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Fixing the Road Transportation System



[Indonesian Version](#)

Government Regulation [No. 74 of 2014](#) on Road Transportation (“**Regulation**”) was recently issued to implement Article 137 (5), Article 150, Article 172, Article 185 (2), Article 198 (3), Article 242 (3), and Article 244 (2) of Law [No. 22 of 2009](#) on Traffic and Road Transportation. [\[1\]](#) These articles are in regard to the following matters and are further regulated under the Regulation:[\[2\]](#)

- Passengers and goods’ road transportation (motorized and non-motorized vehicles);
- Obligation to procure public transportation;
- Required documents for passengers and goods’ motorized vehicles;
- Goods transportation monitoring (loading method, loading capacity, vehicle dimension, and roads capacity);
- Transportation business and tariffs;
- Public transportation’s subsidy and industry;
- Information system management for transportation licensing;
- Special treatment/accessibility for certain passengers (disable, elders, pregnant women, etc).

Prior to the Regulation, similar matters was regulated under Government Regulation [No. 41 of 1993](#) on Road Transportation (“**1993 Regulation**”). Due to the Regulation’s wide coverage, this Indonesian Legal Brief (ILB) will limit the discussion on types of public transportation and public transportation business.

Types of Public Transportation

The Regulation categorized road transportation into two major groups: motorized vehicles and non-motorized vehicles. Non-motorized vehicle category is further classified into human and animal driven vehicles, while the motorized vehicles group is further classified into vehicles for passengers (e.g. motorcycles, cars for



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passengers, and buses) and for goods (expedition, forwarder, etc).^[3]

Basically, motor vehicles for goods may not be used to transport people, and vice versa. However, there are certain conditions which enable such provision to be exempted, as set out under Article 4 (2) and Article 10 of the Regulation, i.e., for geographically remote areas, military and police official matters, as well as other purpose as decided by regional governments and the national police.

Both the central and regional governments are responsible to organize and procure motorized vehicles to meet public transportation needs. ^[4] The government may involve the participation of private sector to make motorized public transportation available and development of the sector's human resources.^[5]

In general, public transportation services can be divided into the following:

- a. Public transportation service for passengers, with or without fixed routes;
- b. Public transportation service for goods, for general or specific goods.

Public transportation for passenger with fixed routes must satisfy the following criteria:^[6]

- a. The route is fixed and run on a regular basis;
- b. Scheduled and driven from the first departure point to the final stop; and
- c. Passengers pick-up and drop off are done in specific places, such as terminal, bus stop, and/or places with a stop sign;

Routed public transportations cover cross-border, inter-provinces and inter-cities transportation, as well as intra-city and intra-village transportation. ^[7] Previously, the 1993 Regulation sets out the characteristic of each routed public transportation.^[8]

For non-route public transportation, the services cover the following:^[9]

- a. Transportation by taxis;
- b. Transportation for tourism and specific destination (e.g. shuttle bus or social visits);
- c. Transportation in certain areas.

Meanwhile, public transportation for goods is divided into transportation of the following:^[10]

- a. General goods, referring to goods which are usually harmless and do not require certain facilities/handling;^[11] and
- b. Specific goods, referring to harmful or harmless goods which needs certain facilities/handling (e.g. liquid or bulk objects, containers, plants, animals, and/or heavy equipment).^[12]

Public Transportation Business

Businesses providing public transportation services must be an Indonesian legal entity, in the form of state-owned enterprise, regional-owned enterprise, limited liability company, or cooperative. ^[13] Transportation businesses are required to secure an operation license to conduct the following services:^[14]

- a. Routed passengers public transportation;
- b. Non-routed passengers public transportation; and/or

c. Specific goods transportation.

Note that the aforementioned obligation does not apply for services to transport patients/corpses to hospital with ambulance or rehearse.

The operation license will be granted in the form of a contract document and/or electronic card, comprising of the following:[\[15\]](#)

- a. Transportation operation license decree;
- b. Affidavit stating the business' ability to comply with its obligation in accordance to the granted license;
- c. Control card.

The decree and the affidavit are valid for five years and will be given to the person in-charge of the transportation business, while the control card will be affixed to each transportation vehicles and must be renewed annually.[\[16\]](#)

Previously under the 1993 Regulation, there were two types of transportation operation license: routed and non-routed operational license.[\[17\]](#)

Transitional Rules

The Regulation enables any operation license secured before the Regulation comes into force to remain valid until their expiry date.[\[18\]](#)

The Regulation repeals and replaces the 1993 Regulation. The 1993 Regulation implementing regulations will still be valid, provided that the provisions do not contradict the Regulation.

The Regulation has been in force since 17 October 2014. cd

[\[1\]](#)Recital letter a, Regulation

[\[2\]](#) Art. 2, Regulation

[\[3\]](#)Art. 3, Regulation

[\[4\]](#)Art. 14, Regulation

[\[5\]](#)Art. 19, Regulation

[\[6\]](#)Art. 23, Regulation

[\[7\]](#)Art. 22, Regulation

[\[8\]](#)Art. 8, 1993 Regulation

[\[9\]](#)Art. 41, Regulation

[\[10\]](#)Art. 51, Regulation

[\[11\]](#)Art. 52, Regulation

[\[12\]](#)Art. 53, Regulation

[13]Art. 79, Regulation

[14]Art. 78 (1), Regulation

[15] Art. 81 (1), Regulation

[16]Art. 81 (2) and (3), Regulation

[17]Art. 35, 1993 Regulation

[18] Art. 125, Regulation

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