

## COMPENSATION PROCESS AFTER MUD ERUPTION DISASTER AT SIDOARJO INDONESIA

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### 1. Introduction

On 29 May 2006, a mud volcano eruption happened at Sidoarjo (LUSI), East Java in Indonesia, where oil exploration processes were carried out by the oil company, PT Lapindo. It has damaged houses, facilities, infrastructure and environment and caused social changes in the community around the disaster site. 10,426 houses were soaked and 14,964 people (4,146 families) were forced to refuge and resettle out of the mud area. The mud has been erupting. This paper intends to describe the compensation proposes by PT Lapindo for resettlement and the roles of the government in their management and coordination.

### 2. Compensation Process after LUSI Eruption

In **Fig. 1** the blue color shows the soaked agriculture areas and settlements. The surrounding areas are densely inhabited. Some of the refugees who lost their homes occupy new market site (*Pasar Baru*), Porong District community hall, barracks, rent house and live at very improper places. After the LUSI eruption, dweller and factories (victims) asked for the compensation to PT Lapindo. On August 2006 PT Lapindo proposed 3 alternatives scheme, “Resettlement”, “Ready Plot”, and “Cash and Carry” as show in **Table 1**. Meanwhile the national government proposed “resettlement” without any financial assistance. The victim just wanted to stop the mudflow because they didn’t want to move from the original placed.



Figure 1 : Soaked area on Dec. 2007

According to the opinion poll held through community leaders, the victims opted “Cash and Carry” on 4 December 2006. “Cash and Carry” is reinforced by Presidential Regulation (Perpres) 14/2007 on 8 April 2007. Then, PT Lapindo paid the victim 20% of physical damage for compensation money and must pay the rest 80% in installment for 24 months from June 2006. Regarding this “Cash and Carry” scheme, there are two major problems, namely the problems concerned with the scheme considerations and the problems concerned with incorrectness and the inaccuracy of land ownership recordings. Another problems is that the needs and demands of the victims are various and often changed in response to the situation. Some of them didn’t want to move and sell their land for historical and social reasons.

The conditions have been spread out to other dimensions and practically have caused the delay of the amends. The long waiting and uncertainty of compensation are making them loose of patient. The victims have already done negotiations and the mass actions through demonstration and blockade of public facilities. These actions have a lot of sympathetic parties and forced the government to be seriously handling the problems.

Table 1 Chronology of compensation schemes

Date	PT. Lapindo	Government		Victims
		National	Local	
August 2006	1. Resettlement. 2. Ready Plot 3. Cash and Carry	Resettlement	—	Stop the mudflow
Sept 2006	1. Resettlement. 2. Ready Plot 3. Cash and Carry	Resettlement	<i>Bedol Desa</i>	Stop the mudflow
Oct 2006	1. Resettlement. 2. Ready Plot 3. Cash and Carry	Resettlement	1. Resettlement 2. Ready Plot 3. Cash and Carry	Resettlement
Nov. 2006	1. Resettlement. 2. Ready Plot. 3. Cash and Carry	1. Resettlement 2. Cash and Carry	<i>Bedol Desa</i>	Cash and Carry
Dec. 2006	Cash and Carry	Cash and Carry	Cash and Carry	Cash and Carry
June 2007	Ready Plot	Cash and Carry	Cash and Carry	Cash and Carry
August 2007	Ready Plot	Cash and Carry	Resettlement	Cash and Carry Resettlement
Nov 2007	Cash and Carry Resettlement	Cash and Carry	Cash and Carry Resettlement	Cash and Carry

- **Resettlement;** PT. Lapindo provides free rice field and houses in others areas.
- **Ready plot;** PT. Lapindo provides free ready-to-build areas and gives victims funds as compensation. The victims can decide how to bulid houses.
- **Cash and Carry;** PT. Lapindo pays the compensation money of the victim’s property. Victims can move to anywhere as they want.
- **Bedol Desa;** total migration of victims who live at same village together with the local governmental administration.

Consequently, the national and the local governments, and also PT Lapindo have been seeking alternative compensation schemes as shown in **Table 1**. However, they have not been able to find the good solution which the victims agree on.

