

Business News

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DISHARMONY IN OIL AND GAS INDUSTRY REGULATION

Issues frequently spotlighted and complained as a factor impeding the development turn out to exist. Here, the issue means different visions between the central and regional governments in relations to rule of game. Any of the complained issues is disharmony between central and regional regulations in relations to upstream oil and natural gas industry. The disharmonious or mutually contravening regulations surely become a factor affecting efforts of the government to increase oil lifting. To the best of our beliefs, oil lifting has been always lower than the stipulated target. It is a serious issue that needs prompt settlement.

Undeniably, a report disclosed by Kompas (kompas.com) increases our worry. Why not? The disharmony in upstream oil and natural gas industry regulation has reached an alarming level. The worry is increasingly felt amid the efforts of the government to increase oil and gas production, mainly oil lifting, as a leading instrument of national energy sources. However, on the other hand, the efforts generally have not gained support from regional governments. In relation thereto, quoting statements from an official of the Energy and Mineral Resources Ministry, Kompas writes, "Especially for oil and natural gas producer regions, we are coordinating with regional governments so that the licensing of oil and natural gas industry is sufficient to settle in the provincial government, not as far as regency/municipal government". It was disclosed by Director General of Oil and Natural Gas IGN Wiratmadja some time ago.

Unfortunately, the disharmony is attributable to the lack of understanding of regional governments with regards to upstream oil and natural gas industry thus causing the upstream oil and natural gas sector to gain less attention from regional governments. In view of the fact, the disharmony between the central and regional governments should not be observed anymore as only legal issue. There are other issues, which should be settled collectively.

Firstly, it is necessary to build the same perception that indicator of the advancement of a country may be observed from energy consumption. It is a fact. In the other words, energy constitutes strategically vital need. Countries ambitious to develop their industry would continue striving to expand the coverage of sources of energy supply. China is the most attractive example now. At the same time, since the energy need would continue to grow in line with the growth of population and industry, and fossil energy reserves are static and continue to deplete, seeking alternative renewable energy is a must and it needs synergy and the same vision of the whole parties.

Secondly, more specifically in the administration level, the central and regional government should build the same vision in oil and natural and other issues in relations to collective interest. The same vision may be built if the two parties understand their respective positions. The central government views Indonesia as a part in global system, while regional governments view themselves as an element in national system. Therefore, vision and action of regional governments must be in line with the vision and action of the central government unless otherwise there is principal deviation.

Thirdly, the rule of game, in relations to its function (legal function) is not only a matter of legal structure. Surely by law may not contravene the higher one. Regional regulations may not contravene law. And the best law is the one able to execute its function, namely contributing benefits to human being, nation and state.

Amid the efforts to realize energy independence, disharmony in oil and gas regulation must be settled. The whole parties need to share the same vision and step in building national energy independence as the main pillar of industrialization.

Jakarta, November 26, 2015

MINISTRY OF LABOR: PRODUCTIVITY OF INDONESIAN WORKERS CONTINUE TO INCREASE

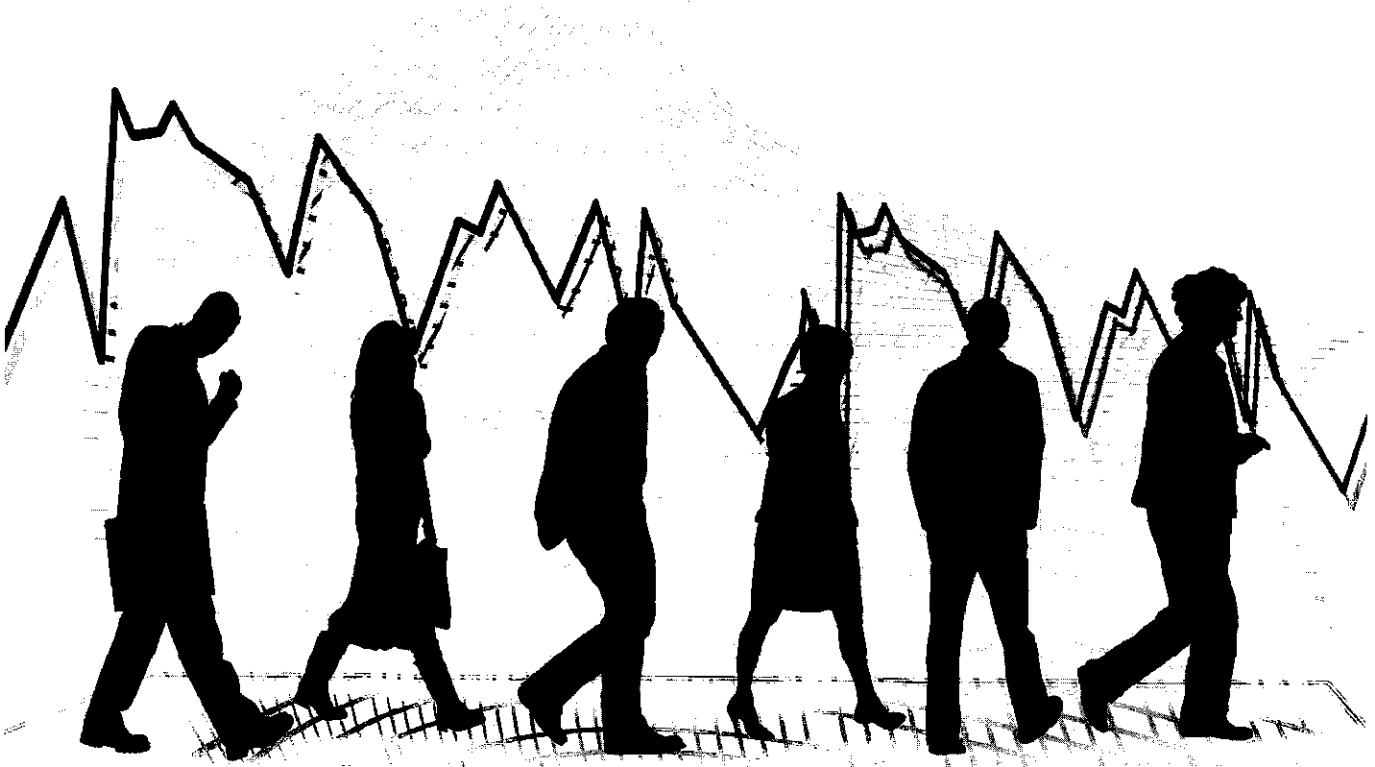
Jakarta, *Business News*

As preparations for the ASEAN Economic Community (AEC) at the end of 2015, the Indonesian government encourages Indonesian workers to increase productivity. In addition, the labor union / workers are also encouraged to support increased productivity in order to increase the welfare of workers and to prevent termination of employment (lay off). Increased productivity should also be added with competency and skills of workers according to international standards. "If labor productivity increases, it means maintaining the quality of work so that Indonesian workers are not less competitive than workers from other countries," said Minister of Labor, M Hanif Dhakiri, in Jakarta, on November 25.

Hanif Indonesia reported that Indonesia's

productivity level continues to rise over the last few years and should continue to be increased to improve the welfare of the community. Based on the measurement productivity by using labor input conducted by the Ministry of Labor, in 2014 Indonesia's level of productivity is at IDR 24.6 million on average per worker per year.

The highest productivity is in mining and quarrying which is approximately IDR 137.2 million. While, the lowest occurred in the agricultural sector at around IDR 8.7 million in 2013. When viewed per region, the highest productivity levels in 2013 occurred in the province of Jakarta at IDR 102.2 million, followed by East Kalimantan Province at IDR 76 million. While the lowest labor productivity occurred in the East Nusa Tenggara Province at only IDR 7 million, followed by Gorontalo Province at IDR 7.9 mil-



lion.

Hanif claimed that productivity is the only prerequisite for the Indonesian nation at this time to achieve high rates of economic growth accompanied by improving social welfare. Currently the level of labor productivity in Indonesia has been improving. But still lower than the average of member countries of the Asian Productivity Organization (APO). Singapore has the highest productivity levels in the world in 2015, which is about USD 121.9, while Indonesia is only about USD 21.9. The position of Indonesia in 2015 is still under Malaysia and Thailand and even Sri Lanka, and above the Philippines and Vietnam.

According to the Ministry of Labor, the National Movement for Increased Productivity needs to be encouraged again as the embodiment of Nawacita Productivity. The Government continues to encourage productivity improvements to be implemented in the business world, education and other government agencies. To realize the National Movement for Increased Productivity, it is necessary to increase understanding, commitment and familiarization of productivity, development of productivity experts and development of systems and methods of productivity increase.

Hanif also confirms that the structure and scale of wages must be prepared and implemented in a company that can guarantee certainty of wages for workers. It will motivate workers to improve productivity, so they will get a chance to flourish in the wage class. It is said that the application of wage structure and scale in the company will create internal and external equity in the company. With internal justice, fellow workers do not feel there is discrimination of wages, given that the level of wages they receive have been determined based on office ranking (work value) obtained through job evaluation.

In addition to the arrangement on minimum wage formula and the application of the structure and scale of wages at the company, said Hanif, Government Regulation on Wages also stipulates the remuneration system that has been running well in the company, such as holiday allowance, service money in a particular company, and non-wage income. Enforcement of this government regulation will guarantee the realization of wage certainty. Moreover, according to the Minister, we should be thankful for the implementation of this regulation because Indonesia has had a codification of regulations related to remuneration. (E)

CACAO PROCESSING INDUSTRY CONSTANTLY GROWING

Jakarta, *Business News*

The Ministry of Industry reported that cacao processing industry in Indonesia was constantly growing from 15 companies in 2010 to 19 companies in 2015. The Ministry of Industry stated in Jakarta on Tuesday (24/11) the Government had been developing cacao industry since 2010 by various policies. Industrial capacity of cacao increased from 345,000 tons to 765,000 tons per year with increased investment of USD 350 million,

The Ministry of industry expected growth in cacao industry would generate growth in the downstream sector producing chocolates of various flavors. He said that had been constantly promoting cacao and chocolate industry through the National Cacao Movement (GEMAS) with production target of 2 tons of cacao per hectare. He admitted that cacao production output was today notably low, only 0.5 tons per hectare. The Government would enhance investment by better convenience in infra structure, one-stop service system, fiscal facilities and tax free importing of cacao processing machines.

Beside low production output, the Minister said, consumption of cacao in Indonesia was also low, i.e. 0.5 kg per capita per year, which was way below consumption in Europe. i.e. more than 8 kilogram per capita per year. Saleh assured he would constantly pursue downstream chocolate small industry cacao processing considering the high potential in economic growth process.

Meanwhile to enhance consumption of choc-

olate among the people the Ministry of Industry had built Home Industry Chocolate Development Center in Palu, Central Sulawesi. The facilities were equipped with design center and packaging house to enhance downstreaming of chocolate industry at home. With settlement of the said Chocolate House, production would be more than just producing raw materials. Producers could bring added value and it could be done in Palu, one of the cacao producing region in Indonesia.

Saleh expected that the Chocolate Production and Packaging Center would enhance product diversification of processed cacao and increase chocolate consumption in Indonesia. The cacao processing industry played an important role in increasing forex reserves and chocolate consumption by the people.

According to Saleh, the Chocolate Center could be benefited by IKM small business to improve product design which would support marketing of products to other provinces or even export. Packaging was the backbone of branding. The Chocolate center would motivate other provinces to develop cacao industry in the respective areas.

