation goals and when they are not, as cited by the scholar Joseph Kiesecker.

The methodology provides a holistic view for decision makers that include a range of values — environmental, social, cultural and economic — of how future development could affect our nature. It improves implementation of the "mitigation hierarchy" at each stage; avoid, minimize or restore and offset in a way that is transparent and transferable for decision makers by completing

the environmental assessment process.

The approach gives recommendations through several scenarios to minimize as many negative impacts as possible. In the planning process, DbD groups areas into two categories: highly sensitive areas where the amount of biodiversity in the area is high, and the least sensitive areas where the amount of biodiversity

low. These biodiversity levels will then be used as an indicator to regulate areas in terms of development or resources management. The least sensitive areas shall be designated for development since negative impact can be minimized.

There is also a gray area in between the two categories that can be designated for development with restrictions.

The DbD analyses have been conducted in East Kalimantan since 2015 to support policymakers when it comes to land-based sector development planning toward green development goals.

The analyses identify around 4.5 million hectares that need to be protected from land conversion. This area also contains 55 percent of the total carbon stock of East Kalimantan.

We mainstreamed the result from DbD analyses for the medium-term development plan in general and for specific issues such as timber plantations, oil palm and social forestry.

The mechanism helped the government and private companies identify 640,000 hectares of forests within oil palm plantation areas with high conservation values that will be protected from land clearing and future encroachment.

A similar approach may work for the new capital through landscape analysis to delineate conservation portfolio, impact analysis and develop mitigation scenarios to achieve a balanced outcome between development and conservation.

Assuming that the site of the new capital is part of Tahura Bukit Soeharto Park, which covers 61,850 ha, then based on landscape DbD analysis, we found about 15,000 ha that should be considered conservation portfolio. Mitigation scenarios for the park should include reducing the impacts of development activities.

Another crucial mitigation scenario is to restore forest area inside the park. Restoration funding could come from compensation from the impact of development of the new capital.

Through DbD, acceleration of conservation and development is made possible. We cannot stop development, but we have to wisely design it.

## New capital: Take reality check

By John Teo

New Straits Times/Kuala Lumpur

Columnist. He views developments in the nation, the region and the wider world from Kuching, Sarawak.

After weeks of rather frenzied speculation as to which of several localities in Kalimantan will be picked as Indonesia's new capital, President Joko "Jokowi" Widodo has finally announced it will be in East Kalimantan province.

It will be between the rather agreeable city of Balikpapan (an oil-and-gas-industry town that already hosts a sizeable expatriate community) and Samarinda (the provincial capital).

Excitement has been quite intense leading up to the announcement of the chosen locality and not just confined within Indonesia.

It is perhaps understandably so with the country's near neighbors and especially the closest ones sharing the island of Borneo with Kalimantan: Sabah and Sarawak.

Leaders from both states from the respective chief ministers down have weighed in on the subject, all unanimously welcoming the decision and spinning positive hopes of any spillovers — economic or otherwise — impacting the two states.

It is perhaps useful to get a reality check as to the concrete economic benefits that may accrue to both Sabah and Sarawak, at least in the more immediate term, of the great shift out of Jakarta.

East Kalimantan, after all, is about as far from either Sabah or

to facilitate the transmission of Sarawak hydro-electricity has not happened yet, either.

The far likelier scenario may be that Indonesia will utilize the abundant coal or gas found in Kalimantan to build up its own power-generating capacity.

Which leaves the pertinent question for Sarawak of whether there will be sufficient internally-generated uptake of the excess megawatts by the thousands coming on stream in a few years once its current dam-building spree is completed.

On a related note, instead of airily mulling whether foreign

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pelago, particularly from Java.

In fact, Sabah and Sarawak may be negatively impacted if the legions of Indonesian workers now in both states decide to move back to help build their new capital.

Such risk factors need to be assessed, not just any potential plus factors. There is much talk about the possibility of Sarawak markedly expanding its sale of electricity to help power the emerging new capital city. This presupposes the much talked-about Borneo Power Grid can move quickly beyond the discussion stage.

Probably a pipe-dream at this stage, considering the interconnection from Sarawak to Sabah

neighbors such as Indonesia or Brunei will want to buy Sarawak's looming excess hydro-generated power, perhaps it may be worthwhile to dust up the original plan to supply power to Peninsular Malaysia by undersea cable?

Without a doubt, an Indonesian capital in Borneo will be a long-term boon overall for all those who call the island home.

Borneo takes on strategic significance never before seen once the capital of the region's largest country and economy is enshrined within its shores.

The late foreign minister, Ghazali Shafiee, mused privately to this writer long after he re-

tired about the might-have-been when the idea of Malaysia was first mooted: the potential of Borneo as one of the region's last development frontiers. Perhaps in his wilder imaginings, the idea of Borneo housing Indonesia's capital never even crossed his mind.

This single decision will, as the cliché goes, be a game-changer.

A long talked-about Pan-Borneo Railway may become a reality sooner than anyone anticipated. Filling up any gaps as well as expanding the existing Pan-Borneo Highway around the entire circumference of the island should be an achievable infrastructure priority.

Perhaps far more important as far as Sabah and Sarawak go may be a revolution in thinking away from the smug insularity now existing which stands in the way of far more rapid overall progress.

That Indonesia can so easily and seamlessly decide on moving its capital to Kalimantan is a tribute to its unitary system of government, without overzealous politicians in Kalimantan blocking any mass movement of "outsiders" from other parts of the country to the island.

Human capital is always the key to power any region's progress. If more enterprising Indonesians from Java and beyond are attracted (and welcomed) by the potential of Kalimantan with the pivotal move of its capital over there, Sabah and Sarawak may in years to come be left to ponder what saps their accustomed energies to the other side of the border.