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By: THE PRESIDENT OF THE REPUBLIC OF INDONESIA  
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Reference: LN 2017/11; TLN NO 6018  
Title: CONSTRUCTION SERVICES

BY THE GRACE OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

- a. whereas, the purpose of national development is to realizing the equality and prosperity of the people based on the Pancasila and the Constitution of the Republic of Indonesia year 1945;
- b. whereas, construction services sector is an activities of the people to realize the function of constructions as supporting and facilities social economy activities, in order to support the realization of national development;
- c. whereas, the implementation of construction services must guarantee the law order and legal certainty;
- d. whereas, Law Number 18 of 1999 regarding Construction Services are not yet able to meet the demands of good governance and the dynamics of the development of construction services;
- e. based on the considerations referred to in paragraphs a, b, c, and d, would need to form the Law regarding Construction Services;

In view of: Article 20 and Article 21 of the Constitution of the Republic of Indonesia Year 1945;

With Joint Approval  
HOUSE OF REPRESENTATIVE OF INDONESIA REPUBLIC  
and  
PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To stipulate: LAW REGARDING CONSTRUCTION SERVICES.

CHAPTER I

## GENERAL PROVISION

### Article 1

In this Law the following definitions referred to:

1. Construction Services is a construction consultation services and/or construction work services.
2. Construction Consultation is the whole or part of the services activities that includes the assessment, planning, design, supervision, and management of the implementation of a building construction.
3. Construction work is the whole or part of activities that includes the construction, operation, maintenance, demolition and redevelopment of a building.
4. Construction Provision Business is a development of construction service business financed by the Central Government, Local Government, business entity, or the people, and can be through cooperation scheme to realizing, possessing, controlling, commercializing, and/or increasing the usefulness of buildings.
5. Services User is the owner or employer who uses the services of Construction Services.
6. Service Provider is a service provider of Construction Services.
7. The Sub-Service Provider is service provider of Construction Services to Service Provider.
8. Construction Work Contract is the entire document of the contract that regulates the legal relationship between the Service User and Service Provider in the implementation of Construction Services.
9. Standard of Security, Safety, Health, and Sustainability is the technical guidelines of security, safety, health in the construction workplace, and social labor protection, as well as local environmental planning and environmental management in the implementation of Construction Services.
10. Building Failure is a condition of collapsing building and/or malfunction of the building after the final handover/delivery of the Construction Services.
11. Business Entity Certificate is evidence of acknowledgement to the classification and qualification of the Construction Services entity, including the acknowledgment for foreign Construction Services entity.
12. Working Competency Certification is the process of granting a certificate of competency through competence testing in accordance with the Indonesian national working competency standards, international standards, and / or other specific standards.
13. Certificate of Working Competence is a competency acknowledgment to the construction worker.

14. Individual Registration Certificate is a license granted to an individual to engage in Construction Services activity.
15. Construction Services Business License hereinafter referred to as Business License is a license granted to business entity to conduct Construction Services activities.
16. The Central Government is the President of the Republic of Indonesia, which holds the executive power of the Republic of Indonesia, assisted by the Vice President and ministers referred to in the Constitution of the Republic of Indonesia Year 1945.
17. Regional Government is the head of the region as an element of the regional administration which leads the implementation of government affairs under the authority of the autonomous region.
18. Minister is the minister who held government affairs in the field of Construction Services.

## CHAPTER II PRINCIPLES AND OBJECTIVES

### Article 2

Implementation of Construction Services based on the principle:

- a. honesty and fairness;
- b. benefits;
- c. equality;
- d. harmony;
- e. balance;
- f. professionalism;
- g. self-reliance;
- h. openness;
- i. partnerships;
- j. security and safety;
- k. freedom;
- l. sustainable development; and
- m. environmental insight.

### Article 3

The purpose of the implementation of Construction Services is to:

- a. provide direction of growth and development of the Construction Services business structure to create a solid, reliable, highly competitive, and the quality results of Construction Services;
- b. realizing the implementation of orderliness of Construction Services which guarantees equality between the Services Users and Service Providers in implanting their rights and obligations, and to improve the compliances in accordance to the prevailing laws and regulations;

- c. realizing the enhancement of public participation in the field of Construction Services;
- d. managing the system of Construction Services which will be able to provide public safety and create a comfortable environment;
- e. guarantee a good governance on the implementation of Construction Services; and
- f. creating value-added integration of all stages of the implementation of Construction Services.

### CHAPTER III RESPONSIBILITY AND AUTHORITY

#### Section One Responsibility

##### Article 4

- (1) The Central Government is responsible for:
  - a. improving the ability and capacity of National Construction Services;
  - b. creating a conducive business climate, transparent implementation of Construction Services, healthy competition, and guarantee equality of rights and obligations between Service Users and Service Providers;
  - c. the implementation of Construction Services in accordance with the Safety, Health, and Sustainability Standard;
  - d. increasing the competence, professionalism, and national construction labor productivity;
  - e. increasing the use of quality materials and construction equipment and construction technology in the country;
  - f. increasing community participation of Construction Services; and
  - g. the availability of Construction Services information systems.
- (2) The responsibility as referred to in paragraph (1) shall be implemented by the Ministry, in coordination with the relevant technical minister.

#### Section Two Authority

##### Paragraph 1 Central Government Authority

##### Article 5

- (1) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter a, the Central Government has the authority to:
- a. develop the structure of the Construction Services business;
  - b. develop the system requirements of the Construction Services business;
  - c. managing the registration of Construction Services business;
  - d. managing the accreditation of associations of Construction Services and associations related to the supply chain of Construction Services;
  - e. managing on granting license to institutions that will be conducting the certification for business entity;
  - f. develop supply chain systems of Construction Services;
  - g. develop the system of capitalization and guarantee of Construction Services business;
  - h. provide support and protection for national Construction Services in accessing the international Construction Services markets;
  - i. develop the surveillance systems orderly for Construction Services business;
  - j. managing the issuance of foreign representatives office license and Business Licenses in the framework of foreign investment;
  - k. managing the supervision of foreign Construction Services and large qualification Construction Services;
  - l. managing the development of services of the Construction Services business;
  - m. compiling and developing the information systems related to Construction Services market in a potential country for national Construction Services business players;
  - n. develop a system of partnership between the national and international Construction Services business;
  - o. guarantee of good and healthy competition in the market of Construction Services business;
  - p. develop national Construction Services market segmentation;
  - q. provide legal protection for national Construction Services players to access the international Construction Services markets; and
  - r. managing the experiences registration of the business entity.