Saleh stressed that chocolate industry in Palu used local farmer's cacao seed as raw material. The chocolate of Central Sulawesi was tasteful and marketable. Therefore he called out the Municipality of Palu to probe on the possibility of IKM chocolate to be icon besides fried onions already widely known among the people and even abroad. The Chocolate House was expected to promote IKM and UKM chocolate products.(SS)

EXPORT OF FURNITURE AND RATTANCRAFTS MIGHT COME TO USD 1.9 BILLION THIS YEAR

Jakarta, *Business News*

The furniture industry produced value added commodities and maker of forex reserves. Data of the Ministry of Industry had it that in the next 5 years income from furniture and rattancraft industry was targeted to reach USD 5 billion or equal to Rp 67.5 trillion. Export performance in the previous years was showing improvement. In total export of furniture in 2013 was posted at USD 1.8 billion, increasing to USD 2.2 billion in 2014.

However the Association of Indonesian Furniture and Rattancraft Producers (AMKRI) had their own version of calculation. Secretary General of AMKRI Abdul Sobur on Tuesday (2/11) in Jakarta posted highest export performance of USD 1.9 billion by end of year with support of performance in Q IV/2015. He said that if performance of Q IV/2015 exceeded performance of Q III/2015 by 6% the level was easy to attain.

He said that rattan sales was unimpressive because the market in Europe was not conducive. Besides low global demand for furniture, low competitiveness was another problem. Domestic producers were troubled by mandatory SVLK which made it hard for them to export products.

Sobur stated that national furniture producers were using legal products so there was no need to pay extra cost for V-Legal. So far only 30% of registered exporters already had SVLK and such would affect national export performance. Last year the na-

tional furniture industry contributed 0.27% of total GDP of non oil-gas industry worth Rp 1, 884. trillion. Meanwhile in Q III/2015 the furniture industry again constituted 0.27% of total GDP Rp 531.3 trillion.

Meanwhile the Ministry of industry Saleh Husin believed national furniture industry would be able to compete at the Aaeen Economi Community because of the abundant raw materials. Export of furniture was targeted to double in the next 5 years. Saleh was optimistic the agro-based industry could contribute more to forex reserve making and employment. Besides, furniture as green product could be made poular at the export market.

Furniture could create products of high added value, globally competitive, money yielding and open employment. The Government firmly secure supply of raw materials and prohibit export as regulated in Permendag No. 44 /2012 on prohibited goods for export while prohibition to export rattan was regulated in Permendag No.35 /2011 on Rattan exporting.

As result, the growth of furniture and rattancrafts was most heartening. According to Saleh sufficient supply of raw materiald had motivated craftsmen to create innovative products. As the policies were implemented the national furnitute industry were making notable progress. The Ministry of Industry was taking special measures to anticipate AEC this year end, i.e. implementation of SNI certification for furniture products, implementation of SKKNI Competence standardization for furniture products.(SS)

DEPUTY GOVERNOR INSIST ELIMINATION OF MONOPOLY IN INDONESIA'S FILM INDUSTRY

Jakarta, *Business News*

Gala Premiere of the film *Brush with Danger* directed by Indonesian film Director Livi Zheng was a momentum of awakening of Indonesian film industry. Many lessons could be learned from the success of this film in Indonesia. Livi's film was rejected 32 times by the Oscar committee, but Livi never gave up until finally the film could be nominated for Oscar award 2015. The struggle did not stop there. When trying to release the film in Indonesia he had to face more obstacles. "His film was regarded as imported film although the film director and players were Indonesians. At last the film was shown. This is the momentum to eliminate monopoly in Indonesia's film industry" Djarot Sjaiful Hidayat, Vice Governor of Jakarta told *Business News* (23/11).

While full of lessons to learn, this film also inspired film personnel in Indonesia. Livi's challenge was not just to face rejection by the Oscar Committee 2015 but also to release the film in Indonesia. Even the story inspired Indonesian young people. Livi and Kenheng were Wushu players, it inspired young people to practice martial arts like Wushu, Karate, Pencak Silat instead of being street rioters.

Djarot stated that surprisingly a Wushu athlete born in Blitar, East Java Indonesia could uplift Indonesia image. The film *Brush with Danger* had been nominated for Oscar award 2015. "To be nominated for Oscar was not an easy task. There were 40,000 films on the list of selected candidates and Livi Zheng was one of them. Of the 40,000 only 1% was chosen and that's outstanding achievement."

Djarot said he was ex Mayor of Blitar East Java for 2 periods (2000 – 2010). He was proud of Blitar where Livi Zheng came from. "I am proud of Livi Zheng more as an Indonesian instead of Blitarian. We are waiting for the emergence of other Livis as achievers not just in film but also in music, art etc. This is in accordance with President Joko Widodo instructions to excel in creative industry."

Djarot admitted he never met Livi and his family until showing of his film at CGV Blitz, but he had often read news including in social media about Livi's success in film directing. "I was surprised to hear the news in the mass media that a Blitar born man made his debut in Hollywood. I tracked him down and met him at the Gala Premiere, at that time Governor Ahok could not come because he was on overtime at the office."(SS)

LOGISTICS AND SUPPLY CHAIN NOT SOUND AND SYNCHRONIZED TOWARD AEC 2015

Jakarta, *Business News*

Toward the Asean Economic Community (AEC) 2015 the Minister of Economy admitted there was no synchroniization between supply chain and logistics, so lemon from Brastagi Medan lost competition against China's lemon.

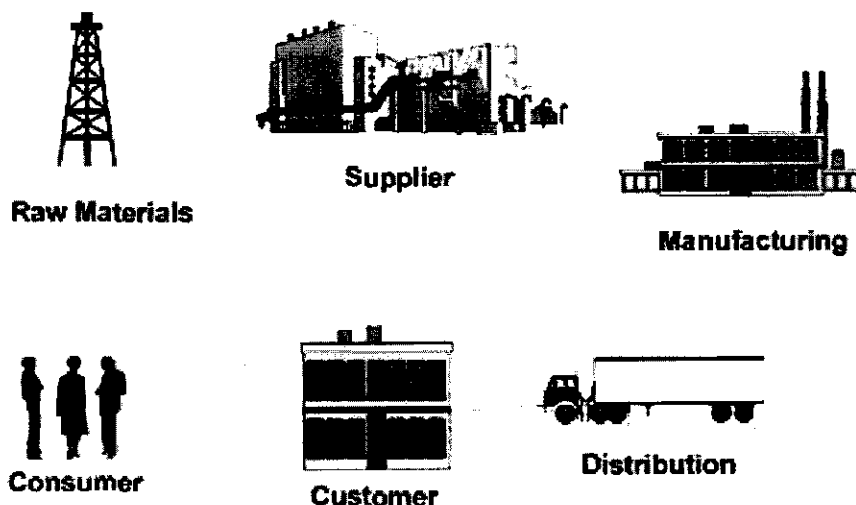
In fact quality of Brastagi lemon was better than China's lemon. "Our logistics at home is strong, but the problem is that logistics was not synchronous with supply. By the time Brastagi lemon arrived at the supermarket it was no longer fresh while China's lemon, they arrive in the morning and by afternoon they had reached the market in Bogor" Deputy of Commercial Coordination Edy Putra Irawady told *Business News* (23/11)

The logistics sector could not be underestimated because of Indonesia's geographic condition. The cost of logistics and transportation tend to increase year after year. The Coordinating Minister of office regulated logistics to make sure it was competitive by 2020. China's marketing in Indonesia was

successful because the logistics system and supply chain was integrated under one roof. "Starting from sorting out, packaging, storing, and transporting, all under one command. Our supply chain is handicapped by expensive harbor cost except Tanjung Perak harbor Surabaya."

Every harbor was under the management of PT Pelindo, such as the Teluk Lamong harbor East Java which was already operating by electronics. Presidential Regulation was issued to direct operations at the harbor. "The transportation system is multi-mode to jack up harbor's performance. By 2019 our logistics cost would be cheaper until down to below 10 percent."

Toward AEC 2015 Edy was not sure management of Indonesia's harbor could keep up with the harbor of Singapore, not even Malaysia or Thailand where everything was free of hindrances and fraudulence like illegal collection. Our competition in Asean had come to Bitung in North Sulawesi which was linked to the Pacific and Atlantic Ocean. All were under the coordination of ALFI and INSA." (SS)



BKPM READY TO SAFEGUARD INDONESIA'S OUTWARD INVESTMENTS TO ASEAN STATES

Jakarta, *Business News*

Beside drawing investors from Asean states the Government would also facilitate local investors like BUMN to invest abroad. BKPM was ready to facilitate Indonesian companies to invest abroad.

BKPM press release received on Monday (23/11) contained Franky Sibarani statement that in the ASEAN region Indonesia was investing in high amount in Vietnam. He estimated that Indonesia's investment in Vietnam was posted at around USD 500 million accumulatively including the period before the past five years estimated at USD 2 billion.

At bilateral meeting with the Prime Minister of Vietnam during interval at ASEA Summit Meeting, President Jokowi expressed his expectation that Indonesia's investment in Vietnam would increase and be supported by the Government of Vietnam, which was in line with implementation of AEC while still drawing inward investment.

Franky, who accompanied President Jokowi to attend the ASEAN Summit on November 21-22 in Kuala Lumpur stated that BKPM would function their offices abroad as mediator between Indonesian companies with their counterparts abroad. He showed as an example BKPM Representative office in Sydney

who helped to facilitate investment by Japfa Comfeed (Santori) to buy cattle farm in Sydney worth USD 35 million. Last week BKPM also facilitated signing of MoU between Blackmores and PT Kalbe Farma Tbk during intervals of Australian Trade Minister visit to Indonesia. Facilitating was also done by other BKPM offices in Singapore which covered investment in Ho Chi Minh City, Sydney, Tokyo, Seoul, New York, London, Taipei and Abu Dhabi.

BKPM data showed that there were 31 Indonesian companies who were investing in Vietnam in various sectors like cement, medicines, property, packaging, paint, food, chemical products, freight forwarding etc. One notable investment was investment in cement industry. Of 32 companies investing in Vietnam was PT Semen Indonesia Tbk, one of the biggest in ASEAN.

According to Franky, Indonesia as a country of per capita income of USD 3,500 even in some big cities like Jakarta and Surabaya above USD 9,000 per capita, the per capita level was above Vietnam, the Philippines, Laos, Cambodia and Myanmar. The same was with Indonesian companies some of them had the capacity to expand business and be regional player and some BUMN like Pertamina and PT Semen Indonesia had gone international. (SS)

GOVERNMENT OF CHINA FULLY SUPPORT SMALL BUSINESS DEVELOPMENT

Jakarta, *Business News*

Delegation of the Inter Parliamentary Collaboration Board upon visiting China had been informed that in China the number of UMKM Small business was high so the Government of China fully supported them. Still small business in China today still needed capital support and Government support.

Head of BKSAP delegation of House Nurhayati Assegaf stated that the Government had adopted a number of policies to promote UMKM like one-day-ready permit issuance, relaxation of business requirement and tax reduction to a certain degree. On the other hand big corporations were less attentive to UMKM development, such was the Parliament's Public Relations release on Monday (23/11).

Asked about their opinion about AEC, CCPOT state that regional Free Trade Agreement was basically positive for the businessworld especially in benefiting from regional market mechanism. CCPIT also still looked at Singapore a strategic business partner in the region. CCPIT reasoned that Singapore offered payment mechanism which was more agreeable. Within this context Chairman of BKSAP believed that deeper probing was needed to see readiness of Indonesian financial institutions in facing AEC.

In a dialogue session with Huawei, chairwoman of BKSAP Nurhayati asked for explanation in regard to Huawei's role to support UMKM development

in Indonesia considering that small business was one of Indonesia's economic backbone toward AEC. Responding to that request Zhao Hugang, Country Director of Huawei Indonesia said he was constantly trying to contribute to Indonesia development. Huawei had the program of seeds for the future by training 20,000 students in collaboration with 6 leading universities in Indonesia. Every year collaboration was fostered with KOMINFO to stage forum in the process of ICT strengthening in Indonesia.

Furthermore Shugang recommended UMKM to use internet technology in selling their products, perhaps it was clear how China spend about USD 14 million per day in internet.

