



## Government Authority in Revoking Conservation Business Permits: A Case Study of the PT Rimba Raya Dispute

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### Abstract

Revocation of business licenses is an administrative legal action taken by the government as a form of supervision of business activities that no longer meet the requirements or violate laws and regulations. The decision to revoke a license that is made without considering the principles of legality and general principles of good governance (AUPB) can lead to legal disputes that end in lawsuits at the State Administrative Court (PTUN). Therefore, the government ensures that the revocation of business licenses is carried out in accordance with applicable legal provisions, by considering principles such as the principles of justice, legal certainty, benefits for the community, etc. The case of PT Rimba Raya Conservation vs KLHK is a relevant example in considering the importance of implementing AUPB. In this case, the revocation of a business license gave rise to a lawsuit at the PTUN because it was considered not to follow transparent procedures and without a clear legal basis. This shows that every state administrative action must be based on clear procedures to avoid legal disputes. This study aims to analyze the government's authority in revoking business licenses, the underlying legal basis, and how the AUPB is applied in decisions to revoke licenses. This study uses a normative legal method with a statutory approach and case studies to identify problems that arise in the revocation of business licenses. The results of the study indicate that the revocation of business licenses must be carried out transparently, based on clear authority and legal basis, and provide space for license holders to submit objections. Thus, the license revocation policy can reflect legal certainty.

Keywords: Revocation of Business License, State Administrative Law, Government Authority, AUPB

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### INTRODUCTION

In state administrative law, the government has the authority to regulate people's lives, including in terms of granting, supervising and revoking business permits.<sup>1</sup> Licensing in the context of state administrative law is the authority given to the authorities or government regarding actions to be carried out by the community and requires special supervision in accordance with applicable laws and

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<sup>1</sup> Rina Andriani and Sulaiman Kurdi, "Regional Government Authority Regarding Mineral and Coal Mining Business Licenses in Indonesia Based on Law Number 3 of 2020," *Interdisciplinary Explorations in Research Journal* 2, no. 1 (2024): 94-110.

regulations.<sup>2</sup> However, in practice, the government's authority to revoke business permits often causes controversy, especially when the decision is considered non-transparent, unfair, or made without regard to the principles of state administrative law.

Revocation of a business license can occur for various reasons, some common reasons that can cause the competent authorities to revoke a business license include:<sup>3</sup>

a. Violation of Legal Regulations

Companies that are proven to have violated certain laws or regulations, such as employment laws, consumer protection laws, or environmental regulations, may be subject to sanctions in the form of revocation of their business licenses.

b. Does Not Meet Business License Requirements

Business permits often come with terms and conditions that companies must comply with. For example, a business permit for a restaurant may require the company to adhere to strict hygiene and health standards. If companies fail to comply with these obligations, they may face legal consequences, including temporary suspension of business operations.<sup>4</sup>

c. Inappropriate Use of Business Licenses

Business permits are typically issued for specific business activities. If a company uses the permit for activities not in accordance with its intended use, the authorities can revoke the permit.

d. Negligence in Renewing Permits

Some business permits have a specific validity period and must be renewed periodically. If a company fails to renew its permit or pays the required fees, the authorities can revoke it.

The government, through relevant ministries and agencies, has the right to revoke business permits if clear violations are found. However, permit revocations carried out without clear procedures and without a strong legal basis can negatively impact the business sector and create legal uncertainty.

Philipus M. Hadjon, said that every government action must be based on legitimate authority.<sup>5</sup> This authority is obtained through three sources, namely attribution, delegation, and mandate.<sup>6</sup> This is also strengthened by the theory of the rule of law by Julius Stahl, that the concept of the rule of law which he calls 'rechtsstaat' includes four important elements, namely<sup>7</sup>:

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<sup>2</sup> Cipta Indralestari Rachman et al., "Environmental Consent in the Perspective of State Administrative Law," *Journal of Legal Reasoning* 6, no. 1 (2023): 42-68.