- (2) To achieve the purpose as referred to in Article 4 paragraph (1) letter b, the central government has the authority to:
- a. develop the election system of Service Provider in the implementation of Construction Services;
  - b. develop the Construction Work Contract which guarantees the equality of rights and obligations between Service Users and Service Providers;
  - c. support the use of alternative dispute resolution in the implementation of Construction Services to be out of court; and
  - d. develop a system of performance of Services Provider in the implementation of Construction Services.
- (3) In order to achieve the purpose referred to in Article 4 paragraph (1) letter c, the central government has the authority to:
- a. develop the Security, Safety, Health, and Sustainability standard in the implementation of Construction Services;
  - b. conducting monitoring to the Security, Safety, Health, and Sustainability Standard in the implementation and utilization of Construction Services by Construction Services business entity.
  - c. managing the registration of appraisal expert; and
  - d. determine a registered appraisal expert in the event of failure of buildings.
- (4) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter d, the central government has the authority to:
- a. develop the standard of working competence and training of Construction Services;
  - b. empowers educational institutions and working training of national construction;
  - c. implement construction strategic workforce training and demonstration;
  - d. develop construction labor competencies certification system;
  - e. set a minimum remuneration standards for construction workers;
  - f. conducting monitoring system to the certification, training, and minimum remuneration standards for construction workers;
  - g. managing the accreditation for professional associations and licensing for professional certification agency;

- h. managing the registration of construction workers;
- i. managing the registration of the experience of the professional construction workers, as well as the educational and working training institutions in the field of construction;
- j. managing the acknowledgment of foreign construction workers; and
- k. forming professional certification institution to carry out the competence certification which have not yet been able to be conducted by certification institution formed by professional associations or educational and training institutions.

(5) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter e, the central government has the authority to:

- a. developing the standards of construction materials and equipments and construction technology innovation;
- b. developing cooperation schemes between research and development institutions and all Construction Services stakeholders;
- c. establish the development of priority technology;
- d. publicizing the local construction materials and equipments, and construction technology to all stakeholders, both nationally and
- e. international;
- f. establish and improve the use of quality standards of materials and equipment in accordance with the Indonesian National Standard;
- g. protecting the intellectual property of the construction materials and equipments, and construction technology research and development in the country; and
- h. forming the supply chain systems of the construction materials, equipments, and technology.

(6) To achieve the objectives referred to in Article 4 paragraph (1) letter f, the central government has the authority to:

- a. improving the quality of community participation and responsible in supervising the implementation of Construction Services;
- b. increasing the capacity of Construction Services institutions;
- c. facilitate the implementation of the Construction Services forum as a media of aspirations to the Construction Services community;
- d. provide financial support for the implementation of Working Competency Certification; and

- e. improve the quality of community participation and responsible in the Construction Provision Business.
- (7) Financial support as referred to in paragraph (6) letter d, is conducted by taking into account the financial capacity of the state.
- (8) To achieve the purpose as referred to in Article 4 paragraph (1) letter g, the Central Government has the authority to:
  - a. developing the information system of national Construction Services; and
  - b. collecting data and information on national and international Construction Services.

#### Article 6

- (1) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter a, governor as the representative of the Central Government in the region have the authority to:
  - a. empowering Construction Services business entity;
  - b. managing the supervision on the process to grant national Business License;
  - c. in orderly managing the supervision of Construction Services business in the province;
  - d. managing the supervision of construction supply chain system in the province; and
  - e. facilitating the partnerships between Construction Services business entity in the province with business entity outside the province.
- (2) To achieve the purpose as referred to in Article 4 paragraph (1) letter b, governor as the representative of the Central Government in the regions have the authority to:
  - a. managing the election of Services Provider in the implementation of Construction Services;
  - b. managing the supervision of Construction Work Contract; and
  - c. in orderly managing the supervision of the implementation and utilization of construction services in the province.
- (3) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter c, Governor as representative of the central government in the regions have the authority to manage the supervision of the application of Security, Safety, Health, and Sustainability standards in the implementation and utilization of the



Construction Services by Construction Services business entity with small and medium qualifications.

- (4) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter d, governor as the representative of the Central Government in the regions have the authority to implement the following supervision:
  - a. Working Competency Certification System;
  - b. trainings to construction workers; and
  - c. wage of the construction workers.
- (5) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter e, governor as the representative of the Central Government in the regions have the authority to:
  - a. managing the supervision on the use of materials, equipments, and construction technologies;
  - b. facilitating the cooperation between Construction Services research and development institutions with all stakeholders;
  - c. facilitate the development of technology priorities;
  - d. managing the supervision of the management and utilization of the source of construction materials; and
  - e. increasing the standard quality in using the materials and equipments in accordance with the Indonesian National Standard.
- (6) To achieve the objectives referred to in Article 4 paragraph (1) letter f, as deputy governor of the Central Government in the area have the authority:
  - a. strengthening the capacity of Construction Services institutional provincial community;
  - b. increasing the quality of Construction Services community participation and responsible for the supervision of the implementation of the Construction Services business; and
  - c. increasing the quality of Construction Services community participation and responsible in the business of building provision.
- (7) In order to achieve the purpose as referred to in Article 4 paragraph (1) letter g, governor as the representative of the Central Government in the regions have the authority to collect data and information of Construction Services in the province.

Paragraph 2  
Authority of the Regional Government in the Province

## Article 7

The authority of Regional Government in the province for sub-affairs of Construction Services includes:

- a. provide trainings to construction experts; and
- b. managing the information systems of Construction Services in the province.

### Paragraph 3

#### Authority of the Regional Government in the District/City

## Article 8

The authority of Regional Government in the district/city for sub-affairs of Construction Services includes:

- a. provide trainings to skilled construction experts; and
- b. managing the information systems of Construction Services in the district/city.
- c. issuing national Business License for small, medium, and large qualifications; and
- d. in orderly supervising the business, implementation and utilization of Construction Services.

## Article 9

In implementing the authority as referred to in Article 5 to Article 8, the Central Government and/or Regional Governments may involve the Construction Services community.

## Article 10

Further provisions regarding the responsibilities and authority as referred to in Article 4 to Article 9, will be stipulated in the Government Regulation.

## CHAPTER IV

### CONSTRUCTION SERVICES BUSINESS

#### Chapter One

##### Structures for Construction Services

#### Paragraph 1

##### General

## Article 11

The structure of the Construction Services business includes:

- a. types, character, classification, and services of the business; and

- b. forms and qualifications of the business.

#### Paragraph 2

#### Types, Categorization, Classification, and Services of the Business

#### Article 12

Types of Construction Services business includes:

- a. Construction Consultancy services business;
- b. Construction Work business; and
- c. Integrated Construction Work business.

#### Article 13

- (1) The categorization of Construction Consultancy services business as referred to in Article 12 letter a, includes:
  - a. general; and
  - b. specialist.
- (2) The categorization of Construction Consultancy services businesses which categorized as general as referred to in paragraph (1) letter a, is as follows:
  - a. architecture;
  - b. engineering;
  - c. integrated engineering; and
  - d. landscape architecture and zoning planning.
- (3) The classification of Construction Consultancy services business which categorized as specialists as referred to in paragraph (1) letter b, is as follows:
  - a. scientific and technical consultation; and
  - b. technical testing and analysis.
- (4) Services that can be provided by Construction Consultancy services businesses which categorized as general as referred to in paragraph (1) a, is as follows:
  - a. assessment;
  - b. planning;
  - c. design;

- d. supervision; and/or
  - e. construction management.
- (5) Services that can be provided by Construction Consultancy services businesses which categorized as specialists as referred to in paragraph (1) letter b, is as follows:
- a. survey;
  - b. technical testing; and/or
  - c. analysis.