Nevertheless Nurhayati asked Huawei to contribute directly to small business development in Indonesia. In the future Seminar could be held involving multinational companies to contribute to UMKM development in facing AEC and Huawei could participate in the Seminar.

In that meeting Huawei explained that after operating for 12 years in Indonesia Huawei Indonesia had employed more than 2,500 workers of which 80% were Indonesians. Last year Huawei Indonesia made profit of USD 400 million, contributing taxes of USD 35 million each year. This China-based multinational company made effort to put Huawei on the forefront in building infra-structures.(SS)

DEVELOPMENT PROGRAM MUST BE WELL PLANNED AND WELL INTEGRATED

Jakarta, *Business News*

Development Program and development project must be well planned and well integrated in parallel with Nawa Cita and RPJM Medium Term Plan- this was disclosed by President Joko Widodo upon opening Plenary Meeting of Cabinet in Bogor on Monday (23/11).

In the cabinet meeting discussing Government Working Program 2016 President Jokowi instructed all Ministries and leaders to collaborate and synergize because development was trans-sectoral, trans-regional and even trans-national. "Don't be trapped in sectoral ego" the President underscored.

Furthermore the President obliged Ministers and institutional heads to work together as matrix organization which supports each others mandate and avoid "collisions" among ministries. "The Government must be one. There must be no polemics exposed in public which showed differences between one ministry and another. Differences must only be indoor, only in cabinet meetings and I really expect consolidations must be accomplished" the President stressed.

For that matter the President asked that next year all ministries must select priority, because all things could not be done at the same time. "We must

prioritize tasks which are strategic and has broad impact on the people, we must be aware which is urgent, which is strategic and has broad impact on the people and what is the second, third and fourth priority," the President said while asking all ministers not to be constantly trapped in the struggle to finish pressing tasks which could make us forget strategic things.

The President reminded the blood vein touch strategy (as in oriental medication) which was to pinpoint bottleneck spots to solve big problems. The key solution was to make a breakthrough, to be creative in finding the methods and not to be trapped in ordinary mindset.

The President also asked the Government to maintain communication with the people, and get input from them to support development,

The President reminded of five essential points as frame of reference for the Ministers, i.e. economic growth, employment, poverty, inflation, because those were all the factors that determine people's purchasing power. "These are the five points to be borne in mind, We struggle head over heels to make everything look fine, but if the five points are not observed, nothing is fruitful" the President concluded. (SS)

GOVERNMENT LAUNCH TAXPAYERS STATUS CONFIRMATION PROGRAM TO ENHANCE TAX LOYALTY

Jakarta, *Business News*

The Directorate General of Taxation had officially launched Taxpayers Status Confirmation Program (KSWP) as Government's effort to strengthen taxation management and enhance taxpayers loyalty. Through KSWP fulfilment of tax obligation was prerequisite for getting certain public service including permit application in the domain of 5 ministries, i.e. the Minister of Law and Human Rights, the Minister of Energy and Mineral Resources, the Ministry of Environmental Affairs and Forestry, the Ministry of Maritime and Fishery and the Ministry of Internal Affairs.

The KSWP program was implementation of Presidential instruction No. 7 /2015 on Prevention and Eradication of Corruption 2015. Accordingly the public who wished to have certain kind of public service rendered by the abovementioned ministries must first undergo confirmation stages i.e. (1) Validation of

Taxpayers ID and (2) submission of Annual Tax Notification of the last two years.

The confirmation process was exercised by KSWP system provided by the Dir. Gen of Taxation and was accessible by on line to all officials in charge by internet in all of Indonesia. The obligation to do confirmation was also effective within the scope of permit issuance process issued by Provincial Governments in all of Indonesia.

Pilot project of KSWP system had been executed since September 2015 by the One Stop Service Center for Investment of Bogor to be expanded to all of West Java. Today all the permit issuance by the Ministry of Law and Human Rights required KSWP of company establishment process. The Ministry of Energy and Mineral Resources had also required KSWP for permit in energy and mineral resources.

The Directorate of Tax expected support of all stakeholders especially taxpayers to Government's effort to enhance tax obedience. (SS)

Chairman of KTNA :

FARMERS ADVISED TO BENEFIT FROM RICE GROWERS INSURANCE SERVICE

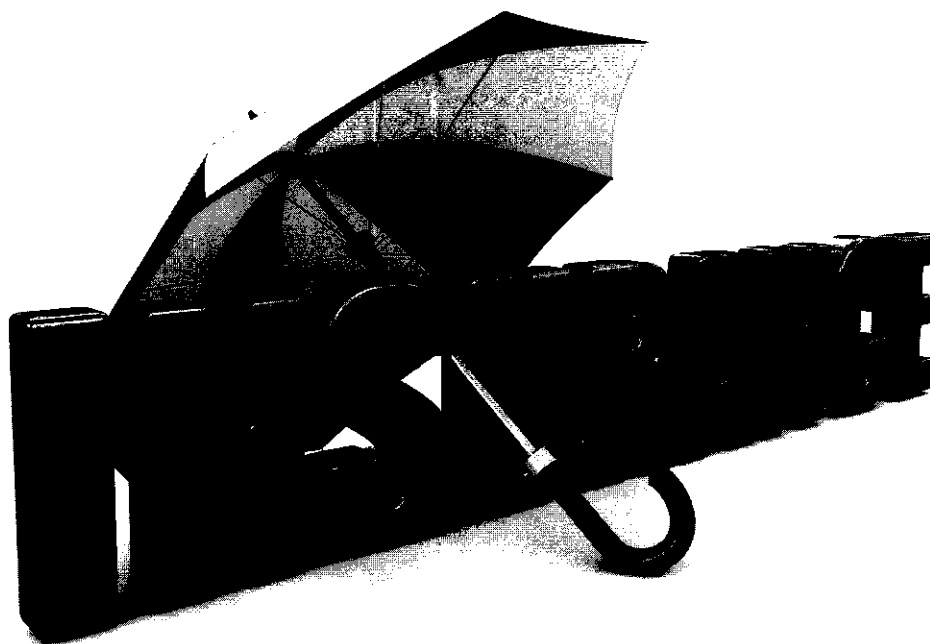
Jakarta, *Business News*

In the effort to protect farmers, particularly rice growers, the Ministry of Agriculture would implement the AUTF Farmers Insurance on 1 million ha land on October 2015 – March 2016. To maximize result of the program farmers were asked to benefit from ATP, i.e to have access to bank credit and to work without stress under the threat of anomalous climate. This was stated by Chairman of KTNA Winarno Tohir on Tuesday (24/11).

AUTF was given to the insured farmers i.e. POKTAN consisting of members i.e. farmers doing business under risk. The object of insurance was ricefields cultivated by the farmers, the tenure being 1 harvest season (4 months).

The insurance value was Rp 6 million per ha in case of harvest failure calculated proportionally. The insurance premium was Rp 180,000./ha per season or 3% of insured object of Rp 6 million/ha. Of the total Rp 6 million/ha the farmers had to pay premium of 20% (Rp36.000 per ha) and the remaining 80% (Rp 144,00 ha) was paid by the Government as aid.

The risk paid by the insurance was harvest failure due to flood, drought and pest including rat, insect, ricebugs etc. and plant diseases. The requirement to make insurance claim was damage of at least 75% of plant area.



Targeted Plantation Area AUTP 2015
Planting Season October 2015 – March 2016

No	Province	Plant Area OKMART 13/14 (Ha)	Plant Area AUTP OKMART 15/16 (Ha)
1.	East Java	1.287.709	180.000
2.	Central Java	1.162.027	162.000
3.	West Java	1.119.876	152.000
4.	South Sulawesi	517.348	74.000
5.	South Sumatra	455.418	64.000
6.	Lampung	408.902	54.000
7.	North Sumatra	381.988	53.000
8.	West Nusatenggara	313.779	44.000
9.	South Kalimantan	308.124	43.000
10.	NAD	251.263	34.000
11.	West Sumatra	247.494	36.000
12.	West Kalimantan	226.823	33.000
13.	Banten	219.170	29.000
14.	DI Yogyakarta	111.035	15.000
15.	Central Sulawesi	110.102	16.000
16.	Bali	76.331	11.000
	TOTAL	7.197.389	1.000.000

Source: Ministry of Agriculture

(SS)

ASPHALT RUBBER MIX AND LATEX MATTRESS INDUSTRY CAN ABSORB NATURAL RUBBER

Jakarta, *Business News*

Approximately 70- 80% of Indonesia's natural rubber production is used for the tire industry, both domestically and for export. As a result, when the world economy is in crisis, the automotive industry weakened so that demand for tires decreases. As a result, demand for rubber also fell. Dadi Maspanger, Head of Post-Harvest Research of Rubber Research Center, told Business News.

The strategy to overcome this is by changing the orientation of natural rubber, which is to the non-tire industry. Industry that can directly absorb rubber in the country in large number is asphalt rubber mix.

Therefore, the government must make a decision requiring the use of asphalt mixed with rubber for the construction of new roads and road repairs. Moreover, Jokowi era is the era of infrastructure development, including road development. "If the Ministry of Public Works and Public Housing, for example, requires rubber blending for asphalt at only 5%, the amount absorbed is very huge. Now, the key is in the government," he said.

Based on economic calculations, the cost of road construction using asphalt mixed with rubber is more expensive, could reach 1.5 - 2 times. But, the road generated is far more durable. So, the use of asphalt rubber mix is still profitable.

The United States who did not have a single rubber tree has long been requiring the use of asphalt rubber mix. Other rubber producers, namely Malaysia, Vietnam and Thailand, who will reduce the stock of local rubber, had begun requiring asphalt rubber mix.

Only Indonesia that not yet moved.

In addition to road construction, other infrastructure development is also an opportunity to be able to absorb natural rubber in the country. Port development requires a dock fender and it can be made using natural rubber. Railroad construction could use rubber pads. Construction of buildings and earthquake resistant buildings should also use rubber bearings as the foundation. If it goes well, there will be a lot of natural rubber absorbed.

Rampant property development could also become a market of natural rubber. To make roof tiles and paving blocks durable, it can be mixed with rubber. The price is more expensive, but it is more durable. Likewise, cracked walls and concrete can be patched with rubber material.

Other industries that can absorb large amounts of natural rubber are latex mattress and pillow industries. During this time, Indonesia exported latex to the United States. On the contrary, Indonesia imported latex mattresses and pillows. Currently, imported latex mattresses and pillows are widely found, and the price is relatively expensive.

Small-scale Rubber Research Center has been producing latex mattresses and pillows. The quality is the same with imported latex mattresses and pillows, while the price is only half of it. Market reaction is very positive, it is sold out even though it is done by door- to-door.

Currently, the Rubber Research Center has conducted an assessment with PTPN 9 to set up rubber mattress and pillow industries. Most of the area of PTPN 9 is rubber, and was hit hard by low rubber prices, so they were considering to enter the

downstream industry.

Technologically, Rubber Research Centre has been well prepared to make rubber powder to be mixed with asphalt, dock fenders, sleepers, roof tiles, paving blocks and others. "We are ready to cooperate, for example, with the Ministry of Public Works and Public Housing to create a mixture of asphalt and rubber which is cheaper and better. The technology will continue to be improved," he said.

If this industry is growing, then Indonesia could become a producer of environmentally friendly polymers in the world. Environmentally friendly polymers are polymers made of natural rubber.

These industries, one hundred percent uses natural rubber without the need for synthetic rubber

mixture. Other industries, such as tooling industries, automotive parts, industrial machinery parts, in addition to using natural rubber, should also be mixed with synthetic rubber. Developing this industry, in addition to absorbing rubber in the country, the accompanying impact is that synthetic rubber imports rose because Indonesia did not produce. Natural rubber is not heat-resistant, so it should be mixed with synthetic rubber to make it more heat-resistant.