<sup>3</sup> Syaiful, "Revocation of Business Licenses: Causes, Process, and Impact," Faculty of Law, University of Medan Area.

<sup>4</sup> Agracecia Ebena Togatorop et al., "LEGIDAL ANALYSIS OF MINING BUSINESS PERMITS: CASE STUDY OF PT. MANTIMIN COAL MINING CASE NUMBER"8, no. 12 (2024): 11-19.

<sup>5</sup> Dicky Eko Prasetyo Hananto Widodo, Pudjiastuti, Budi Hermono, Dita Perwitasari, "Implications of Regional Representative Council Supervision Arrangements According to the 1945 Constitution of the Republic of Indonesia," *Journal of Law, Policy and Globalization* 143, no. 1 (2024): 1-9.

<sup>6</sup> Dicky Eko Prasetyo, Muh Ali Masnun, Bayangsari Wedhatami, "Legal Uncertainty of Golf Game as Sports and Entertainment Branch in Local Tax Imposition," *Wawasan Yuridika* 4, no. 1 (2024): 76-93.

<sup>7</sup> Dicky Eko Prasetyo, Muh. Ali Masnun, and Noviyanti Noviyanti, "Post-Election Reconciliation in 2024 as a Constitutional Convention in Indonesia: A Progressive Legal Culture Perspective," *Jambura Law*

- 1) Protection of human rights.
- 2) Division of power.
- 3) Government based on law
- 4) State administrative court.

The concept of a state based on the rule of law aims to prevent arbitrary actions by the government or authorities and the actions of the people based on their own will. The pre-amendment 1945 Constitution stated that Indonesia is a state based on the rule of law (*rechtsstaat*), not a state based solely on power (*machtsstaat*). However, in several cases in Indonesia, business permit revocations have been carried out without clear procedures, without a strong legal basis, or without legitimate authority. This can undermine legal certainty and negatively impact the business world.

One case that illustrates this issue is the dispute between the Conservation Company PT. Rimba Raya and the Ministry of Environment and Forestry (KLHK). In this case, the KLHK revoked the conservation company's business license on the grounds of administrative violations. The company challenged the decision in the State Administrative Court (PTUN), arguing that the license revocation was carried out without adequate notification and without providing the permit holder with an opportunity to defend itself. Ultimately, the court ruled in favor of the company and overturned the KLHK's decision to revoke the license. This case demonstrates that the revocation of business licenses is not solely the government's authority but must also comply with the principles of state administrative law, including the General Principles of Good Governance (AUPB).

AUPB is a principle used as a reference for the use of authority by government officials in issuing decisions and/or actions in the administration of government.<sup>8</sup> According to Ridwan HR, the general principles of good governance (AAUPB) are general principles that serve as the basis and procedures for administering good governance, so that governance is good, polite, fair, honorable and free from injustice, violation of regulations, abuse of authority and arbitrary actions.<sup>9</sup> In this case, the revocation of an inappropriate permit can be considered an arbitrary act (abuse of power) and has the potential to be overturned by the court.

Furthermore, if the revocation of a business permit is carried out without a clear mechanism or procedure, or in other words, is carried out arbitrarily, it will also have economic impacts. If the government revokes a business permit without considering the legal aspects and socio-economic impacts, this can cause financial losses for business actors, even increasing unemployment due to layoffs (PHK). Therefore, the author wrote this article with the aim of analyzing the government's authority to revoke a business permit, the legal basis underlying it, and how the AUPB is applied in the administrative decision-making process.

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Review 7, no. 1 (January 31, 2025): 176-196,  
<https://ejurnal.ung.ac.id/index.php/jalrev/article/view/26999>.

<sup>8</sup> Eny Sulistyowati Muh. Ali Masnun, Dicky Eko Prasetio, Mohd Badrol Awang, "Reconstructing Indonesia's Trademark Registration System through the Lens of General Principles of Good Governance to Realize Substantive Justice," *Journal of Law and Legal Reform* 5, no. 3 (2024): 891-912.