#### Article 14

- (1) The categorization of Construction Works business as referred to in Article 12 point b, includes:
- a. general; and
  - b. specialist.
- (2) The categorization of Construction Works business which categorized as general as referred to in paragraph (1) a, is as follows:
- a. buildings; and
  - b. civil buildings.
- (3) The classification of Construction Works business which categorized as specialist as referred to in paragraph (1) letter b, is as follows:
- a. installation;
  - b. certain construction;
  - c. prefabricated construction;
  - d. completion of the building; and
  - e. equipment rental.
- (4) Services that can be provided by Construction Work business which categorized as general as referred to in paragraph (1) letter a, is as follows:
- a. development;
  - b. maintenance;
  - c. demolition; and/or

- d. re-development.
- (5) Services that can be provided by Construction Work business which categorized as specialist as referred to in paragraph (1) letter b includes certain part of the building construction works or other physical form.

#### Article 15

- (1) The categorization of integrated Construction Work business as referred to in Article 12 letter c, is as follows:
  - a. buildings; and
  - b. civil buildings.
- (2) Services that can be provided by integrated Construction Work business as referred to in paragraph (1), is as follows:
  - a. design; and
  - b. engineering, procurement, and implementation.

#### Article 16

Changes to the classification and services to the Construction Services business as referred to in Article 12 to Article 15, is conducted by observing the changes in the classification of the construction products which applicable internationally and the services development of the Construction Services business.

#### Article 17

- (1) Construction Services business activities are supported with the resources of construction business supply chain.
- (2) The resources of construction as referred to in paragraph (1) are preferably derived from domestic products.

#### Article 18

Further provisions regarding the types, categorization, classification, and services of the business, changes to the classification and services, and resources of construction business supply chain as referred to in Article 11 to Article 17, will be stipulated in the Government Regulation.

### Paragraph 3 Forms and Business Qualification

#### Article 19

Construction Services business is in the form of individual entity or business entity, either it is a legal entity or non legal entity.

#### Article 20

- (1) The business qualification for business entity as referred to in Article 19, includes the following:
  - a. small;
  - b. medium; and
  - c. large.
- (2) Determination of the business qualifications as referred to in paragraph (1) shall be implemented through an evaluation of:
  - a. annual sales;
  - b. financial capability;
  - c. availability of construction workers; and
  - d. capability in the provision of construction equipments.
- (3) Business qualification as referred to in paragraph (1) determines the limitation of the capability of business and the market segmentation of Construction Services business.
- (4) Further provisions regarding the determination of the business qualifications as referred to in paragraph (2) will be stipulated in the Ministerial Regulation.

## Chapter Two Construction Services Market Segmentation

### Article 21

- (1) Individual entity as referred to in Article 19 and small qualification Construction Services business entity as referred to in Article 20 paragraph (1) letter a can only implement the following Construction Services market segments:
  - a. small risk;
  - b. simple-technology; and
  - c. low cost.
- (2) The business individuals as referred to in paragraph (1) may only carry out the work in accordance with their expertise.

### Article 22

Medium qualification Construction Services business entity as referred to in Article 20 paragraph (1) letter b can only implement the following Construction Services market segments:

- a. medium risk;
- b. intermediate-technology; and/or
- c. moderate cost.

#### Article 23

Large qualification Construction Services business entity as referred to in Article 20 paragraph (1) letter c which are Construction Services legal entities and foreign representatives can only implement the following Construction Services market segments:

- a. high risk;
- b. high-technology; and/or
- c. high cost.

#### Article 24

- (1) In the event on implementing Construction Services are using regional budgets and fulfill the criteria of small risk to medium, simple-technology to intermediate-technology, and low cost to moderate cost, Regional Government in the province may implement a special discretion.
- (2) special discretion as referred to in paragraph (1) shall includes:
  - a. joint operation with regional Construction Services business entity; and/or
  - b. The use of regional sub-service users.

#### Article 25

Further provisions regarding market segmentation and the criteria of risk, technology, and cost as referred to in Article 21 to Article 24, will be stipulated in the Government Regulation.

### Chapter Three Requirements for Construction Services

#### Paragraph 1 General

#### Article 26

- (1) Every individual entity as referred to in Article 19, which will be providing Construction Services, are required to must have Individual Registration Certificate.
- (2) Every Construction Services business entity as referred to in Article 19, which will be providing Construction Services, are required to must have Business License.

Paragraph 2  
Individual Registration Certificate and Business License

Article 27

Individual Registration Certificate as referred to in Article 26 paragraph (1) is granted by Regional Government in the district/city to the individual entity domiciled his/her region, in accordance with the prevailing laws and regulations.

Article 28

Business License as referred to in Article 26 paragraph (2), is granted by Regional Government in the district/city to business entity domiciled its region, in accordance with the prevailing laws and regulations.

Article 29

- (1) Business License and Individual Registration Certificate is valid to conduct Construction Services business activities in all territory of the Republic of Indonesia.
- (2) The Regional Government in the district/city as referred to in Article 27 and Article 28 shall form the regional regulations regarding Business License and Individual Registration Certificate.

Paragraph 3  
Business Entity Certificate

Article 30

- (1) Every business entity conducting Construction Services are required to must have Business Entity Certificate.
- (2) Business Entity Certificate as referred to in paragraph (1) shall be issued through a certification process and registration by the Minister.
- (3) Business Entity Certificate as referred to in paragraph (1) shall at least contain the following:
  - a. type of the business;
  - b. the categorization of the business;
  - c. classification of the business; and
  - d. qualification of the business.
- (4) To obtain the Business Entity Certificate as referred to in paragraph (1), the Construction Services business entity shall submit application to the Minister through Business Entity Certificate institution formed by accredited business entity association.



- (5) Accreditation as referred to in paragraph (4) is given by the Minister to business entity association fulfilling the following requirements:
- a. number and distribution of members;
  - b. empowerment to the members;
  - c. election to the management is conducted democratically;
  - d. facilities and organizational structures is in the central and local levels; and
  - e. implementation of the obligations is in accordance with the prevailing laws and regulations.
- (6) Every business entity associations that obtained the accreditation shall perform the obligations as set out in the Ministerial Regulation.
- (7) Further provisions regarding certification and registration of business entity as referred to in paragraph (2) and accreditation of business entity association as referred to in paragraph (4), will be stipulated the Ministerial Regulation.