If this industry is growing, farmers have to adapt. During this time, because for the tire industry, farmers produce crumb rubber, while for non-tire industry, it must produce liquid latex. Dadi believes that if the price is attractive, farmers will quickly adapt. (E)



INDONESIA BECOMES A STRATEGIC PARTNER OF JAPAN IN THE LONG TERM

Jakarta, *Business News*

When attending a dinner invitation of Japanese Ambassador to Indonesia, Yasuaki Tanizaki, in Jakarta, on Monday (November 23), Minister of Industry Saleh Husin, expressed his hope that Japan sees Indonesia as a strategic partner in the long term. On that occasion, the minister also met with 250 Japanese businesspeople in the event titled 'Yokoso Nippon, Welcome Japan.

"As a country with the second largest investment after Singapore, the Japanese government and businesspeople intensely establish communications with us. They see Indonesia as a country that is strategic for long-term partnership," said Minister of Industry Saleh Husin.

Based on data from the Investment Coordinating Board (BKPM), Japanese investment in Indonesia in 2014 was ranked second after Singapore with a value of US\$ 2.7 billion and 1,010 projects. Japanese investment in Indonesia is still dominated by automobile and other transport equipment industry.

On several previous occasions, Minister of Industry encourages Japan to boost investment that gives added value, including asking Japan to invest in the industrial park and to develop Indonesia as an export-oriented automotive production base. He believes that the visit to Indonesia this time brings a good opportunity for Japanese businessmen to see firsthand the dynamics of the Indonesian economy as well as various opportunities for cooperation in economy, trade, and investment. "Currently, the Indonesian government has set priorities in various sectors, among others, infrastructure development, power, maritime (ports and fisheries), export-oriented indus-

trialization, as well as development acceleration in the regions," he said.

Also present at the event, Chairman of the Japan-Indonesia Parliamentary League, Toshiro Nikai, Minister of Economy, Trade and Industry of Japan (METI), Yoichi Miyazawa. According to Saleh, it increasingly indicates that the Japanese side highly appreciates and has high hopes on a number of sectors in Indonesia.

In addition to Minister of Industry, Minister for National Development Planning / Head of National Development Planning Board, SofyanDjalil, Minister of Communications and Informatics, Rudiantara and Director General of Security and International Industrial Access Development, Achmad Sigit Dwiwahjono, also attended dinner at the residence of the Japanese ambassador.

Also present at the event was Chairman of the Presidential Advisory Council, Sri Adiningsih, who is an economist of Gadjah Mada University and other member of the Presidential Advisory Council, Sidarto Danusubroto, and Indonesian Ambassador to Japan, Yusron Ihza Mahendra.

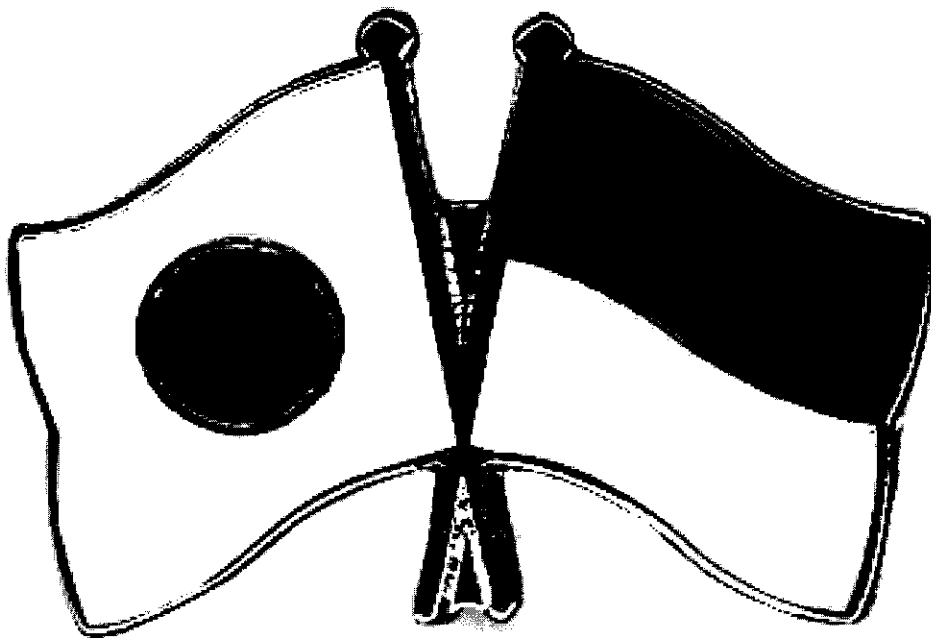
"We are optimistic that Japan's investment will increase as global business activity continues to rise. Indonesia is ready to partner, as long as it is beneficial to both sides and improve the welfare of Indonesia through the addition of jobs and technology transfer," he concluded.

Thus, the structure of Indonesian industry is expected to become stronger, creating jobs, and technology transfer is expected to happen. The minister also mentioned several Japanese car manufacturers who are ready to boost investments in Indonesia, such as Mitsubishi Fuso that would expand produc-

tion, and Toyota who planned to make an investment of IDR 20 trillion in the next five years.

Earlier, Minister of Industry Saleh Husin is optimistic with the movement of the automotive industry in the country. This is evidenced by the existing conditions in which industry players and global automotive companies continue to invest in Indonesia

amid the world economic slowdown. "Business and automotive investments are long term. So, industrial activity and investments will still go on. They are not oriented to a year or two, but up to tens of years," said Saleh. (E)



THE FINANCIAL SECTOR MUST FINANCE SECTORS OF WIDE MULTIPLIER EFFECT

Jakarta, *Business News*

The financial sector had its vital role in accelerating development and enhance economic progress for sustainable growth. Financing of the sectors of high multiplier effect could propel sustainable growth. To prevent bubble economy, the financial sector must go in tandem with the real sector. This was statement of the Chairman of OJK Muliawan D Hadad in an international seminar entitled "Sustainable Finance to Support Sustainable Growth in Jakarta" on Monday (24/11).

Besides Muliawan said, this was initial step toward sustainable growth which could begin for financing industries applying risk management so the financial service industry must do screening on all the industries being financed.

In this regard, the bank was also encouraged to increase profit through sectors of high multiplier effect which would create a stable and sustainable financial system. Meanwhile for the capital market they were probing on green bond/sukuk and environmental insurance. The green bond market was globally growing. In 2013 the total green bond issued was worth USD 11 billion, so by end of 2015 outstanding green bond was worth USD 65.5 billion. Muliawan expected sustainable financial roadmap could facilitate LJK, for banking, capital market or IKNB, to continuously innovate product to meet market need.

The seminar which was collaboration between Ministries and international institution to ensure sustainable financial sector was solution to attain Sustainable Development Goals.

Besides the seminar could also be a forum

which would see potential roadmap of Sustainable Finance in ASEAN and to seek for opportunities for implementing Sustainable Finance in ASEAN states.

According to Muliawan, the sustainable financial program proposed by OJK was in accordance with the objective of sustainable development. "this is opportunity for all financial service industry to support and realize sustainable development nationwide in the form of regional and global cooperation". Muliawan said.

OJK as authority in the financial sector had participated by issuing sustainable financial roadmap containing guidelines of sustainable financial development in Indonesia. The roadmap was also implementation of OJK collaboration with the government, especially the Ministry of Environmental Affairs and Forestry.

This sustainable financial roadmap has the objective to specify the condition to be attained in relation with medium range program (2015-2019) and long range (2015-2024) for financial industrial service in Indonesia.

The program was not only to increase financing of prioritized sectors of high multiplier effect such as energy, infrastructure, processing industry, agriculture and small business but also to strengthen and resistance and competitiveness of financial institutions in Indonesia. This was believed to change mindset and action of the financial institution.

The National seminar entitled Sustainable Finance to Support Sustainable Development Goals was held in collaboration with the Ministry of the National Development Planning, Ministry of Finance, Ministry of Energy and Mineral Resources, Ministry

Environmental and Forestry and other international bodies like UNEP, WWF, GIZ, USAID, and IFC.

This seminar would also announce some financial institution which had signed green banking pilot project, PT Bank Artha Graha Internasional, Tbk; PT Bank Central Asia, Tbk; PT Bank Negara Indonesia (Persero), Tbk; PT Bank Rakyat Indonesia (Persero), Tbk; PT Bank BRI Syariah; PT Bank Mandiri (Persero),

Tbk; PT Bank Muamalat Indonesia; PT BPD West Java dan Banten Tbk.

The pilot project had the objective to support bank competence in regard to Financial Roadmap in Indonesia 2014-2019. The competence underscored was organizational competence in managing social, environmental, and governance and increased financing of business run sustainably. (SS)

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NATIONAL BASIC NEEDS PRICE

Jakarta, *(Business News)*

No.		Unit	NOVEMBER 2015								
			13	16	17	18	19	20	23	24	25
1.	Unpacking	Rp/kg	10,590	10,580	10,570	10,570	10,550	10,520	10,500	10,490	10,470
2.	Cooking Oil	Rp/kg	107,770	107,740	107,790	107,930	107,980	107,980	108,200	108,160	108,220
3.	Beef	Rp/kg	30,000	30,080	30,050	30,050	30,140	30,130	30,700	30,760	30,910
4.	Ranged Chicken	Rp/kg	21,790	22,010	22,070	22,120	22,250	22,250	22,500	22,640	22,710
5.	Meat	Rp/kg	9,000	8,990	8,990	9,000	9,000	9,000	9,000	8,970	8,980
6.	Ranged Chicken	Rp/kg	11,020	11,020	11,020	11,020	11,020	11,020	11,000	10,980	10,990
7.	Eggs	Rp/kg	10,870	10,890	10,900	10,900	11,000	11,000	11,000	11,030	11,060
8.	Wheat Flour	Rp/kg	10,500	10,520	10,520	10,540	10,550	10,550	10,600	10,600	10,600
9.	Imported Soybean	Rp/kg	12,750	12,740	12,740	12,730	12,730	12,730	12,700	12,720	12,730
10.	Local Soybean	Rp/kg	24,760	25,730	25,810	26,000	25,890	26,250	25,700	25,810	26,810
11.	Medium Rice	Rp/kg	23,860	25,110	25,630	25,180	24,560	24,790	24,700	24,550	24,730
12.	Granulated Sugar	Rp/kg	21,470	21,550	21,680	21,870	21,670	21,810	21,500	21,650	21,760
	Curly Red Chilli										
	Red Chili										
	Onion										

Source: Processed by Ministry of Trade(Ditjen PDN)

(BN)

FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	NOVEMBER 26, 2015			NOVEMBER 25, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,874.97	9,929.67	9,984.37	9,886.75	9,936.86	9,986.96
BND (Brunei)	1,-	9,714.20	9,767.10	9,819.99	9,673.63	9,723.72	9,773.81
CAD (Canada)	1,-	10,278.32	10,331.40	10,384.47	10,238.56	10,292.46	10,346.36
CHF (Switzerland)	1,-	13,356.79	13,430.84	13,504.89	13,392.07	13,462.34	13,532.60
CNY (China Yuan)	1,-	2,138.48	2,149.28	2,160.07	2,129.87	2,140.52	2,151.17
DKK (Denmark)	1,-	1,944.44	1,954.50	1,964.56	1,945.74	1,955.73	1,965.72
GBP (United Kingdom)	1,-	20,662.70	20,770.50	20,878.29	20,544.91	20,650.35	20,755.78
HKD (Hong Kong)	1,-	1,762.94	1,771.96	1,780.97	1,755.39	1,764.23	1,773.06
JPY (Japan)	100,-	11,137.92	11,196.00	11,254.08	11,123.38	11,180.35	11,237.32
KRW (Korean)	1,-	11.92	11.99	12.05	11.87	11.93	11.99
KWD (Kuwaiti Dinar)	1,-	44,888.30	45,144.81	45,401.32	44,709.17	44,947.48	45,185.79
MYR (Malaysia)	1,-	3,242.91	3,260.84	3,278.77	3,231.59	3,250.07	3,268.55
NOK (Norway)	1,-	1,579.60	1,588.04	1,596.47	1,576.48	1,584.56	1,592.64
NZD (New Zealand)	1,-	8,992.28	9,038.38	9,084.48	8,943.93	8,991.38	9,038.83
PGK (Papua New Guinea)	1,-	4,539.18	4,664.24	4,789.29	4,489.65	4,615.15	4,740.65
PHP (The Philippines)	1,-	290.29	291.81	293.32	289.10	290.58	292.05
SAR (Saudi Arabian Riyal)	1,-	3,637.62	3,656.48	3,675.34	3,620.95	3,639.54	3,658.12
SEK (Sweden)	1,-	1,564.01	1,572.29	1,580.57	1,568.10	1,576.21	1,584.32
SGD (Singapore)	1,-	9,714.20	9,767.10	9,819.99	9,673.63	9,723.72	9,773.81
THB (Thailand)	1,-	382.21	384.25	386.29	381.20	383.22	385.23
USD (United States)	1,-	13,664.00	13,733.00	13,802.00	13,605.00	13,673.00	13,741.00
EUR (Europe)	1,-	14,504.34	14,579.65	14,654.96	14,517.90	14,591.15	14,664.40

NOTE : The middle rate is based on Business News calculation

**EXCHANGE RATES BASIS FOR THE PAYMENT OF
IMPORT DUTY, VALUE ADDED TAX ON GOODS
AND SERVICES AND SALES TAX ON
LUXURY GOODS, EXPORT TAX AND
INCOME TAX FOR THE PERIOD OF
NOVEMBER 25, 2015 TO DECEMBER 1, 2015
(Decree of the Minister of Finance KMK 56/KM.10/2015
dated November 24, 2015)**

THE MINISTER OF FINANCE,

Considering :

- a. as payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax, on goods imports, tax debts connected with value added tax on goods and service and sales tax on luxury goods, export tax, and income received or earned in the form of foreign currencies, must first be valued in the rupiah;
- b. that it is therefore necessary to stipulate a decree concerning the exchange rates as the basis for the payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax for the period of November 25, 2015 To December 1, 2015.

In view of :

1. Law No. 7/1983 (BN No. 4009 pages 1A-3A and so on) on income tax (Statute Book of 1983 No. 50, Supplement to Statute Book No. 3263) as already amended the latest by the No. 10/1994 on the amendment of Law No. 17/2000 (BN No. 6513 pages 15A-18A and so on) (Statute Book of 2000

No. 127, Supplement to Statute Book No. 3985);

2. Law No. 8/1983 (BN No. 4013 pages 1A-3A and so on) on value added tax on goods and services and sales tax on luxury goods (Statute Book of 1983 No. 51, Supplement to Statute Book No. 3264) as already amended by Law No.42/2009 (Statute Book of 2009 No. 150);
3. Law No. 10/1995 (BN No. 5812 pages 19A-20A and so on) on customs affairs (Statute Book of 1995 No. 75, Supplement to statute Book No. 3612) as already amended by Law No.17/2006 (Statute Book of 2006 No. 93, Supplement to Statute Book No. 4661) ;
4. Law No. 11/1995 (BN No. 5813 pages 6A-10A and so on) on Excise (Statute Book of 1995 No. 76, Supplement to Statute Book No. 3613) as already amended by Law No. 39/2007 (Statute Book of 2007 No.105, Supplement to Statute Book No. 4755);
5. Presidential Decree No. No. 84/P Year 2009;
6. Decree of the Minister of Finance No.347/ KMK.01/2008 on Delegation of Authority to First-Echelon Officials within the Ministry of Finance to Sign Letters andor Decrees of the Minister of Finance on behalf and for the Minister of Finance;

D E C I D E S :

To stipulate:

THE DECREE OF THE MINISTER OF FINANCE CONCERNING EXCHANGE RATES AS THE BASIS FOR THE PAYMENT OF IMPORT DUTY, VALUE ADDED TAX ON GOODS AND SERVICES AND SALES TAX ON LUXURY GOODS, EXPORT TAX AND INCOME TAX FOR THE PERIOD OF NOVEMBER 25,

1	Rp.	13,735.00	per (USD)	1,-
2	Rp.	9,841.93	per (AUD)	1,-
3	Rp.	10,304.00	per (CAD)	1,-
4	Rp.	1,962.04	per (DKK)	1,-
5	Rp.	1,772.08	per (HKD)	1,-
6	Rp.	3,163.95	per (MYR)	1,-
7	Rp.	8,950.85	per (NZD)	1,-
8	Rp.	1,587.26	per (NOK)	1,-
9	Rp.	20,902.35	per (GBP)	1,-
10	Rp.	9,687.94	per (SGD)	1,-
11	Rp.	1,574.69	per (SEK)	1,-
12	Rp.	13,501.70	per (CHF)	1,-
13	Rp.	11,149.16	per (JPY)	100,-

Article 2

In the case of the absence of other foreign currencies in Article 1, the exchange rates used as the basis of payment shall be the daily spot exchange rates of the foreign currencies concerned on the international market against the United States dollar effective on the previous day's closing and multiplied by the rupiah exchange rate against the United States dollar as stipulated in this decree of the Minister of Finance.

Article 3

This decree shall come into force as from November 25, 2015 To December 1, 2015.

2015 TO DECEMBER 1, 2015.

Article 1

The exchange rates as the basis for the payment of import duty, value added on goods and services and sales tax on luxury goods, export tax and income tax, from November 25, 2015 To December 1, 2015 shall be as listed :

14	Rp.	10.63	per (MMK)	1,-
15	Rp.	207.53	per (INR)	1,-
16	Rp.	45,174.95	per (KWD)	1,-
17	Rp.	130.22	per (PKR)	1,-
18	Rp.	291.39	per (PHP)	1,-
19	Rp.	3,662.06	per (SAR)	1,-
20	Rp.	96.43	per (LKR)	1,-
21	Rp.	382.93	per (THB)	1,-
22	Rp.	9,688.48	per (BND)	1,-
23	Rp.	14,637.91	per (EUR)	1,-
24	Rp.	2,151.38	per (CNY)	1,-
25	Rp.	11.81	per (KRW)	1,-

For public cognizance, this decree of the Minister of Finance shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On November 24, 2015

On Behalf Of THE MINISTER OF FINANCE

Caretaker Head Of Fiscal Policy

sgd.

SUAHASIL NAZARA

— = = ooOoo = = —

MANAGEMENT OF NATIONAL CONSTRUCTION SERVICE INSTITUTION REGISTRATION OF INTEGRATED CONSTRUCTION SERVICE (Regulation of National Construction Service Service Number 5 Year 2014, dated June 11, 2014)

WITH THE BLESSING OF THE ONE AND ONLY GOD

Considering:

- a. Whereas, based on the provision in Article 28 paragraph 1 of Government Regulation Number 92 Year 2010, on second amendment to Government Regulation Number 28 Year 2000, concerning Business on Construction Service and Role of the People in assigning duty to institution for registration of construction service by Business Entity covering Classification and Qualification.
- b. Whereas, Article 28B of Government Regulation Number 92 Year 2010 on amendment to Government Regulation Number 28 Year 2000 concerning Business on construction service and Role of the People to mandate an Institution to establish Business Entity Certification Unit for conducting certification function.
- c. Whereas, Government Regulation Number 30 Year 2000 mandates Implementation of Management of Construction Service in the context of

service provider and service user and the people shall be managed by the Central Government jointly with the Institution.

- d. Whereas, the Government, by Regulation of the Minister of Public Works Number 08/PRT/M/2011 concerning Distribution of Sub-Classification and Sub-Qualification of Construction Service stipulates reference for exercising Certification of Integrated Construction Service Business.
- e. Whereas, based on the consideration as referred to in letter a through letter d, it is necessary to stipulate Regulation on Construction Service Development Institution concerning Registration of Integrated Construction Service Business.

In view of:

1. Law Number 18 Year 1999, concerning Construction Service (Statute Book of the RI Year 1999 Number 54);
2. Law Number 40 Year 2007, concerning Limited Liability Company;

3. Law Number 25 Year 2007, concerning Capital Investment
4. Law Number 20 Year 2008, concerning Micro, Small, and Medium Businesses;
5. Government Regulation Number 30 Year 2000, concerning Implementation of Construction Service Management;
6. Government Regulation Number 59 Year 2010, concerning Amendment to Government Regulation Number 29 Year 2000, on Implementation of Construction Service.
7. Government Regulation Number 92 Year 2010, concerning Second Amendment to Government Regulation Number 28 Year 2000, concerning Business and Role of the People on Construction Service;
8. Presidential Regulation Number 54 Year 2010, on Procurement of Goods / Services for the Government as amended by Presidential Regulation Number 70 Year 2012, concerning Second Amendment to Presidential Regulation Number 54 Year 2010 on Procurement of Goods / Services for the Government.
9. Regulation of the Minister of Public Works Number 10/PRT/M/2010, on procedure for selecting management, terms of office, principal duty and function, and work mechanism of Construction Service Development Institution as amended by Regulation of the Minister of Public Works Number 24/PRT/M/2010, concerning Amendment to Construction Service Development;
10. Decision of the Minister of Public Works Number 223/KPTS/M/2011, concerning stipulation of organization and management of Construction Service Management;
11. Regulation of the Minister of Public Works Number 08/PRT/M/2011, concerning distribution of sub-classification and sub-qualification of Construction Service Business.
12. Regulation of the Minister of Public Works Number 08/PRT/M/2012, concerning technical guideline for establishment of Unit for Certification and Grant of License.

D E C I D E D:

To stipulate:

REGULATION OF NATIONAL DEVELOPMENT ON CONSTRUCTION SERVICE INSTITUTION FOR REGISTRATION OF INTEGRATED CONSTRUCTION SERVICE BUSINESS.

CHAPTER I

GENERAL PROVISION

Part One

Perception

Article 1

What is meant in this Regulation by:

1. Construction Service Development Institution hereinafter referred to as LPJK shall be institution as referred to in Government Regulation Number 4 Year 2010, on Amendment to Government Regulation Number 28 Year 2000, concerning Business and Role of the People on Construction Service as amended several times and lately amended by Government Regulation Number 92 Year 2010, concerning Second Amendment to Government Regulation Number 28 Year 2000, on Business and Role of the People on Construction Service.
2. Nationwide Construction Service Development Institution hereinafter referred to as National LPJK shall be LPJK domiciled at the State's capital city.
3. Provincial level Construction Service Development Institution hereinafter referred to as Provincial LPJK shall be LPJK domiciled at Provincial Capital City.
4. LPJK Management shall be representative of the elements ratified by the Minister for National LPJK and by the Governor for Provincial LPJK.
5. LPJK Operating Body shall be secretariat of LPJK constituting work unit that supports implementation of the duty of LPJK covering administration, technical, and expertism.
6. Regulation of LPJK on Registration Integrated Construction Service Business shall be norms and rules stipulated by National LPJK governing the requirements and process for Registration covering Classification, Qualification and Certification of Integrated Construction Service Business.
7. Integrated Construction Service Business, shall be type of construction service business that provides planner, operator, and supervisor on the construction conducted integrately, covering design and build; planning, procurement, and implementation of turn-key project (engineering, procurement, and construction); implementation of the turn-key project; and/or implementation of performance based work.
8. Business Entity shall be Business Entity in the form of Legal Entity which business activity provides Integrated Construction Service Business.
9. Companies Association shall be organization constituting as media of Construction Service Business Entity in the form of legal entity.

