ABSTRACT

BAMBANG SISWANTO. Evaluation on Policies of Groundwater Exploitation and Utilization in Jakarta Province. Supervised by MANGARA TAMBUNAN and SUHARNO.

The formulation and implementation policies have been the key factors in preventing the occurrence of groundwater depletion. Groundwater exploitation and utilization in Jakarta have been predicted to cause the decline of groundwater level, land subsidence and salt water intrusion. The policy established by the local government of DKI to handle these conditions is to establish the increase of groundwater tax. The study aimed to collect the policies regarding the groundwater use, to evaluate the impact of the increase of groundwater tax, and to compare between the costs of groundwater exploitation and utilization and the tariff of piped water supplied by PAM DKI Jakarta.

The results of the research indicate that the policy instruments established by the local government of DKI included groundwater tax and retribution. Furthermore, the increase of groundwater tax has significantly reduced the use of groundwater in the areas of service coverage by PAM DKI Jakarta; however, the increase has not significantly reduced the groundwater use in areas outside its service coverage. Finally, the cost of groundwater extraction becomes more expensive compared to the tariff of surface water provided by the company. The practical implications of this research include that PAM DKI Jakarta must expand the distribution and its production capacity and non-market instruments are required especially for areas outside the service coverage of the company.

Keywords: groundwater tax, cost of groundwater extraction, groundwater use in Jakarta