### 3. Governments' Coordination for LUSI Disaster Recovery

The problems should be resolved through proper managements by the parties which responsibilities to the disaster. **Table 2** shows the structure of disaster management agency in Indonesia. If a disaster occurs, SATLAK control relief and report to SATKORLAK. If the disaster escalates more, or spreads over more than 2 districts, SATKORLAK takes lead. If the disaster escalates more, spread over some provinces and potentially impact on national level, BNPB takes lead for central coordination.

In terms of this specific disaster, a lot of institutions are involved therefore a specific management should be arranged in order to organize all activities to be carried out. The mudflow investigation team of LUSI created on 14 June 2006 by the national government. The team concluded that the mudflow had been caused by Lapindo's careless. It means PT Lapindo must take the responsibility of this disaster. Then the national team for management, Sidoarjo Mudflow Team (TimNas) was organized by the president on 8 September 2006. It was four months after the LUSI happened.

SATLAK was organized at regency level for the non-technical aspect of LUSI, and the SATKORLAK was organized at the province level for the non-technical and technical aspect. Besides that, Department of Energy and Mineral and Department for Employment also set up their team. The various teams were organized, but the resolution could not found.

After seven months of operation and completion of report (number of victim and losses report), TimNas was dissolved and replaced by Sidoarjo Mudflow Mitigation Agency (BPLS) on April 2007. The BPLS was recognized by Presidential Decree 14/2007. The member of BPLS are relevant ministers (Minister of Social Affairs, Minister of Public Works, Minister of Transportation, State Minister of Environmental, Head of Land Board), Armed Forces Commander, Police Commander, local and regional heads. BPLS, as an umbrella organization, is aimed for coordinating many agencies set up by departments or NGOs to handle LUSI.

Table 2 Structure of Indonesian government administration and Disaster Management Agency

Level of Government	Disaster Management Agencies	Lapindo Management	BNBP = National Disaster Management Agency SATKORLAK = Non-structural group at provincial level coordinate the disaster management execution within the catchments area as directed by BNPB SATLAK = Non-structural group at district level execute the disaster execution within the catchments as directed by the Governor/Chairman of SAKORLAK SATGAS = Task Force directed by person assigned by SATLAK is responsible for executing operational activities planned and directed by Disaster Management Executing Unit SATLINMAS = disaster and evacuation management unit in urban village level TimNas = National Team for Management of the Sidoarjo Mudflow
National	BNBP	TimNas/BPLS	
<i>Provinsi</i> (Province)	SATKORLAK	SATKORLAK	
<i>Kotamadya</i> (Municipality)	SATLAK	SATLAK	
<i>Kecamatan</i> (Sub district)	SATGAS	SATGAS	
<i>Kelurahan</i> (Urban Village)	SATLINMAS	—	

Because the BPLS is the representative of the government to manage the disaster prevention and recovery, they must report their activities to the president as the founder of the agency. Related to, PT Lapindo must pay the victims compensation under "Cash and Carry" scheme, because it is based on Presidential Regulation (Perpres). The three parties negotiated about the verification evidence of ownership. As the result, the verification evidences for lands and buildings are more loosen; If a victim does not have the Building Permission Letter (IMB), Tax receipt (Letter C/Petok D), the ITS data (ITS = Institute Technology Sepuluh November) can be used. It is difficult to implement the all agreements and the capability of BPLS was called in question by the victims and commons people. The compensation process has been extremely slow and there is a large discrepancy between the victims' requirements and PT Lapindo's willingness to pay.

Past two-and-a-half years, the refugees have been forced to wait for receiving the remaining of compensation 80%. The mudflow victims staged a demonstration at the PT Lapindo office, but PT Lapindo postpones paying them. PT Lapindo faced to financial difficulties and asked the national government to pay the compensation. But the president wanted Lapindo to handle the mudflow and the compensation payment to the victims according to schedule. The government just promise to the victims without being able to pressure PT Lapindo. It is ironic for the victims who need their right. Based on the condition, we can see that the government plays role as negotiator between PT Lapindo and the victims without certainty power to push PT Lapindo.

### 4. Summary

- 1) The "Cash and Carry" scheme hasn't been working effectively. It is more than two year since the LUSI happened but the compenstion process is still far from over. The scheme cannot solve the problem of compensation.
- 2) BPLS should have certainty power so they could play an important role for the compensation process between PT Lapindo and the victims.

### Reference

- 1) Mangoenpoerojo Basoeki Rachmad; The Loss of Country as Consequences of Mud Volcano Disaster, Isibuku Info Indonesia. Bandung – Indonesia, 2008.