10. Registration shall be any activity to determine competence and capability of Business Entity to determine issue of business permit based on sub-classification and sub-qualification for issue of Certificate.
11. Certification shall be assessment process to obtain recognition of classification and qualification of competence and capability of business on construction service.
12. Certificate shall be evidential proof of recognition of stipulation of sub-classification and sub-qualification of business capability on construction service.
13. Classification shall be classification of Integrated Construction Service Business based on the field of business.
14. Sub-classification shall be classification of Integrated Construction Service Business based on classification of the construction work.
15. Qualification shall be classification of Integrated Construction Service Business based on the level / in-depth and potential capability in Integrated Construction Service Business.
16. Subqualification shall be division of classification of Integrated Construction Service Business based on qualification of the construction work.
17. Certificate Business Entity hereinafter referred to as SBU shall be Certificate on evidential proof of official recognition of the level / in-depth of competence and business capability as stipulated in Classification and Qualification Business Entity.
18. Number Registration Usaha hereinafter referred to as NRU shall be Number stipulated by National LPJK to be affixed on the SBU and TDUP constituting evidential proof that the Certificate has been recorded at the National SIKI-LPJK.
19. Registration Book of Business Entity hereinafter referred to as BRBU shall be book containing list of names of Business Entities that hold Certificates, issued by LPJK, containing level of capability, classification, and qualification.
20. Business Entity Business Certification Nationwide hereinafter referred to as National USBU shall be work unit duly established by National LPJK for certification process of qualification of major Business Entity and equivalence thereof to Foreign Business Entity.
21. Certification Unit of Business Entity provincial level hereinafter referred to as Provincial USBU shall be work unit duly established by Provincial LPJK for certification process of qualification of

medium and small Business Entities.

22. Stake Holder shall be the parties having interest and/or activity pertaining to construction service business.
23. Team of Initial Verification and Validation Association hereinafter referred to as TVVA shall be work unit of Asociation functioning to process Initial Verification and Validation of members of SBU Business Entity Applicant.
24. Capability Assessment Business Entity hereinafter referred to as AKBU shall be Assessor that has been registered at National LPJK.
25. Certificate of Work Expertise hereinafter referred to as SKA shall be Certificate duly issued by LPJK and granted to construction expert that has complied with the requirements on competence based on scientific discipline, function and/or specific expertise.
26. Party in-charge of Business Entity hereinafter referred to as PJBU shall be management of the Business Entity decided as Party in-charge of the Business Entity.
27. Party in-charge of Technical matter hereinafter referred to PJT shall be permanent manpower appointed by PJBU to be responsible on the aspect of technical operation of Construction Services

Business Entity.

28. Party in-charge of Classification hereinafter referred to as PJK shall be permanent manpower possessing expertise appointed by the management of Business Entity to be responsible for technical matter on a specific Classification possessed by the Business Entity according to the expertise he/she possesses.
29. Information System of Indonesia Consturction LPJK hereinafter referred to as National SIKI-LPJK shall be information system basedd on information technology that collects all data and information of the construction belonging to National LPJK.

CHAPTER II

Purposes, Objectives and Scope

Article 2

This Regulation is meant as guideline for conducting Certification and Registration of Integrated Construction Service Business, that must be complied with by all parties pertaining to requirements on Integrated Construction Service Business to be able to implement integrated construction work in accordance with the provisions in the statutory regulation.

Article 3

This Regulation is meant to accomplish order on Certification and Registration of Integrated

Construction Service Business according to the requirements of business capability, Classification/Sub-Classification and Qualification/Sub-qualification on Integrated Construction Service Business that has been stipulated.

Article 4

Scope of coordination of Certification and Registration of this Integrated Construction Service Business covers the provisions on the form, nature, requirements of Business Entity, Classification and distribution of Sub-Classification, Classification, Qualification and distribution of Sub-Qualification, requirements for application for Registration, Registration, Certification, Initial verification and validation, monitoring and evaluation of Certification, and penalty of violation.

CHAPTER III

FORM, NATURE, REQUIREMENTS, AND CLASSIFICATION AND QUALIFICATION OF BUSI- NESS

Part One

Form and Nature of Business

Article 5

- (1) Integrated Construction Service Business shall be Business Entity in the form of legal entity.
- (2) Business Entity as referred to in paragraph (1) shall be National Business Entity.

(3) National Business Entity referred to in paragraph (2) also constitutes Joint Operation Business Entity duly established in the context of Foreign Capital Investment.

(4) Joint Operation Business Entity Patungan as referred to in paragraph (3) shall be Business Entity in the form of legal entity duly established based on the statutory regulation of the Republic of Indonesia pertaining to Foreign Capital Investment.

Article 6

- (1) Integrated Construction Service Business shall be public business service.
- (2) The public service company referred to in paragraph (1) shall be empowered on Business Entity that has that the capacity to carry on part of or all covered in Classification of public business service

Part Two

Business Requirements

Article 7

- (1) The Business Entity as referred to in Article 5 paragraph (1) must possess SBU.
- (2) The SBU referred to in paragraph (1) shall be issued by LPJK.

Part Three

Classification and Qualification of Business

Article 8

Sub-Classification of Integrated Construction

Service Business Entity covers:

- a. integrated service for transportation infrastructure;
- b. integrated service for pipeline construction for water distribution and sanitation;
- c. integrated service for manufacturing construction; and
- d. integrated service for construction of oil and gas facilities.

Article 9

(1) Qualification of Integrated Construction Service Business Entity is major business..

(2) Qualification Major Business Entity referred to in paragraph (1) covers sub-qualification as cited below:

- a. Major 1 (B1); and
- b. Major 2 (B2).

(3) Distribution of sub-qualification Integrated Construction Service Business as referred to in paragraph (2) will be determined based on compliance with the requirements and capability of the business covering:

- a. net asset;
- b. experience; and
- c. manpower

(4) Business Entity in the form of Joint Venture Business as referred to in Article 5 paragraph (3) may only have Sub-Classification business of B2 Sub-Qualification B2.

Article 10

(1) Qualification of Integrated Construction Service Business Entity as referred to in Article 8 paragraph (2) shall be based on the criteria of level / in-depth of competence and potential business capability and capability on integrated construction work.

(2) Criteria of level / in-depth of competence and potential business capability referred to in paragraph (1) covers criteria of risk and/or use of technology and/or volume of costs.

(3) Criteria of risk referred to in paragraph (2) shall be included in category high risk, covering construction work which implementation and utilization of the building / construction thereof are very hazardous to public safety, property, human lives, and the environment.

(4) Criteria on the use of technology referred to in paragraph (2) shall be determined based on the volume of costs and volume of work, as included in category of construction work which implementation uses high technology covering construction

work and the implementation thereof uses a number of heavy equipment and experts as well as skilled manpower.

- (5) Business Entity with major qualification may carry out work with high risk, high technology, and very hazardous.

Part Four

Requirements for Business Classification and Qualification

Article 11

- (1) Requirements for net asset as referred to in Article 9 paragraph (3) letter a are as follows:

- a. B1 Sub-Qualification, must have net asset of at least Rp.10.000.000.000 (ten billion Rupiah); and
- b. B2 Sub-Qualification, must have net asset of at least Rp.50. 000.000.000 (fifty billion Rupiah).

- (2) Requirements for experience in carrying out construction work as referred to in Article 8 paragraph (3) letter b are as follows:

- a. B1 Sub-Qualification, must have experience to carry out any work of total cumulative value of present acquisition of at least Rp. 50.000.000.000,- (fifty billion Rupiah) that

has been acquired within a period of ten (1) years or possessing the highest value of experience in work in M2 Sub-Qualification of a value of Rp.16.600.000.000,- (sixteen billion, six hundred million Rupiah) that has been acquired within the period of ten (10) years; and

- b. B2 Sub-Qualification, must have experience to carry out B1 Sub-Qualification work with present cumulative total value acquisition of minimum

Rp. 250.000.000.000,- (two hundred fifty billion Rupiah) acquired within a period of ten (10) years or having the highest degree of experience in B1 Sub-Qualification of a value of Rp. 83.330.000.000,- (eighty-three billion, three hundred thirty million Rupiah) acquired during the course of ten (10) years.

- (3) The requirements on manpower referred to in Article 9 paragraph (3) letter c for Business Entity as specified in Attachment 2A.

Article 12

Business Entity may possess all Classifications of businesses based on its capacity and the nature of its business as governed in Article 6.

CHAPTER IV

OFFICER OF REGISTRATION, CERTIFICATION AND INITIAL VERIFICATION AND VALIDATION

Part One

Officer of Registration

Article 13

- (1) National LPJK shall be responsible for Registration of National Integrated Construction Service Business.
- (2) The Registration as referred to in paragraph (1), shall be conducted by National LPJK..
- (3) Registration process of business shall be conducted within one (1) year in four (4) sessions each session consists of three (3) months.
- (4) The Registration process referred to in paragraph (2) and paragraph (3) will be conducted at least once in three (3) months.

Article 14

The Official that is authorized to sign SBU as evidential proof of Registration shall be the Director of National LPJK Registration and Legal Operating Body.

Article 15

National LPJK may reject the Registration of Business Entity if it fails to settle its financial obligation pertaining to Certification and Registration of Business Entity to LPJK.

Part Two

Certification Official

Article 16

- (1) The National USBU shall exercise Certification process of Business Entity.
- (2) The Certification process will be exercised on working days.

Article 17

- (1) The USBU referred to in Article 16 paragraph (1) shall assess the capacity of Business Entity against compliance with the requirements for Classification and Qualification.
- (2) The assessment of capacity of the Business Entity referred to in paragraph (1) shall be exercised over the application for Registration of SBU, and drawn up in the form of Minutes of Meeting on the result of assessment of the feasibility of Classification and Qualification.
- (3) The Minutes of Meeting referred to in paragraph (2) must be signed by the Operating Chairman of USBU.

Part Three

Initial Verification and Validation Official

Article 18

- (1) The Official of Initial Verification and Validation

shall be the Companies Association that is granted authority to exercise Initial Verification and Validation of the application for Registration of members of SBU.

(2) The Companies Association that are granted authority to exercise Initial Verification and Validation as referred to in paragraph (1) have complied with the requirements as governed in the Regulation of National LPJK.

(3) The Companies Association that is granted authority for exercising Initial Verification and Validation as referred to in paragraph (1) shall be obliged to establish TVVA that constitute permanent Task Force unit of the Companies Association.

(4) The TVVA referred to in paragraph (3) will be determined by the Companies Association consisting of the Chairman, Database Officer and Appraiser possessing Certificate for AKBU training, verification and validation exercised by National LPJK.

(5) The Companies Association shall be obliged to guarantee the correctness and authenticity of the application for Registration of SBU in the form of Minutes of Meeting on the Initial Verification and Validation signed by the General Chairman / Chairman of Companies Association or Coordinator of Companies Association granted the authority by appending Self-Appraisal Data (PDS).

(6) Minutes of Meeting on Initial Verification and Validation as referred to in paragraph (5) must have Number as stipulated by the Companies Association and constituting specific Number of the Companies Association for download into the National SIKI-LPJK on the provisions as specified in Attachment 3.

(7) The General Chairman of Companies Association or Coordinator of Companies Association granted the authority as referred to in paragraph (5) shall be Management of National Level Companies Association based on his/her authority.

(8) The Management of Companies Association shall be obliged to submit Statement Letter signed by the General Chairman of Companies Association to National LPJK, stating that he/she ratifies the signature and name of the General Chairman of the Companies Association as dry-printed on the back page of the SBU.

(9) In the event that the Companies Association is reluctant to issue Statement Letter as referred to in paragraph (8), process of application for Registration of members of SBU shall be postponed.