<sup>9</sup> RidwanHR, *State Administrative Law Revised Edition*, Jakarta: Rajawali Press, 2011.

Some previous studies that are relevant to this research include:

First, the study entitled "Juridical Review of the Cancellation of Mining Business Permit Areas by Decree." This study uses a normative juridical method and aims to review the status and implications of the cancellation of Mining Business Permit Areas (WIUP) which has the potential to revoke the IUP through a Decree of the Governor of Central Kalimantan. The results of this study indicate that the Decree of the Governor of Central Kalimantan that cancels the WIUP contains deficiencies related to authority, procedures, and substance, thus categorizing it as an erroneous or incorrect action.

Second, the research conducted by Caren April Ashley Theresa Sangki (2024) entitled "Legal Review of the Revocation of Mining Business Permits in Mining Companies". This research uses a normative legal method and aims to identify and examine the forms of violations of the implementation of Mining Business Permits that can lead to the revocation of Mining Business Permits in mining companies and to identify and examine the mechanism for revoking such Mining Business Permits. The results of this study indicate that violations such as mining activities without permits and environmental pollution can lead to permit revocation, and emphasize the importance of a revocation mechanism that is in accordance with statutory regulations.

Third, research conducted by Inigo Putera Bagus Juwono (2020) entitled "Legal Protection for Business Actors Against Revocation of Reclamation Permits." This thesis discusses legal protection for business actors related to the revocation of reclamation permits, focusing on the case of the Jakarta Bay Reclamation permit revocation. This research uses a normative juridical approach to analyze the legal issues arising from the permit revocation.

The fundamental difference between this study and previous studies is that this study will analyze the mechanism for revoking business permits with clear authority and legal basis in accordance with statutory regulations. In addition, this study also focuses on a case study of the dispute over the revocation of PT. Rimba Raya's business permit vs. the Ministry of Environment and Forestry and will link the revocation of permits with the application of the General Principles of Good Governance (AUPB) to assess whether the revocation decision is in accordance with the principles therein. Furthermore, this study will also examine the legal and economic impacts of the revocation of business permits.

## RESEARCH METHODS

This research uses a normative juridical method, namely a legal research method that is based on the study of laws and regulations and case studies related to government authority in revoking business permits.<sup>10</sup> Normative legal research,

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<sup>10</sup> Maalikatussofa Masnun, Muh. Ali, Prasetyo, Dicky Eko, "Reconstruction of the Normative Legal Research Paradigm in Responding to Global Challenges: An Epistemological Analysis," *Novum: Legal Journal* 12, no. 3 (2025): 372-384.

according to Peter Marzuki, is the process of identifying legal doctrines, norms and principles to answer legal questions that arise.<sup>11</sup>

The approach used in this research includes two approaches, namely:

1. Statute Approach

This statute approach is conducted by examining all laws and regulations related to the legal issue being discussed or researched. This approach will examine various regulations governing the government's authority to revoke business permits, such as the State Administration Law and Government Regulations on the Environment and Forestry.

2. Conceptual Approach

Using the theory of state administrative law, such as the theory of authority, general principles of good governance (AUPB), and legal certainty, as an analytical framework in assessing the government's policy of revoking business permits.

## ANALYSIS AND DISCUSSION

Revocation of a business permit is an administrative action taken by the government to revoke business rights previously granted to a business entity or individual. According to Ridwan HR, revocation of a business permit is a form of government oversight of business activities that no longer comply with statutory provisions or violate applicable laws. This revocation can be carried out based on clear authority and General Principles. As a legal government action, the revocation of a permit must be in accordance with the authority stipulated in applicable laws and regulations. Therefore, if the regional government's action in revoking a permit does not comply with statutory regulations, the action is declared invalid.

