

## Bill on Land Procurement

On 16 December 2011, the House of Representatives has passed the Bill on Land Procurement for Public Interest ("Bill"). The Bill aims to assure the land procurement for public interest by prioritizing fair, democratic and humanity principle. The Bill also aims to improve the previous regulations on land procurement which has become outdated and is no longer appropriate in providing land for public interest.

The Bill consists of eight chapters and 61 articles.

Previously, land procurement for public interest was regulated under Presidential Regulation No. 35 of 2005 on Land Procurement for Public Interest, as amended by Presidential Regulation No. 65 of 2006 ("Perpres 65/2006").

Article 1 (2) defines "land procurement" as activity of providing land by way of giving fair and proper compensation to the entitled party. "Entitled party", pursuant to Article 1 (3), is defined as the parties who own the object of land procurement. As a comparison, Article 1 (3) of Perpres 65/2006 defines "land procurement" as activity of acquiring land by awarding compensation to a party who transfers land, building, plants, and other materials/substance contained in the land.

Article 1 also stipulates other terms that are used throughout the Bill. For example, rights of land (as elaborated on in Article 1 (5)); public interest (as elaborated on in Article 1 (6)); public consultation (as elaborated on in Article 1 (8)); and compensation (as elaborated on in Article 1 (10)).

Pursuant to Article 4 (1), the government and/or regional governments will guarantee land availability for public interest. Ultimately as stipulated in Article 4(2), guaranteeing availability of funds for Public Interest Projects as mentioned in Article 10. Entitled party, as stipulated under Article 5, is obliged to relinquish its land after compensation is given, or after a legally binding court decision.

Article 6 states that land procurement for public interest is organized by the government; and pursuant to Article 7, it will be held in accordance with Regional Spatial Plan, National/Regional Development Plan, Strategic Plan, and Work Plan of relevant Government's Institution requiring land.

Under Article 10, land for public interest are for projects development that are classified into 18 categories, among others for national defense and security; public road, toll road, tunnel, railway, train station, and train operating facilities; water embankment, reservoir, irrigation, drinking water channel, water disposal channel and sanitation and other water resource management building; seaport, airport, and terminal; oil, gas, and geothermal infrastructures; rubbish disposal and processing place;

### ❖ Past Issues

- ✍ Second Amendment to Regulation on Issuance of Trade Business Licenses (Issue 1816 - 12/23/2011)
- ✍ Regulation on Postpone Payments for Excise Stickers (Issue 1815 - 12/22/2011)
- ✍ Construction Business Service Classification and Qualification (Issue 1814 - 12/21/2011)
- ✍ Procedure to Secure a Tax Exemption or Income Tax Reduction (Issue 1813 - 12/20/2011)

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structuring of urban slums area and/or land consolidation, and residential for low-income societies with rent; and education facilities or government/ regional government schools. These projects, pursuant to Article 11, will be owned by the government or regional governments.

As a comparison, Perpres 65/2006 only stipulated seven developments purposes, and it did not include national and defense security; oil, gas, and geothermal infrastructures; structuring of urban slums area and/or land consolidation, and residential for low-income societies with rent; and education facilities or government/ regional government schools.

Pursuant to Article 16, an institution planning to acquire land must cooperate with regional government in accordance with the land procurement plan documents. They are required to notify the local society regarding the development plan; collect on site and off site data data; and conduct public consultation on the development plan.

Article 27 (2) states the process of land procurement, covering: identification of land ownership and land utilization; compensation appraisal; consensus on compensation value; compensation payment; and land discharge.

Pursuant to Article 33, appraiser will determine the compensation value. Elements being appraised covers land, space on and under the ground, buildings, plants, other materials/substance contained in the land and other loss that can be valued. Afterwards, pursuant to Article 36, compensation will be given in the form of money; land replacement; resettlement; shares ownership; or other agreed forms by the parties.

The Bill was approved on 16 December 2011 and is still awaiting a signature from the President. Pursuant to Article 73 of Law No. 12 of 2011 on the Establishment of Laws and Regulations, the Bill requires a signature from the President in order to become a law and receive a number. However, if the President does not sign the Bill, it will automatically come into force 30 days after being received by the President. 

#### ⚙ Documents

Bill on Land Procurement for Public Interest  
(UU\_PENGADAANTANAH\_F\_2011.pdf -  
100.Kb)

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