(10) In the presence of evidential proof of incorrectness and unauthenticity of the application for Registration of SBU as referred to in paragraph (8) exceeds ten (10 percent) of the total amount, the application for Registration of SBU in one period

of Registration, the Companies Association that guaranteed the Initial Verification and Validation is subject to penalty in the form of revocation of the authority on the Initial Verification and Validation.

CHAPTER V
REQUIREMENTS FOR REGISTRATION

Part One

New Application

Article 19

- (1) New application for Registration of SBU may be submitted by Business Entity that has no SBU yet.
- (2) The new application for Registration of SBU as referred to in paragraph (1) must provide the complete data of the Business Entity in the application together with structured data of the Business Entity in digital form as specified in Attachment 6.
- (3) The data of the Business Entity as referred to in paragraph (2), shall support the data as specified in Attachment 7 and its supporting file, covering:
 - a. Attachment 7-1 : Application Form for SBU;
 - b. Attachment 7-2 : Transmittal Letter of Application for Sub Classification and Sub-Qualification;
 - c. Attachment 7-3 : Application Letter for Classification and Qualification;
 - d. Attachment 7-4 : Statement Letter by Business Entity;
 - e. Attachment 7-5 : Questionnaire Form on Data Administration;
 - f. Attachment 7-6 : Questionnaire Form on Data Management;
 - g. Attachment 7-7 : Questionnaire Form on Data of Party in-Charge;
 - h. Attachment 7-8 : Form of Statement Letter on Non-Civil Servant Employee;
 - i. Attachment 7-9 : Form on Financial Data;
 - j. Attachment 7-10 : Balance Sheet;
 - k. Attachment 7-11 : Questionnaire Form on Personnel Data (PJBU/ PJT/PJK);
 - l. Attachment 7-12 : Statement Letter by Party in-charge of Technical matter;
 - m. Attachment 7-13 : Curriculum Vitae; and
 - n. Attachment 7-14 : Questionnaire Form on Business Entity Experience.

Article 20

- (1) The application for Registration of SBU as referred to in Article 19 must be supported by financial statement he/she possesses, such as:
- a. for B1 Sub-Qualification, provide the latest one (1) year balance sheet prepared by the Business Entity signed over duty stamp and financial report issued by the Office of Public Accountant with net asset exceeding Rp10.000.000.000 (ten billion Rupiah); and
 - b. for B2 Sub-Qualification, provide the latest one (1) year balance sheet duly prepared by the Business Entity signed over duty stamp and financial report issued by the Office of Public Accountant with net asset exceeding Rp50.000.000.000 (fifty billion Rupiah).
- (2) Application for Registration of SBU as referred to in Article 19 must be supported by date of the manpower based on the terms as as governed in Article 11 paragraph (3).

Part Two

Application for Amendment

Article 21

- (1) Business Entity Integrated Construction Service may apply for Registration of SBU for making amendment to Sub-Classification and Sub-Qualification.
- (2) Amendment to Sub-Classification as referred to in paragraph (1) shall cover supplement or reduction of Sub-Classification.
- (3) Amendment to Sub-Classification as referred to in paragraph (2) may be made at the earliest after six (6) months as of the SBU is issued.
- (4) Amendment to Sub-Qualification as referred to in paragraph (1) shall cover upgrading or degrading Sub-Qualification in each Sub-Classification he/she possesses.
- (5) Amendment to Sub-qualification as referred to in paragraph (5) may be made at the earliest one (1) year as of the SBU is issued.

- (6) Business Entity making amendment to Sub-Classification and/or Sub-qualification as referred to in paragraph (2) and paragraph (4) shall be obliged to fill-in Questionnaire Form completely with supporting data as follows:
- a. Attachment 8-1 : Questionnaire Form for application for amendment of Classification and Qualification
 - b. Attachment 8-2 : Application for amendment of Classification and Qualification
 - c. Attachment 8-1 : Application for Classification and Qualification
 - d. Attachment 7-3 : Statement Letter of Business Entity; and
 - e. Supporting document: for amendment of sub-Classification and/or sub-Qualification.
- (7) Integrated Construction Service Business Entity may any time submit application for amendment to administrative data but not concerning amendment to Sub-Classification and Sub-Qualification.

Article 22

- (1) Business Sub-Qualification referred to in Article 21 paragraph (4) may be upgraded if it complies with the requirements below:
- a. addition to work experience for the respective Sub-Qualification as requested to upgrade the Qualification thereof;
 - b. provide authentic proof of Minutes of Meeting on First Hand-Over or Provisional-Hand-Over (PHO) of the work acquired during the last one (1) year pertaining to the request to upgrade Sub-Qualification;
 - c. work acquisition referred to in letter b, will be recorded on a Form Sheet concerning Work Acquisition Contract Number (NKPK) as specified in Attachment 20; and
 - d. Business Qualification shall be upgraded by USBU after having conducted assessment on feasible Classification and Qualification in one year at the earliest after the SBU is issued.
- (2) Sub-Qualification as referred to in Article 21 paragraph (4) shall be upgraded after having conducted assessment of feasible Classification and Qualification by USBU.

Article 23

- (1) Business Entity Sub-Qualification for the respective Sub-Classification may be upgraded from B1 Sub-Qualification to B2 Sub-Qualification.
- (2) The Sub-Qualification as referred to in paragraph (1) may be upgraded based on the requirements below:
 - a. has experience in conducting work in B1 Sub-Qualification with accumulated value at present of minimum Rp250.000.000.000,- (two hundred fifty billion Rupiah) acquired within ten (10) years or has highest work experience on B1 Sub-Qualification with a value of Rp.83.330.000.000,- (eighty-three billion, three hundred thirty million Rupiah) acquired within ten (10) years;
 - b. net asset exceeding Rp50.000.000.000,- (fifty billion Rupiah) by providing last year's balance sheet prepared by the Business Entity and signed over duty stamp and financial report issued by the Office of Public Accountant; and
 - c. PJT and PJK with the lowest qualification as expert and Sub-Qualification with the lowest qualification as intermediate expert for at least six (6) years.

Part Three

Application for Re-registration

Article 24

- (1) SBU with validity period of three (3) years effective as of the date it is stipulated shall be obliged to make Re-registration for the second (2nd) year and the third (3rd) year as stated on the front page of the SBU.
- (2) Re-registration in the second (2nd) year and the third (3rd) year as referred to in paragraph (1) shall be made by printing out the QR-code on the back page of the SBU.
- (3) The QR-code referred to in paragraph (2) shall be printed out by the National SIKI-LPJK as soon as the Minutes of Meeting on Registration are signed by the LPJK Coordinator based on his/her authority and proof of payment is provided to LPJK.

- (4) SBU not exercising Re-Registration in the second (2nd) year as referred to in paragraph (1) up to the date of Re-registration in the third (3rd) year as written on the front page of the SBU is subject to penalty in the form of temporary elimination of the Business Entity's data at the www.lpj.net.
- (5) Business Entity submitting application for Re-registration of SBU in the second (2nd) year and third (3rd) year as referred to in paragraph (1) shall be obliged to fill-in out the Questionnaire Form completely and provide the supporting data as cited below:
 - a. Attachment 9-1 : Application Letter for Registration in the second (2nd) year and third (3rd) year
 - b. Attachment 9-2 : Statement Letter from Business Entity
 - c. Attachment 9-3 : Data of Manpower
 - d. Questionnaire Form on acquisition of work within one (1) year as specified in Attachment 18.
- (6) The application for Re-registration referred to in paragraph (6) must be submitted to the Companies Association that is granted authority to exercise Initial Verification and Validation.

Part Four

Application for Extension

Article 25

- (1) Integrated Construction Service Business Entity may submit application for Registration of SBU for extension of the validity of expired SBU.
- (2) The application for Registration of SBU for extension of the SBU's validity as referred to in paragraph (1) must be submitted to the Companies Association that is granted authority to exercise Initial Verification and Validation.
- (3) SBU which validity has expired as referred to in paragraph (1) shall be SBU as stipulated based on this Regulation.
- (4) The application for extension of validity of Registration of SBU as referred to in paragraph (1) must renew the Business Entity's database at the National SIKI-LPJK according to the format specified in Attachment

7 and the supporting document thereof.

- (5) The application for extension of validity of Registration of SBU as referred to in paragraph (1) must be complete the data referred to in the Form as follows:
- a. Attachment 10-1 : Application Form for Extension of SBU;
 - b. Attachment 10-2 : Transmittal Letter of Application for Extension of Sub-Classification and Sub-Qualification;
 - c. Attachment 10-3 : Application Letter for Classification of Extension of Sub-Classification and Sub-Qualification;
 - d. Attachment 7-4 : Nature of Statement Letter of Business Entity;
 - e. Attachment 7-5 : Questionnaire Form on Administration Data;
 - f. Attachment 7-6 : Questionnaire Form on Management Data;
 - g. Attachment 7-7 : Questionnaire Form on Data of Party in-Charge;
 - h. Attachment 7-8 : Form of Statement Letter stating Non-Civil Servant Employee;
 - i. Attachment 7-9 : Questionnaire Form on Financial Data;
 - j. Attachment 7-10 : Type of Balance Sheet;
 - k. Attachment 7-11 : Questionnaire Form on Data of Personnel (PJB/ PJT/PJK);
 - l. Attachment 7-12 : Statement Letter on the Party Responsible for Technical matter ;
 - m. Attachment 7-13 : Type of Curriculum Vitae; and
 - n. Attachment 7-14 : Questionnaire Form on Experience of Business Entity.
- (6) Processing of application for extension of validity of Certification and Registration of SBU shall comply with the requirements as governed in Article 38 and Article 39.

Article 26

Application for Registration of SBU for extension of validity as governed in Article 25 may be accompanied with application for amendment to Sub-Classification and Qualification by providing the supporting document as referred to in Article 21, Article 22 and Article 23.

Part Five

Application for Moving to Other Association

Article 27

- (1) Business Entity submitting application for Registration of SBU may move its membership in the Companies Association by complying with the requirements covering:
- a. Statement Letter stating no objection to moving to other association from the former Companies Association;
 - b. Statement Letter of membership of a new Companies Association; and
 - c. Attachment 13-2 : Statement Letter stating its movement to other association from the Business Entity concerned.
- (2) In the event that the former Companies Association refuses to issue Statement Letter stating it is no longer needed as referred to in paragraph (1) letter a, LPJK may mediate the request of the Business Entity concerned.
- (3) If the mediation effort exercised by LPJK as referred to in paragraph (2) fails to reach covenant, LPJK may make final decision.

CHAPTER VI

CRITERIA FOR ASSESSMENT OF CLASSIFICATION
AND QUALIFICATION

Part One

Verification and Validation

Article 28

- (1) Verification and Validation of application for Registration of SBU shall be exercised on the document concerning administration covering:
- a. legality of Limited Liability Company, Deed of Establishment, and Deed of the latest Amendment thereof duly drawn up by the Notary and approval on the Deed of Establishment and the amendment thereof of the Minister of Law and Human Rights;

- b. if the Limited Liability Company referred to in letter a is a joint venture business, it must comply with the requirements as referred to in letter a, supported by approval of the Capital Investment Coordinating Board;
- c. legality of Cooperatives, Deed of Establishment and Deed of the latest Amendment thereof duly drawn up by the Notary with approval of the relevant Minister;
- d. Statement Letter on valid domicile or SITU;
- e. NPWP; and
- f. SBU of the previous year with due consideration of the Classification and Qualification as specified in the SBU and the requirements for Registration.

(2) Evaluation on the authenticity of the document is conducted are exercised by giving first priority to evaluation of administration data.