Paragraph 4  
Experience Registration Certificate

Article 31

- (1) To obtain recognition of the business experience, every medium and large qualification Construction Services business entities, are required to must register the experiences to the Minister.
- (2) Registering the experiences as referred to in paragraph (1) shall be evidenced with Experience Registration Certificate.
- (3) Experience Registration Certificate as referred to in paragraph (2) shall at least contain the following:
- a. name of the project;
  - b. Services User;
  - c. year of the implementation of the project;
  - d. value of the project; and
  - e. performance of the Service Provider.
- (4) Experiences that is registered in Experience Registration Certificate as referred to in paragraph (3) is the experiences in implementing Construction Services which has completed through the handover process.
- (5) Further provisions regarding registration of experience as referred to in paragraph (1), will be stipulated in the Ministerial Regulation.

Chapter Four  
Foreign Construction Services Business Entity and Foreign Construction Services  
Individual Entity

Article 32

Foreign Construction Services business entity or foreign Construction Services individual entity which will be performing Construction Services in Indonesia are required to establish:

- a. representative office; and/or
- b. Indonesian legal entity through joint venture with national Construction Services business entity.

Article 33

- (1) The representative office as referred to in Article 32 letter a, must be:
  - a. business entity with qualifications that is equivalent with large qualifications;
  - b. obtain foreign Construction Services representative license;
  - c. form joint operation with large qualification national Construction Services business entity which has Business License in every Construction Services business activities in Indonesia;
  - d. hiring more Indonesian workers than foreign workers;
  - e. placing an Indonesian national as the head of the representative office;
  - f. prioritizing the use of local materials and construction technology;
  - g. has a high-tech, cutting-edge, efficient, environmental friendly, and observing the local wisdom.
  - h. implementing the transfer of technology; and
  - i. carry out other obligations in accordance with the prevailing laws and regulations.
- (2) Representative license as referred to in paragraph (1) letter b, is granted by the Minister in accordance with the prevailing laws and regulations.
- (3) The joint operation as referred to in paragraph (1) letter c, is conducted with the principle of equivalence of the qualifications, similarity to the services and to be collectively liable.

Article 34

- (1) The provisions regarding joint venture as referred to in Article 32 letter b is conducted in accordance with the prevailing laws and regulations.
- (2) The Construction Services business entity established in the framework of joint venture as referred to in Article 32 letter b shall meet the requirements of large qualification as referred to in Article 20 paragraph (1) letter c.
- (3) The Construction Services business entity established in the framework of joint venture as referred to in paragraph (2) are required to must have a Business License.
- (4) The Business Licenses as referred to in paragraph (3), is granted by the Minister in accordance with the prevailing laws and regulations.

#### Article 35

Further provisions regarding granting representative license, the procedures of joint operation, and the use of more Indonesian workers, as referred to in Article 33 paragraph (1) letter b, c, d, and granting Business Licenses as referred to in Article 34 paragraph (4), will be stipulated in the Ministerial Regulation.

### Chapter Five Development of Construction Services Business

#### Article 36

- (1) The development of Construction Services business as referred to in Article 12 can be conducted through Construction Provision Business.
- (2) Construction Provision Business as referred to in paragraph (1) shall consist of building Construction Provision Business and civil Construction Provision Business.
- (3) Construction Provision Business as referred to in paragraph (1) is financed through investments from:
  - a. Central Government;
  - b. Regional Government;
  - c. business entity; and / or
  - d. community.
- (4) The licensing of Construction Provision Business as referred to in paragraph (1) shall be conducted in accordance with the prevailing laws and regulations.
- (5) Further provisions on Construction Provision Business as referred to in paragraph (1) to paragraph (3) will be stipulated in Presidential Regulation.

### Chapter six Sustainable Business Development

#### Article 37

- (1) Every Construction Services business entity must conduct a sustainable business development.
- (2) The purpose of Sustainable business development as referred to in paragraph (1) is to:
  - a. improving good corporate governance; and
  - b. have professional responsibilities, including business entity's responsibilities to the community.
- (3) Sustainable business development as referred to in paragraph (1) shall be managed by the Construction Services business entity association.
- (4) Further provisions on sustainable business development as referred to in paragraph (1) shall be stipulated in the Ministerial Regulation.

### CHAPTER V IMPLEMENTATION OF CONSTRUCTION SERVICES

#### Section One General

#### Article 38

- (1) The implementation of Construction Services consists of implementation of Construction Services business and Construction Provision Business.
- (2) Implementation of Construction Services business as referred to in paragraph (1) can be conducted solely or through a binding form of Construction Services.
- (3) Implementation of Construction Provision Business as referred to in paragraph (1) can be conducted solely or through construction provision agreement.
- (4) Further provisions regarding the implementation of Construction Services business which is conducted solely as referred to in paragraph (2) and the implementation of Construction Provision Business as referred to in paragraph (3), will be stipulated in the Presidential Regulation.

#### Section Two Binding Form of Construction Services

#### Paragraph 1 Binding of the Parties

#### Article 39

- (1) The binding parties under Construction Services consist of the following:
  - a. Services User; and

- b. Service Provider.
- (2) Service User and Service Provider as referred to in paragraph (1) shall consist of:
  - a. individual; or
  - b. entity.
- (3) Binding working relationship in Construction Services is conducted based on the principle of fair competition and knowledgeably accountable.

#### Article 40

The provisions regarding the binding between the parties as referred to in Article 39 shall apply in accordance with the prevailing laws and regulations which stipulates regarding civil law, unless otherwise provided in this Law.

#### Paragraph 2 Electing the Services Provider

#### Article 41

Electing the Services Provider can only be participated by Service Provider that has fulfilled the requirements as referred to in Article 26 to Article 34.

#### Article 42

- (1) Electing the Service Provider as referred to in Article 41, that is financed using state budget shall be conducted through tender or selection, electronic procurement, direct appointment, and direct procurement in accordance with prevailing laws and regulations.
- (2) Tender or the selection as referred to in paragraph (1) can be conducted through pre-qualification, post-qualification and quick-tender.
- (3) Electronic procurement as referred to in paragraph (1) is a method to elect Service Provider which is already listed in the catalog.
- (4) Direct appointment as referred to in paragraph (1) can be conducted in terms of the following:
  - a. emergency management for the safety of the community;
  - b. complex works which can only be carried out by limited Service Provider or can only be conducted by Service Provider that own the rights;
  - c. confidential works which concern the safety and security of the state;
  - d. small-scale works; and/or
  - e. certain conditions.

- (5) Direct procurement as referred to in paragraph (1) is conducted for project with certain value.
- (6) Further provisions regarding certain conditions as referred to in paragraph (4) letter e, and certain value as referred to in paragraph (5), will be stipulated in Government regulation.

#### Article 43

- (1) Electing Service Provider and determining Service Provider in relation to the binding of working relation of Construction Services is conducted by considering the following:
  - a. match between the scope of business and scope of work;
  - b. equality between the business qualifications and workload;
  - c. the performance of the Service Provider; and
  - d. experiences produce similar type of construction products.
- (2) In the event of electing service provider of Construction Consultancy that uses construction worker having position as experts, Service Users must pay attention to the minimum remuneration standard.
- (3) Minimum remuneration standard as referred to in paragraph (2) shall be determined by the Minister.