### A. Government Authority in Revoking Business Licenses

#### a) Principle of Government Authority

In state administrative law, revocation of a business permit is a form of state administrative decision (KTUN) taken by the government as part of its executive authority. Revocation of a business permit is also an administrative legal action taken by the government as a form of supervision of business activities that no longer meet requirements or violate laws and regulations. In the concept of state administrative law, the revocation of a business permit must be based on legitimate authority and in accordance with the principles of the General Principles of Good Governance (AUPB). Furthermore, before the government revokes a permit that no longer meets requirements, the action must be based on applicable laws and regulations. This aims to prevent abuse of authority (abuse of power) in the permit revocation process.

Therefore, in this article, the author will highlight one example of the government's authority to revoke permits in the environmental sector, specifically referring to the case of the revocation of PT. Rimba Raya Conservation's business permit, namely the application of administrative sanctions against those responsible

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<sup>11</sup> Prof. Dr. Mahmud Marzuki, *Legal Research: Revised Edition*, ed. Prenada Media Group (Jakarta, 2016).

for business and/or activities in the environmental sector as stipulated in Government Regulation Number 23 of 2021, Articles 282, 286, and 287.<sup>12</sup>

Article 282 states: Business License Holders who do not carry out their obligations and violate the prohibitions as referred to in Article 139, Article 140, Article 156, Article 157, and Article 158, the Minister may impose Administrative Sanctions in the form of:

1. Written warning;
2. Administrative fines;
3. Freezing of Business Permits; and/or
4. Revocation of Business License.

Article 286 states: Administrative sanctions in the form of revocation of Forest Utilization Business Permits as referred to in Article 282 letter d shall be imposed on Business Permit holders if:

- a.) Not carrying out real activities in the field no later than (one) year after the Business Permit is issued as referred to in Article 139 letter b or Article 156 letter c;
- b.) Not paying PNPB in accordance with the provisions of laws and regulations as referred to in Article 139 letter j or Article 156 letter m;
- c.) Leaving the work area as referred to in Article 140 letter f or Article 158 letter i;
- d.) Transferring a Business Permit without the consent of the Business Permit issuer as referred to in Article 140 letter or Article 158 C letter j;
- e.) Declared bankrupt by the District Court;
- f.) Subject to criminal sanctions that have permanent legal force; and/or not carrying out the Administrative Sanction order of freezing Business Permits as referred to in Article 285.

Article 287 reads: Holders of Forest Product Processing Business Permits who violate the provisions as referred to in Article 170 and Article 171 shall be subject to Administrative Sanctions in the form of:

- a. Written warning;
- b. Administrative fines,
- c. Freezing of Business/Operational Permits for Forest Product Processing Activities; and/or
- d. Revocation of Business License.

The government in making and issuing a decision must be based on the authority it has and in accordance with the provisions of applicable laws and regulations. In Article 1 Number 5 of Law Number 30 of 2014 concerning Government Administration, State Gazette of the Republic of Indonesia Year 2014 Number 292, states that Authority is the right held by Government Agencies and/or Officials or

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<sup>12</sup> Government of Indonesia, "Government Regulation Number 23 of 2021 Concerning Forestry Management," Legislation, no. 087489 (2021): 218.

other state administrators to make decisions and/or actions in the administration of government.<sup>13</sup>

According to Article 1, number 5 of Law Number 30 of 2014 concerning Government Administration, authority is also stated as the right held by a government agency or official to make decisions regarding the administration of government. Furthermore, in the case of revoking a business license, this authority must meet several requirements:

- 1) Must be determined by an authorized official
- 2) Must comply with applicable legal procedures
- 3) Must have a clear legal basis.

The government, through the relevant ministry or delegated party, has the authority to revoke business permits that have been granted to business actors/companies. However, in revoking these business permits, the government must pay attention to Article 52 paragraph (1) regarding the requirements for the validity of the decision and Article 64 paragraph (1) of Law No. 30 of 2014 concerning Government Administration, which in principle states that a decision can only be revoked if there are defects:

- a. Authority, meaning the decision to revoke is determined by the authorized party,
- b. Procedure, meaning the decision to revoke is made in accordance with legal procedures,
- c. Substance, meaning the substance that is in accordance with the object of the Decision.