Article 29

- (1) Verification and Validation of application for Registration of SBU are exercised against the document of work experience covering:
- a. list of experience of the Business Entity car-

rying out the work based on Questionnaire Form of application for Registration classified in each Sub-Classification;

- b. copy of employment contract by examining the authenticity of the contract, schedule for implementation, scope of work and value of the work;
- c. copy of Minutes of Meeting on hand-over of the first work and/or Minutes of Meeting on hand-over of the final work by examining the authenticity of the Minutes of Meeting on the hand-over of the work;
- d. Invoice of Value Added Tax (PPN) by examining the amount of PPN on the value of work; and
- e. In the event that the data on work experience is available in the SIKI-LPJK, database, no obligatory Verification and Validation of the document on work experience referred to in letter b, letter c and letter d is needed.

- (2) If legal security is needed on the authenticity of the copy of contract as referred to in paragraph (1) letter b, USBU may exercise evidential proof by contacting the user of service provider.

Article 30

Verification and Validation of the application for Registration of SBU against the financial document covering balance sheets for the last two years prepared by the Business Entity signed over duty stamp and the financial report signed by Public Accountant with due consideration of the value of paid-up capital is equivalent to that as referred to in Deed of Company.

Article 31

(1) Verification and Validation of the application for Registration of SBU against the document on manpower covers PJBU, PJT, and PJK on the requirements as follows:

- a. PJBU must be mentioned in the Deed of Establishment of Business Entity and/or its amendments, and must also state that the employee is neither civil servant, nor member of the Indonesian National Army nor member of the Police Force of the Republic of Indonesia;
- b. PJBU is Coordinator as stated in the Deed of Establishment of Business Entity and/or its amendments and must also state that the employee is neither civil servant, nor member of the Indonesian National Army nor member of the Police Force of the Republic of Indonesia;
- c. PJT and/or PJK is permanent employee of the Business Entity as decided by the Business Entity as PJT and/or PJK but he/she is neither civil servant employee, nor member of the Indonesian National Army nor member of the Police Force of the Republic of Indonesia;
- d. PJBU, PJT, and PJK based on the requirements specified in Attachment 2 and provide the supporting document:
 - 1) photocopy of valid SKA (not applied for PJBU);
 - 2) photocopy Certificate (not applied for PJBU);
 - 3) photocopy of Resident Identity Card (KTP);
 - 4) photocopy of NPWP;
 - 5) curriculum vitae; and
 - 6) Statement Letter stating that he/she is neither civil servant employee, nor member of the Indonesian National Army neither member of the Police Force of the Republic of Indonesia

- (2) The authenticity of the SKA constituting the requirements for PJT, and PJK may be reviewed by clarifying with LPJK constituting the issuer of SKA or through the National SIKI-LPJK.

Article 32

- (1) The mandatory documents under review and process concern administration, finance, and experience.
- (2) If the administration, or experience or finance, or PJB, PJT, and PJK submitted are incomplete and incorrect, the entire document of application for Registration of SBU will returned back.

Part Two

Evaluation of Work Experience of Business Entity

Article 33

- (1) Work experience of Business Entity will be evaluated in order to stipulate Sub-Classification and Sub-Qualification of the application for Registration of SBU and stipulation of basic capability of each Sub-Classification.
- (2) Evaluation of work experience in the context of stipulating the Sub-Classification as referred to in paragraph (1) shall be conducted on each Sub-Classification according to the scope of construction work specified in the record of integrated construction work contract.
- (3) Evaluation of experience for stipulating Sub-Qualification as referred to in paragraph (1) covers the value of work contract acquired from the evaluation of Sub-Classification as referred to in paragraph (2).
- (4) Stipulation of Sub-Qualification based on the result of evaluation of the value of work contract as referred to in paragraph (3) shall be as follows:
 - a. Business Entity in B1 Sub-Qualification is required to have experience to carry out work with a total present cumulative value minimum Rp.50.000.000.000,- (fifty billion Rupiah) acquired within ten (10) years or having top experience valueing Rp.16.600.000.000,- (sixteen billion, six hundred million Rupiah) acquired within ten (10) years; and

- b. Business Entity in B2 Sub-Qualification is required to have experience to carry out any work with a total present cumulative value minimum Rp 250.000.000.000,- (two hundred fifty billion Rupiah) acquired within ten (1) years or having top experience valueing Rp.83.330.000.000,- (eighty-three billion, three hundred thirty million Rupiah) acquired within ten (1) years.

- (5) The present value (present value) as referred to in paragraph (4) is calculated from the value of work package as experienced in the past year using the equivalence as follows:

$$NP_s = NP_o \times \frac{I_s}{I_o}$$

On the provision:

NP_s = net Present Value (Net Present Value)

NP_o = net Work Value acquired based on experience in handing the work within ten (1) years for B 1 and B2 Sub-Qualification, namely Net Value of the entier Work including escalation (if any) at the first delivery / provisional hand-over (PHO).

I_o = index of BPS in the year of work completion.

I_s = Index of BPS in the year of evaluation of work experienceused shall be index stipulated by National LPJK and may be obtained from the National SIKI-LPJK.

Article 34

- (1) Basic Capacity (KD) shall be quantitative capacity of Business Entity in each Sub-Classification it possessed.

- (2) Stipulation of KD as referred to in paragraph (1) shall be calculated using the fourmula:

$$KD = 3 NP_t$$

On the provision that:

- a. NP_t shall be the highest Value of Work Package (highest Nps) acquired based on experience in handling the work;

- b. in the case that there is only one (1) work package, then the NPt is equal to the NPs work package; and
- c. if one contract is used in several Sub-Classifications of work, the NPt referred to in letter a and b, only the work value that justifies with the Sub-Qualification of such matter may be identified and the details of budget for such work will only be taken into account that justifies with the Sub-Qualification on such matter as may be seen from the details in the budget for work cost.

- (3) KD as referred to in paragraph (1) as set forth in a Certificate contract may change based on experience of the present authentic work experience of the Business Entity.

Article 35

Simultaneously, the Business Entity may be permitted to handle Project Work Package (KP) of maximum 6 or 1,2 N wherein N is the packet maximum volume of work that may be handled at the same time during the last five (5) years.

Part Three

Assessment of Financial Capacity of Business Entity

Article 36

- (1) Assessment of financial capacity of the Business Entity shall be exercised to stipulate Sub-Qualifi-

cation on the application for Registration of SBU.

- (2) Assessment of Sub-Qualification as referred to in paragraph (1) covers assessment of Business Entity's business net asset as set forth in the financial balance sheet of the Business Entity.
- (3) Business Entity's net asset will be assessed from the total value of equity.
- (4) Stipulation of Sub-Qualification based on the net asset referred to in paragraph (3) shall be governed based on the provision in Article 11 paragraph (1).

Part Four

Evaluation of Human Resource

Article 37

- (1) Capacity of Business Entity's human resource shall be evaluated for the purpose of stipulating Sub-Qualification of the application for Registration of SBU.
- (2) Evaluation of Sub-Qualification as referred to in paragraph (1) covers evaluation of the requirements for Qualification and Classification of SKA against PJT and/or PJK.
- (3) Stipulation of Sub-Qualification based on the result of evaluation of the requirements for Qualification and Classification of SKA as referred to in

paragraph (2) complies with the criteria as governed in Article 11 paragraph (3).

- (4) If the PJT and/or PJK resigns from the Business Entity, the Business Entity concerned must immediately replace him/her and report it to LPJK.
- (5) PJK and PJT appointed by the Business Entity must possess SKA with Sub-Classification based on the Classification possessed by the Business Entity.

CHAPTER VII

MECHANISM FOR REGISTRATION

Part One

Work Relationship between Certification and Registration

Article 38

- (1) The work relationship of Certification and Registration of Business Entity:
 - a. New Business Entity shall submit application for Registration of SBU to LPJK through the Companies Association.
 - b. The Business Entity that previously possessed SBU shall be obliged to submit application for Registration of SBU to LPJK through the Companies Association.
 - c. Companies Association as referred to in letter a and letter b shall be Companies Association

that has been granted authority to exercise Initial Verification and Validation as governed in Article 18.

- d. In the event that the Business Entity submits application for Registration of SBU to LPJK through the Companies Association as referred to in letter a and letter b, the Companies Association shall exercise Initial Verification and Validation and download the database of the Business Entity to the National SIKI-LPJK..
- e. The LPJK through the Operating Body of LPJK will receive the application for Registration of SBU from the Companies Association as referred to in letter d, examine the completeness of the document and examine the database of the Business Entity from the National SIKI-LPJK, and further provide receipt of the application for Registration of SBU.
- f. The Operating Body of LPJK shall distribute the application for Registration of SBU to USBU for evaluation of the feasible Classification and Qualification of the Business Entity.
- g. The AKBU at USBU shall examine the document, the authenticity of the file, assessment of capacity of the Business Entity based on

the application for Registration of SBU and database of the Business Entity, and later issue recommendation on feasible Classification and Qualification.

- h. The Operating Chairman of USBU shall draw up Minutes of Meeting on Feasibility of Classification and Qualification of the application for Registration of SBU for further submission to the Operating Body of LPJK.
- i. LPJK Operating Body shall prepare list of plans for Registration of Business Entity supported by Minutes of Meeting on feasibility of Classification and Qualification for review at Meeting of LPJK Management.
- j. Meeting Manager LPJK referred to in the letter i judged as outlined in the Minutes of Meeting Registration Business Entity.
- k. LPJK published SBU based on Minutes of Meeting Registration Business Entity.

(2) If the application for Registration is Registration for SBU for the second (2nd) Year and third (3rd) Year, application must be submitted to LPJK through the Association having work relationship as follows:

- a. The Association shall be obliged to secure the correctness and authenticity of the ap-

plication document in the form of Minutes of Meeting on the result of Initial Verification and Validation signed by the General Chairman / Chairman of Association as specified in Attachment 11 and download the database of the Business Entity to the National SIKI-LPJK's site.

- b. LPJK through LPJK Operating Body will receive the application for Registration SBU from the Association, examine the completeness of the application, and examine the data based of the Business Entity downloaded from National SIKI LPJ, and later insert the mark of receipt on the application of the applicant for Registration of SBU.
- c. Registration of SBU shall be made by downloading the data of the applicant for SBU available at the data based of National SIKI-LPJK for the purpose of printing the QR-code at SBU.
- d. The Companies Association or LPJK shall print QR-code on the back page of SBU using the format as stipulated by National SIKI-LPJK.

Article 39

- (1) The Operating Body of LPJK, USBU and Companies Association in any processing phase of

Certification and Registration are obliged to use National SIKI-LPJK.

- (2) Database of Business Entity that has been downloaded to the National SIKI-LPJK shall now become data of National LPJK.
- (3) The inscription of data of Business Entity and data of Classification and Qualification of Business Entity shall use the format as stipulated by the National SIKI-LPJK.
- (4) If the National SIKI-LPJK encounters disturbances at downloading service from the National LPJK service may be provided automatically between the Officer of National SIKI-LPJK through E-mail.
- (5) Status of application for Registration of SBU at each processing phase may be accessed through the National LPJK's site at (www.lpjk.net).

Part Two

Procedure for Preparing Application

Article 40

- (1) Integrated Construction Service Business Entity may download form of application for Registration of SBU and comply with the requirements thereof through the official site of LPJK at (www.lpjk.net).

- (2) Integrated Construction Service Business Entity

shall be obliged to submit:

- a. application for Registration of SBU to the Companies Association that is granted authority to exercise Initial Verification and Validation nationwide;
- b. application for Registration of SBU consisting of one (1) original document submitted to the Companies Association that is granted authority to exercise Initial Verification and Validation nationwide and one (1) copy of the document to be submitted to LPJK of Province where the Business Entity is domiciled;
- c. the original application for Registration of SBU as referred to in letter b must be submitted to the Operating Body Nationwide LPJK after having first exercised Initial Verification and Validation by providing Own-Assessment Data (PDS) as specified in Attachment 26; and
- d. the original application for Registration of SBU as referred to in letter c and provide thereto evidential proof of payment of the certification charge by Bank transaction as indicated by National LPJK.

Part Three

to be continued

(MA)