#### Article 44

Service Users as referred to in Article 39 paragraph (2) are prohibited to retain affiliated Service Providers for construction for public interest without undergoing a tender or selection, or electronic procurement process.

#### Article 45

Further provisions regarding to elect Service Provider and determine Service Provider in the Construction Services working as referred to in Article 41 to Article 44 will be stipulated in the Government Regulation.

#### Paragraph 3 Construction Work Contract

#### Article 46

- (1) The terms and conditions of the working relationship between Service User and Service Provider must be stipulated under the Construction Work Contract.
- (2) The form of Construction Work Contract can be made in accordance to the development necessity, and shall be implemented in accordance with the prevailing laws and regulations.

#### Article 47

- (1) Construction Work Contract must at least include the following descriptions:
- a. the parties, to be clearly stated with the identity of the parties;
  - b. formulation of the work, contains a clear description and detailed on the scope of work, the value of work, unit price, lump sum, and limitation period of the work;
  - c. coverage period, contains the period of work and maintenance which are the responsibility of the Service Provider;
  - d. equal rights and obligations, contains the rights of Service Users to obtain the results of the Construction Services and to fulfill its obligation to comply with the agreed conditions, as well as the rights of the Service Provider to obtain information and receive the service fees as well as its obligation to perform the Construction Services;
  - e. use of construction workers, includes the obligation to employ certified construction workers;
  - f. method of payment, contains provisions on the obligation of Service Users in completing the payments for the Construction Services, including guarantee of the payment therein;
  - g. default, contains provisions regarding the liability, in the event one of the parties did not implement the agreed obligations;
  - h. dispute settlement, contains provisions on the procedures of dispute settlement as a result of disagreement;
  - i. Construction Work Contract termination, contains provisions on the termination of Construction Work Contract arising from non-compliance obligation of one of the party;
  - j. Force majeure, contains provisions on the events arising out of the willingness and ability of the parties which cause losses to any of the parties;
  - k. Building Failure, contains provisions on the obligations of the Service Provider and/or Services Users due to the Building Failure, as well as the period to accountability the Building Failure;
  - l. Workers protection, contains provisions on the obligations of the parties in implementing the working safety and health as well as the social security;
  - m. protection against third party other than the parties and workers, includes the obligation of the parties in the event of an event causing losses or accident and/or death;

- n. environmental aspects, includes the obligation of the parties to comply with environmental requirements;
  - o. collateral to any arising risk and legal responsibility to other parties in the implementation of construction work or as a result of any Building Failure; and
  - p. choices of construction dispute resolution.
- (2) In addition to the provisions referred to in paragraph (1), Construction Work Contract can load the parties' agreement on the provision of incentives.

#### Article 48

In addition to the provisions as referred to in Article 47, Construction Work Contract:

- a. for planning and design services shall contain provisions regarding intellectual property rights;
- b. for the implementation of the Construction Services, it can include provisions regarding sub-service provider as well as suppliers of the materials, building components and/or equipments, which must comply with the applicable standards; and
- c. which is conducted by foreigners, shall includes the obligation to transfer of technology.

#### Article 49

Provisions regarding Construction Work Contract as referred to in Article 47 shall also apply in the Construction Work Contract between the Service Provider and The sub-services provider.

#### Article 50

- (1) Construction Work Contract shall be in Indonesian language.
- (2) In the event of the Construction Work Contract is carried out by foreign parties, it shall be made in Indonesian and English languages.
- (3) In the event of dispute with a foreign party as referred to in paragraph (2), the Indonesian language under Construction Work Contract will prevail.

#### Article 51

Further provisions regarding Construction Work Contract as referred to in Article 46 to Article 50, will be stipulated in the Government Regulation.

### Section Three Management of Construction Services

#### Paragraph 1



## Service Provider and Subservice Provider

### Article 52

The Service Provider and Subservice Provider in the implementation of Construction Services must be:

- a. in accordance with the contractual agreements;
- b. fulfill the Security, Safety, Health, and Sustainability standards; and
- c. prioritizing Indonesian citizen as the highest leader of any project organization.

### Article 53

- (1) In the implementation of Construction Services, the main work can only be given to sub-service provider that is categorized as specialist as referred to in Article 13 and Article 14.
- (2) Giving the main work to Sub-service provider categorized as specialist as referred to in paragraph (1), must obtain approval from the Service User.
- (3) In the implementation of Construction Services, the Service Provider with medium and/or large qualifications must prioritizing in giving the supporting scope of work to Sub-services provider with small qualifications.
- (4) Service Provider and Sub-service provider shall fulfill the rights and obligations as contained in the Construction Work Contract.

### Article 54

- (1) In the implementation of Construction Services, the Service Provider and/or Sub-service provider shall submit the results of the work with the exact price, quality, and time as contained in the Construction Work Contract.
- (2) Service Provider and/or Sub-service provider which does not submit the results of the work with the exact price, quality, and time as referred to in paragraph (1) may be subject to compensation in accordance with the arrangement contained in the Construction Work Contract.

## Paragraph 2 Financing of Construction Services

### Article 55

- (1) Service User is responsible for the cost of Construction Services in accordance with the arrangement contained in the Construction Work Contract.
- (2) Cost of Construction Services as referred to in paragraph (1) may be funded by the central government, local governments, business entities, and/or community.
- (3) Responsibility for the cost of Construction Services as referred to in paragraph (2) is evidenced by:

- a. capability to pay; and/or
  - b. commitment in undertaking Construction Services products.
- (4) Capability to pay as referred to in paragraph (3) letter a proven by a document from banking institutions and/or non-bank financial institutions, the availability of budget document, or other documents that was agreed in the Construction Work Contract.
- (5) Commitment in undertaking Construction Services products as referred to in paragraph (3) letter b, must be supported with guarantee through a cooperative agreement.

#### Article 56

- (1) With regards to the responsible for the cost of Construction Services shall be evidenced with the capability to pay as referred to in Article 55 paragraph (3) letter a, Service User must settle the payment for the result of the work of the Service Provider with the exact amount and exact timing.
- (2) Service Users which does not guarantee the availability of the cost and does not settle the payment for the result of the work of the Service Provider with the exact amount and exact timing as referred to in paragraph (1) may be subject to compensation in accordance with the agreed arrangement contained in the Construction Work Contract.
- (3) In the event on the responsibility to the Construction Services conducted through commitment in undertaking Construction Services products, Service Provider must aware of the risks mechanism on the commitment in undertaking Construction Services products and ensure the functionality of the product is in accordance with the prevailing laws and regulations.