This is done to ensure that every decision issued by the government is based on the authority stipulated in applicable laws and regulations, as this authority is one of the principles of legitimacy in government actions. Revocation of a business license can only be carried out if there is a legally valid reason, such as a violation of provisions stipulated in laws and regulations or an administrative violation that could harm the public interest. Referring to Government Regulation Number 23 of 2021, the Government, through the Ministry of Environment and Forestry (KLHK), has the right to take action to revoke a business license if there is a violation that is detrimental to the environment or contrary to the public interest.

#### **b) Implementation of General Principles of Good Governance (AUPB)**

In the event that the Ministry of Environment and Forestry revokes a conservation business permit, the Ministry must also remember that there are also principles that must be fulfilled by the Ministry of Environment and Forestry as a government institution when acting. Based on Article 10 of the AP Law, there are at least 8 (eight) points covered by the General Principles of Good Governance, namely:

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<sup>13</sup> Republic of Indonesia, "Law Number 30 of 2014 Concerning Government Administration (State Gazette of the Republic of Indonesia 2014, Number 292, Explanation in Supplement to the State Gazette of the Republic of Indonesia Number 5601)" (2014): 1-99.

a) Legal certainty; b) Benefit; c) Impartiality; d) Accuracy; e) Not abusing authority; f) Openness; g) Public interest; h) Good service.<sup>14</sup>

According to Ridwan HR, the functions of AAUPB are as follows (p. 239):<sup>15</sup>

- 1) For state/government administration, it functions as a guideline in interpreting and implementing vague or unclear regulations, and prevents state administration from taking actions that deviate from statutory provisions;
- 2) For the community as justice seekers, it functions as the basis for a lawsuit;
- 3) For PTUN judges, it functions as a tool to test and cancel decisions issued by state administrative bodies or officials;
- 4) For legislative bodies, the AAUPB can be used in drafting laws.

Legally, the State Administration Law states that there are at least 8 types of AAUPB:

a) Principle of Legal Certainty

The principle of legal certainty is a principle in a state based on the rule of law which prioritizes the basis of statutory provisions, propriety, consistency and justice in every policy of government administration.

Theoretically, the principle of legal certainty has two aspects, namely:<sup>16</sup>

- 1) Regarding material law, this principle requires that a person's rights acquired through government decisions be respected, even if those decisions are wrong. Therefore, for the sake of legal certainty, decisions issued by the government will remain in effect until they are adjudicated by a court.
- 2) Formal legal aspects require that government decisions, both burdensome and beneficial, be clearly worded. Stakeholders have the right to know the precise intent or purpose of the decision.

b) Principle of Benefit

According to Sukmadewi<sup>17</sup>, That what is meant by benefit is that it must be considered in a balanced way between the interests of one individual and the interests of another individual; the interests of individuals with society; the interests of citizens and foreign communities; the interests of one community group and the interests of another community group; the interests of the government and citizens; the interests of the current generation and future generations; the interests of humans and their ecosystems, the interests of men and women. In this case, the meaning of benefit refers to the interests that must be considered between the interests of the government and the interests of citizens regarding the openness of public information

c) Principle of Impartiality

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<sup>14</sup> Christine ST. Kansil Priskila Paulina Kurnia, "THE ROLE OF GENERAL PRINCIPLES OF GOOD GOVERNANCE IN THE REVOCATION OF INSURANCE BUSINESS LICENSE," *Syntax Literate: Jurnal Ilmiah Indonesia* VIII, no. I (2023): 1-12.

<sup>15</sup> RidwanHR, *State Administrative Law Revised Edition*.

<sup>16</sup> Suwari Akhmaddhian, "Principles of Good Governance to Achieve Good Governance," *Logika: Journal of Multidisciplinary Studies* 09, no. 1 (2018): 30-38.

<sup>17</sup> Yudhitiya Dyah Sukmadewi and Kartika Widya Utama, "The Relevance of the Public Information Disclosure Law and the Principle of Benefit," *Law, Development and Justice Review* 5, no. 1 (2022): 1-9.

The principle of impartiality is a principle that requires government bodies and/or officials to determine or carry out decisions or actions by considering the interests of the parties as a whole and not being biased.

d) Principle of Accuracy

The principle of accuracy means that every policy or action of state administration must be carried out carefully and with full calculation so as not to cause errors or losses to the community.

e) The Principle of Non-Abuse of Authority

Government officials are prohibited from using their authority for personal or group interests. This principle aims to prevent corruption, collusion, and nepotism in government.

f) Principle of Openness

The principle of transparency requires the government to be transparent in its decision-making process and to provide public access to information, except for information exempted by law. This aims to increase public trust.

g) Principle of Public Interest

The principle of public interest is a principle that prioritizes public welfare and benefit in an aspirational, accommodating, selective and non-discriminatory manner.<sup>18</sup>

h) Principles of Public Service

This principle requires the government to provide services that are fast, accurate, and easily accessible to the public. Public services must meet appropriate standards to ensure that the public is not disadvantaged.

The application of general principles of good governance in the implementation of public services in order to realize the welfare of the community other than those mentioned in Article 10 of Law Number 30 of 2014 concerning Government Administration outlines the scope of AUPB that applies in government administration, including: a.) The Principle of Balance, b.) The Principle of Not Mixing Authority, c.) The Principle of Justice and Fairness.<sup>19</sup>

1. Principle of Balance

This general principle of good governance requires a balance between official punishment and an employee's negligence. Furthermore, there needs to be clear criteria for the types of violations or negligence committed by an individual so that if the violation or negligence is committed by a different person, they can be subject to the same sanctions, in accordance with the criteria set out in applicable laws and regulations.

2. The Principle of Non-Mixing Authority

The principle of non-mixing of authority is one of the General Principles of Good Governance (AUPB), which emphasizes that a government agency or official may not mix its authority with that of another agency or official. This aims to ensure

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<sup>18</sup> Wahyu Cahyo Hadiyono, Yulia Kurniaty, and Dilli Trisna Noviasari, "Analysis of the Application of General Principles of Good Governance in the Implementation of Online-Based Public Services as a Public Service Innovation," *Borobudur Law and Society Journal* 2, no. 3 (2023): 118-127.

<sup>19</sup> Hikma Dian Sari, "Principles and Functions of Government: Implementation of General Principles of Good Governance (AAUPB) and Government Functions in Public Services," *Muhammadiyah University of Sidenreng Rappang* (2022): 20.

that each government organ only exercises the authority granted to it in accordance with laws and regulations and to prevent abuse of power.

### 3. Principles of Justice and Fairness.

The Principle of Justice and Fairness is one of the General Principles of Good Governance (AUPB), which requires that in every government decision or action, the government must act fairly and reasonably in accordance with the principles of justice prevailing in society. Fairness means that the government grants rights to every individual according to their portion without discrimination. Fairness means that government actions must be carried out with logical considerations and in accordance with the values developed in society. This principle aims to ensure that every policy made by the government does not arbitrarily harm one party and still considers aspects of propriety and the public interest.