#### Article 57

- (1) In electing Service Provider as referred to in Article 42, the Service Provider shall provide guarantee to Service User to fulfill the obligations as required under the Service Provider election document.
- (2) Guarantee as referred to in paragraph (1) shall consist of:
- a. guarantee on the offer;
  - b. guarantee on the implementation;
  - c. guarantee on the advance payment;
  - d. guarantee on the maintenance; and/or
  - e. guarantee to counter appeal.
- (3) Guarantee as referred to in paragraph (2) must be disbursed without reservation by the value of the collateral and within a certain limit of time after the

declaration from Service User with regard to any default conducted by Service Provider.

- (4) Guarantee as referred to in paragraph (3) may be issued by banking institutions, insurance companies, and/or company guarantee in the form of a bank guarantee and/or binding agreement in accordance with the prevailing laws and regulations.
- (5) Amendment to the guarantee as referred to in paragraph (2) shall be conducted by taking into account the dynamic development of the implementation of Construction Services whether nationally or internationally.
- (6) Further provisions regarding the guarantee as referred to in paragraph (1) and the amendment to the guarantee as referred to in paragraph (5) will be stipulated in Presidential Regulation.

#### Section Four Construction Provision Agreement

##### Article 58

- (1) Construction Provision Business as referred to in Article 36 paragraph (1) can be conducted solely or by other parties.
- (2) In the event it is carried out by other party as referred to in paragraph (1), the implementation of Construction Provision must be conducted through construction provision agreement.
- (3) The parties in the construction provision agreement as referred to in paragraph (2) shall consist of the following:
  - a. first party, as the owner of the construction; and
  - b. second party, as the provider of the construction.
- (4) The parties as referred to in paragraph (3) shall consist of:
  - a. individual; or
  - b. entity.
- (5) Construction provision as referred to in paragraph (1) may be carried out through cooperation with Central Government and/or Regional Government with business entity and/or the community.
- (6) Under the construction provision agreement as referred to in paragraph (2), the implementation of Construction Services must be performed by Service Provider.
- (7) Further provisions regarding construction provision agreement as referred to in paragraph (2), will be stipulated in Presidential Regulation.

#### CHAPTER VI SECURITY, SAFETY, HEALTH, AND SUSTAINABLE OF THE CONSTRUCTION

Section One  
Standard Security, Safety, Health, and Sustainability

Article 59

- (1) In every implementation of Construction Services, Service User and Service Provider shall meet the Standard of Safety, Safety, Health, and Sustainability.
- (2) In fulfilling the Standard of Security, Safety, Health, and Sustainability as referred to in paragraph (1), Service User and/or Service Provider must provide a validation or approval to:
  - a. the results of the assessment, planning and/or design;
  - b. the technical plan on the process of development, maintenance, dismantling, and/or redevelopment;
  - c. the implementation on the process of development, maintenance, dismantling, and/or redevelopment;
  - d. the use of materials, equipments and/or technologies; and/or
  - e. the result of the Construction Services.
- (3) Standards requirement of Security, Safety, Health, and Sustainability as referred to in paragraph (1), must at least include the followings:
  - a. standard quality of the materials;
  - b. standard quality of the equipments;
  - c. standard safety and health of work;
  - d. standard procedures on the implementation of Construction Services;
  - e. standard results of the implementation of the standard quality of Construction Services;
  - f. standard operation and maintenance;
  - g. guidelines of workers social protection in the implementation of the Construction Services in accordance with the prevailing laws and regulations; and
  - h. standard environmental management in accordance with the prevailing laws and regulations.
- (4) Standards requirement of Security, Safety, Health, and Sustainability for every Construction Services products as referred to in paragraph (1) shall be governed by the relevant technical minister in accordance with their authority.

- (5) In preparing the Standard of Security, Safety, Health, and Sustainability for every Construction Services products, the relevant technical minister as referred to in paragraph (4), must taken in account geographical conditions that are prone to earthquakes and to built a comfortable environment.

Section Two  
Building Failure

Paragraph 1  
General

Article 60

- (1) In the event of implementing Construction Services does not meet the standard of Security, Safety, Health, and Sustainability as referred to in Article 59, Service User and/or Service Provider will be responsible parties for the failure of the construction/building.
- (2) Building Failure as referred to in paragraph (1) will be determined by an appraisal.
- (3) Appraisal as referred to in paragraph (2) will be determined by the Minister.
- (4) The Minister will be determining the appraisal no later than 30 (thirty) working days since the receipt of the report on the occurrence of the Building Failure.

Paragraph 2  
Appraisal

Article 61

- (1) Appraisal as referred to in Article 60 paragraph (2) must:
- a. have Certificate of Working Competence as experts in the field that is in accordance with the classification of building products that occurs with Buildings Failure;
  - b. have experiences as planners, implementers, and/or supervisor on Construction Services in accordance with the classification of building products that occurs with Buildings Failure; and
  - c. registered as an appraisal in the ministry who held government affairs in the field of Construction Services.
- (2) Appraisal as referred to in paragraph (1) has the following duties, among others:
- a. determine the level of compliance with the Standard of Security, Safety, Health, and Sustainability in the implementation of the Construction Services;
  - b. determine the cause of the Building Failure;
  - c. determine the level of destruction and/or malfunction of the building;

- d. determine the parties that are responsible for the failure of building;
- e. reported the results of assessment to the Minister and the agency that issued the building permit, no later than 90 (ninety) working days from the date of execution of the tasks; and
- f. provide policy recommendations to the Minister in order to prevent the occurrence of any failure of building.

#### Article 62

- (1) In carrying out the tasks as referred to in Article 61 paragraph (2) appraisal shall coordinate with the relevant authorities.
- (2) Appraisal as referred to in paragraph (1) must work professionally and not to be involved with one of the parties.

#### Article 63

Service Provider shall replace or repair the Building Failure as referred to in Article 60 paragraph (1) which was caused by the Service Provider.

#### Article 64

Further provisions regarding the appraisal and Building Failure appraisal as referred to in Article 60 to Article 63, will be stipulated in Ministerial Regulation.

#### Paragraph 3

#### Period and Accountability of the Building Failure

#### Article 65

- (1) Service Provider must be liable for Building Failure within the period determined in accordance with the construction lifespan plan.
- (2) In the event that the construction lifespan plan as referred to in paragraph (1) is more than ten (10) years, Service Provider must be liable for the Building Failure within a maximum period of 10 (ten) years after the date of final delivery of the Construction Services.
- (3) Service User is liable for the Building Failure that occurs after a predetermined period of time as referred to in paragraph (1) and paragraph (2).
- (4) The provision period of liability for the Building Failure as referred to in paragraph (1) and paragraph (2), must be stated in the Construction Work Contract.
- (5) Further provisions regarding the liability and accountability of Service Provider on the Building Failure as referred to in paragraph (1), paragraph (2) and (3), will be stipulated in Government Regulation.

#### Article 66

- (1) Service User and/or other party experienced losses due the Building Failure can to report the occurrence of the Building Failure to the Minister.
- (2) Further provisions regarding the procedures for reporting the occurrence of Building Failure as referred to in paragraph (1), will be stipulated in the Ministerial Regulation.

#### Article 67

- (1) Service Provider and/or Service User is obligated to provide compensation in the event of Building Failure as referred to in Article 65 paragraph (1), paragraph (2), and paragraph (3).
- (2) Further provisions regarding the provision of compensation as referred to in paragraph (1), will be regulated in Government Regulation.

### CHAPTER VII CONSTRUCTION WORKERS

#### Part One Classification and Qualification

#### Article 68

- (1) Construction workers are classified in accordance to the related disciplines of Construction Services.
- (2) Construction workers consist of the qualification in position of:
  - a. operator;
  - b. technician or analyst; and
  - c. expert.
- (3) Qualification in position as referred to in paragraph (2) has career level in accordance with the prevailing laws and regulations.
- (4) Further provisions regarding the classification and qualification of construction workers as referred to in paragraph (1) and (2), will be stipulated in the Ministerial Regulation.

#### Section Two Construction Workers Trainings

#### Article 69

- (1) The training of construction workers are organized with working training methods that are relevant, effective, and efficient in accordance with the Work Competency Standards.

- (2) The training as referred to in paragraph (1) is intended to increase the productivity of workers.
- (3) Work Competency Standard referred to in paragraph (1) must be determined in accordance with the prevailing laws and regulations.
- (4) The training of construction workers as referred to in paragraph (1) shall be organized by educational institutions and working training in accordance with the prevailing laws and regulations.
- (5) Educational institutions and working training as referred to in paragraph (4) is registered by the Minister.
- (6) The Minister as referred to in paragraph (5) will conduct the registration to the educational intuitions and working training that are licensed and/or accredited in accordance with the prevailing laws and regulations.
- (7) Further provisions regarding the procedure of registration of educational institutions and working training as referred to in paragraph (5), will be stipulated in the Ministerial Regulation.

### Section Three Working Competency Certification

#### Article 70

- (1) Every member of the construction worker that works in the Construction Services sector is obligated to have a Certificate of Working Competence.
- (2) Every Service User and/or Service Provider is obligated to employ construction workers who possess a Certificate of Working Competence as referred to in paragraph (1).
- (3) Certificate of Working Competence as referred to in paragraph (1) can be obtained through a competence test which is standardized in accordance with the standard of Working Competence.
- (4) Certificate of Working Competence as referred to in paragraph (1) is registered by the Minister.
- (5) The implementation of competence test as referred to in paragraph (3) is conducted by the professional certification institution.
- (6) Professional certification institution as referred to in paragraph (5) is obligated to obey the implementing provisions on competence test as stipulated under the prevailing laws and regulations.

#### Article 71

- (1) Professional certification institution as referred to in Article 70 paragraph (5) shall be formed by:
  - a. accredited professional associations; and



- b. educational and training institutions that fulfills the provisions as stipulated under the prevailing laws and regulations
- (2) Accreditation to professional associations as referred to in paragraph (1) letter a, is given by the Minister to the professional associations that fulfills the following requirements:
  - a. quantity and distribution of the members;
  - b. empowerment of the members;
  - c. democratic election of management;
  - d. facilities and pre-facilities in central and district levels; and
  - e. implementation of the duties in accordance to the prevailing laws and regulations
- (3) Professional certification institutions as referred to in paragraph (1) is given with license in accordance to the prevailing laws and regulations after receiving a recommendation from the Minister.
- (4) In the event the professional certification institutions as referred in paragraph (1), for certain profession has not yet been formed, the Minister may conduct the Working Competency Certification.
- (5) Every professional associations that has been accredited, is obligated to implement its duties as stipulated under the Ministerial Regulations.
- (6) Further provisions regarding the procedure to accredit the professional associations as referred to in paragraph (2) and the procedure of the Minister in conducting the Working Competency Certification as referred to in paragraph (4) will be stipulated under the Ministerial Regulations.

#### Section Four Professional Experience Registration

##### Article 72

- (1) To obtain recognition of professional experience, each construction worker must conduct registration to the Minister.
- (2) Registration as referred to in paragraph (1) is proven with the list of professional experience.
- (3) List of professional experience as referred to in paragraph (2) must at least contain:
  - a. the kind of professional service given;

- b. the value for construction work that is related to the result of professional service;
  - c. year of work; and
  - d. name of service user
- (4) Further provisions regarding the registration and method of issuing list of professional experience as referred to in paragraph (1) and paragraph (2) is to be stipulated under the prevailing Ministerial Regulations.

#### Section Five Construction Worker's Fee

##### Article 73

- (1) Every construction worker having Certificate of Working Competence, have the right to obtain appropriate fee to the services that has been given.
- (2) The appropriate fee as referred to in paragraph (1) is given in the form of payment, and should be in accordance to the prevailing laws and regulations.

#### Section Six Foreign Construction Worker

##### Article 74

- (1) Foreign Construction Services employer is obligated to have a foreign worker utilization plan and the permits to employ foreign workers.
- (2) Foreign construction worker can conduct a construction work in Indonesia only for a certain position in accordance to the prevailing laws and regulations
- (3) Foreign construction worker who has the position of the expert that will be employed by the employer as referred to in paragraph (1) has to possess a registration letter from the Minister.
- (4) Registration letter as referred to in paragraph (3) is to be issued in accordance to foreign work construction competence certificate in accordance to the law of the country of origin.
- (5) Foreign construction worker who hold the position of an expert is obligated to execute a transfer of knowledge and technology to the accompanying local worker as stipulated under the prevailing laws and regulations.
- (6) Supervision of the utility of foreign construction workers should be conducted by manpower supervisor as stipulated under the prevailing laws and regulations.
- (7) Further provisions regarding the procedure of foreign construction worker registration as referred to in paragraph (4) will be stipulated under the Ministerial Regulations.

#### Section Seven

## Professional Responsibility

### Article 75

- (1) Construction worker that provides a Construction Services must bear full professional responsibility for their work results.
- (2) Professional responsibility for the results of the Construction Services may be executed through the mechanism of guarantee.

## CHAPTER VIII

### Coaching

#### Section One

#### Coaching Implementation

### Article 76

- (1) The coaching of Construction Services, will be the responsibility of the Central Government and will be conducted through:
  - a. enactment of developmental policies on Construction National Service;
  - b. implementation of policies concerning the development of Construction Services of a strategic nature, cross-country, cross-provincial, and/or has an impact for national interests;
  - c. supervision and evaluation to the implementation of national Construction Services developmental policies
  - d. development of cooperation with the provincial government in implementing the authority as referred to in Article 7; and
  - e. support for governor as the representative of central government.
- (2) Construction Services Management as executed by the governor as the representative of central government as referred to in paragraph (1) letter e would be implemented through:
  - a. enactment of technical guidance in the implementation of national Construction Services policies in provincial area;
  - b. implementation of Construction Services policy that has impact on the cross-city/district in the provincial area;
  - c. supervision and evaluation for the implementation on developmental policies on national Construction Services in provincial area; and
  - d. implementation of empowerment of Central Government on city/district in implementing its authority as referred to in Article 8

- (3) The coaching that would be the responsibility of the Regional Government as referred to in paragraph (1) would be conducted by the governor and/or regent/mayor.
- (4) The coaching of Construction Services by the Regional Government in the district/city would be executed through:
  - a. implementation of Construction Services policies that would be an impact only on district/city level; and
  - b. supervision and evaluation of the implementation of Construction Services policies in district/city level.