The Principles of Good Governance (AAUPB) can be used as a basis or guideline for government officials in carrying out their duties, as well as a testing tool for judicial institutions in assessing government actions when there is a lawsuit from another party that is felt to be detrimental to them.<sup>20</sup>In other words, AAUPB is theoretically crucial for realizing clean, authoritative, and high-quality governance, both at the central and regional levels. Legally, this government's reflection can be seen in the legal products it enacts, such as environmentally conscious regional permits.<sup>21</sup>

## B. Case Study of PT. Rimba Raya vs. the Ministry of Environment and Forestry (KLHK)

### a. Case Chronology

PT Rimba Raya Conservation is a company engaged in ecosystem restoration and carbon trading. This company has obtained a permit to manage forest land for the purpose of conservation and utilization of environmental services. Rimba Raya Conservation obtained an ecosystem restoration permit through the Decree of the Minister of Forestry Number SK.146/Menhut-II/2013 with an area of 36,331 hectares signed on March 5, 2013. The location is right on the edge of Tanjung Putting National Park which functions as a buffer zone for the conservation area. The Ministry of Environment and Forestry (KLHK) changed the area in October 2013 to 37,151 hectares and finally to 36,953 hectares in January 2018.

On September 15, 2023, the Ministry of Environment and Forestry (KLHK) revoked the permit of PT Rimba Raya Conservation due to alleged administrative violations. In response to the permit revocation, Rimba Raya filed a lawsuit with the Jakarta Administrative Court on January 24, 2024, requesting that the KLHK decision be annulled. The trial process lasted more than 18 times. The KLHK previously revoked PT Rimba Raya Conservation's ecosystem restoration permit through the issuance of Ministerial Decree No. 1028 of 2023. The decree was signed by Minister Siti

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<sup>20</sup> Solechan, "General Principles of Good Governance in Public Services," *Administrative Law & Governance Journal* 2, no. 3 (2019): 1-17.

<sup>21</sup> Dicky Eko Prasetyo and Muh. Ali Masnun, "Beneficiary Pays Principle: Reconstruction of Environmental Protection Regulations in Realizing Water Resource Sustainability," *Indonesian Journal of Environmental Law* 11, no. 1 (October 9, 2025): 1-22, <https://jhli.icel.or.id/jhli/article/view/957>.

Nurbaya Bakar on September 15, 2023. This case then came to the public when the KLHK issued a press release on March 2, 2024, regarding alleged carbon trading violations committed by Rimba Raya.<sup>22</sup>

In his decision, the minister included four accusations as grounds for revoking the concession, such as:

- 1) Transfer of permits without government approval,  
Rimba Raya is accused of transferring its ecosystem restoration permit to a third party by transferring ownership, management, and marketing rights without the minister's approval. The minister stated that Rimba Raya is instead selling carbon through the Rimba Raya Biodiversity Reserve (RRBR) project, which is considered a violation of several regulations, such as Government Regulation Number 23 of 2021 concerning forest area use.
- 2) The carbon trading transactions carried out by Rimba Raya are suspected to exceed the concession area owned by Rimba Raya.
- 3) Discrepancies in payments of Non-Tax State Revenue (PNBP)

This action is based on the Ministry of Environment and Forestry's administrative authority to oversee and enforce compliance with forestry laws and regulations. In response to the permit revocation, PT Rimba Raya Conservation filed a lawsuit with the Jakarta Administrative Court in October 2023. The PRC denied all allegations and argued that the permit revocation was conducted without a transparent mechanism and violated the company's right to defend itself.

#### **b. Judge's Considerations in the Jakarta Administrative Court Decision**

The Jakarta Administrative Court's Case Tracking Information System explains that the decision granted all the principal points of the case filed by Rimba Raya. This included granting the annulment of the ministerial decree and requiring the defendant to revoke the letter previously signed by Siti Nurbaya Bakar. The defendant was ordered to pay Rp 372,000 in court costs. This decision is the same as the interim decision read out on June 13, 2024.

On September 30, 2024, the Jakarta Administrative Court ruled on the case through Decision Number 403/G/2024/PTUN-JKT. The panel of judges upheld PT Rimba Raya Conservation's lawsuit and declared the Ministry of Environment and Forestry's permit revocation invalid.

The judge assessed<sup>23</sup>:

1. The revocation procedure does not follow applicable legal standards.
2. The company was not given a reasonable time to provide a defense.
3. KLHK violated the principle of fair trial in public administration.

The Jakarta Administrative Court (PTUN) panel of judges granted PT Rimba Raya Conservation's lawsuit and overturned the Ministry of Environment and Forestry's (KLHK) permit revocation decision. Although the full details of the legal reasoning have not been made public, the decision indicates that the judges deemed

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<sup>22</sup> Avit Hidayat, "Conservation Company Wins Lawsuit Against Revocation of KLHK Permit," *Tempo*.

<sup>23</sup> Basuki Kurniawan, "When Administrative Law Challenges Environmental Policy: The Case of PT Rimba Raya vs. KLHK," *Kompasiana*.

the permit revocation failed to meet certain requirements stipulated by administrative law. This is in line with the principle that all administrative action must be based on legitimate and proportionate reasons.

#### **4) Implications of Revocation of Environmental Undertakings**

Revoking an environmental permit without considering the AUPB has significant implications for the company, its workers, and the community. Here are some of the main impacts of business permit revocation:<sup>24</sup>

##### **a. Operational Cessation**

The most immediate impact of permit revocation is the cessation of all company operations. This can result in significant financial losses for the company, as it can no longer conduct its business activities.

##### **b. Work termination**

The revocation of a business permit also impacts a company's employees. With the cessation of operations, employees could lose their jobs, which could create social and economic problems for the workers and their families.

##### **c. Legal Uncertainty**

If the revocation of permits is carried out without clear procedures, it can create uncertainty for business actors and investors.

##### **d. Declining Investor Confidence:**

Investment in the environmental sector requires legal certainty so that business actors can run their businesses safely.

##### **e. Lawsuit Opportunities:**

Companies that feel they have been harmed can file a lawsuit in court, as PT Rimba Raya did.

## **CONCLUSION**

Revoking business permits is one of the government's powers under state administrative law. This decision must be made in accordance with legitimate authority, following applicable legal procedures, and based on a clear legal basis. In exercising its authority, the government must also adhere to the principles stipulated in the State Administration Law, including that the authority can only be exercised by authorized officials and based on proper procedures. Principles such as legal certainty form the basis for government decisions to revoke business permits.

The implementation of the General Principles of Good Governance (AUPB) is crucial in all state administrative actions, including the revocation of business permits. The AUPB encompasses principles such as legal certainty, expediency, impartiality, and accuracy, which the government must adhere to when making decisions. By adhering to these principles, the government can ensure that administrative actions taken are legal, fair, and do not constitute an abuse of authority. The AUPB also serves as a guideline for state administrative officials in carrying out their duties and as a tool for testing the validity of decisions in legal proceedings, as seen in the case of PT Rimba Raya.

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<sup>24</sup> Syaiful, "Revocation of Business Licenses: Causes, Process, and Impact."

In the case of PT. Rimba Raya Conservation, the Ministry of Environment and Forestry (KLHK) revoked its business permit on grounds of administrative violations. However, the decision failed to comply with legal procedures, prompting PT Rimba Raya to file a lawsuit with the Jakarta Administrative Court. The Jakarta Administrative Court's decision, which upheld the lawsuit, determined that the KLHK's permit revocation was invalid, as it failed to meet the authority, procedure, and substance requirements stipulated in state administrative law. This case underscores the importance of transparent procedures and the right to defend oneself in any administrative decision.

### SUGGESTION AND RECOMMENDATIONS

To ensure legitimate and fair business permit revocations, the government needs to strengthen the implementation of the General Principles of Good Governance (AUPB), ensure that revocation authority complies with clear procedures and legal basis, and provide companies with a fair opportunity to defend their rights. Administrative decision-making must consider the social and economic impacts on permit-holding companies. Furthermore, the government needs to strengthen oversight to prevent abuse of authorities and provide transparent complaint channels to reduce legal uncertainty. Thus, permit revocation policies can reflect legal certainty.

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