#### Article 77

In implementing the coaching as referred to in Article 76, the Central Government may encourage the participation of Construction Services community.

#### Part Two Funding

#### Article 78

- (1) The implementation of the coaching as referred to in Article 76 and sub-matter of Construction Services that becomes the authority of Central Government as referred to in Article 5 and Article 6 will be funded by the national income and expenditure budget.
- (2) Implementation of the sub-matter of Construction Services that is under the provincial central government authority and district government for district/city as referred to in Article 7 and Article 8 would be funded by the national income and expenditure budget.

#### Part Three Report

#### Article 79

- (1) Governor will report the implementation of Construction Services sub-matter to the Minister which is an inseparable with the report of the Regional Government in province in accordance with the prevailing laws and regulations.
- (2) Mayor and regent will report on the implementation of the Construction Services sub-matter to the governor which is an inseparable with the report of the Regional Government in the district/city in accordance with the prevailing laws and regulations.

#### Part Four Supervision

#### Article 80

Central Government and/or Regional Government in accordance to their respective authority shall conduct supervision to the implementation of Construction Services in the form of:

- a. Discipline in the implementation of the Construction Services;
- b. Business discipline and the permission for constitution for construction as stipulated under the prevailing laws and regulations;
- c. Discipline in the utilization and the worker of the employer in implementing the Construction Services.

#### Article 81

Other than conducting supervision as referred to in Article 80, Central Government will conduct supervision towards the implementation of Construction Services on the following:

- a. representative buildings of the Republic of Indonesia in foreign countries; and
- b. Foreign representative buildings in the Indonesian territory.

#### Article 82

Further provisions regarding the management as referred to in Article 76 until Article 81 will be stipulated under the Governmental Regulations.

### CHAPTER IX CONSTRUCTION SERVICES INFORMATION SYSTEM

#### Article 83

- (1) To provide accurate and integrated data and information in the implementation of Construction Services, an integrated system is formed.
- (2) Integrated information system as referred to in Article (1) includes data and information related to:
  - a. responsibility and authority in the field of Construction Services that is conducted by Central Government and Regional Government;
  - b. management task in the field of Construction Services that is conducted by Central Government and Regional Government; and
  - c. service in the field of Construction Field that is conducted by the community of Construction Services.
- (3) Every Services User and Services Provider as well as institution related to Construction Services must provide information and data in the framework of management tasks and services as referred to in paragraph (2)

- (4) Information system as referred to in paragraph (1) is to be managed by the Central Government.
- (5) The required funding for the development and the maintenance of integrated information system as referred to in Article (1) will be borne by the state budget.
- (6) Further provisions regarding integrated information system shall be regulated under the Ministerial Regulation.

## CHAPTER X COMMUNITY PARTICIPATION

### Article 84

- (1) Implementation of partial authority of Central Government as referred to in Article 5 is involving Construction Services community.
- (2) Participation of Construction Services community as referred to in Article (1) will be conducted through one institution that is formed by the Minister.
- (3) Criteria of the Institution management as referred to in paragraph (2) can be nominated by:
  - a. accredited company associations;
  - b. accredited profession associations;
  - c. institution of Construction Services users that fulfills the requirements; and
  - d. universities or experts that fulfills the requirements.
- (4) Other than the criteria as referred to in paragraph (3), the institution management can be nominated from the associations related to accredited construction supply chain.
- (5) Institution management as referred to in paragraph (3) will be appointed by the Minister after obtaining approval from the House of Representatives.
- (6) Accredited associations as referred to in paragraph (3) will be granted by the Minister that fulfills the following requirements:
  - a. quantity and distribution of members;
  - b. empowerment of members;
  - c. democratic election of the management;
  - d. facility and pre-facilities in central and regional levels; and
  - e. implementation of duties in accordance to the prevailing laws and regulations.

- (7) Implementation of partial authority will be conducted by institution as referred to in paragraph (1), will be funded by state budget and/or other valid sources in accordance to the prevailing laws and regulations.
- (8) Funds obtained by the community on the service in the implementation of some of the authorities that is conducted by the institution as referred to in paragraph (3) is the non-tax related national income in accordance to the prevailing laws and regulations.
- (9) Regulations on the implementation of partial authority of Central government that involves the Construction Services community and establishment of institution as referred to in paragraph (1) and paragraph (2) is to be stipulated under the Ministerial Regulation.

#### Article 85

- (1) The community may participate in the supervision of implementation of Construction Services by:
  - a. accessing information and other information related to construction work that may impacts to the community's interests;
  - b. submitting reports, claims and efforts to get a restitution or compensation on the impacts that arises from Construction Services works; and
  - c. forming a professional association and business association in the field of Construction Services in accordance to the prevailing laws and regulations.
- (2) Other than participating in the supervision as referred to in paragraph (1), community can also give inputs to the Central Government and/or Regional Government on the policy making of Construction Services.
- (3) Community participation is to be conducted in accordance to the existing laws and regulations.
- (4) Further regulations regarding claiming, filing and efforts to get restitution or compensation as referred to in paragraph (1) letter b is to be stipulated under the Governmental Regulations.

#### Article 86

- (1) In the event that there is a community report as referred to in Article 85 paragraph (1) letter b, of any suspicion of act of crime and/or intentional violations on the implementation of Construction Services, legal examination process for the Services User and/or Services User will be conducted by not interfering or stopping the implementation process of Construction Services.
- (2) In the event that there is a community report as referred to in Article 85(1) letter b, in relation to national loss in the implementation of Construction Services, legal examination process may only be conducted based on the results of

examination by national institution that is authorized to examine the management and accountability of the national budget.

- (3) Provisions as referred to in paragraph (1) and paragraph (2), is excluded in the event of:
- a. loss of human's life; and/or
  - b. caught red-handed in committing of corruption crime.

#### Article 87

Other than the implementation of community participation as referred to in Article 85, community participation may be conducted by Construction Services community through the Construction Services forum.

### CHAPTER XI DISPUTE SETTLEMENT

#### Article 88

- (1) Dispute that occurs during the Construction Work Contract is to be settled under the principle of amicable in order to reach settlement.
- (2) In the event where the discussion of the parties as referred to in paragraph (1) does not reach any settlement, the parties will undergo the process of dispute settlement as mentioned under the Construction Work Contract.
- (3) In the event where the dispute settlement is not specified under the Construction Work Contract as referred to in paragraph (2), the disputing parties will create a written agreement on the chosen method dispute resolution.
- (4) The process of dispute resolution as referred to in paragraph (2) will consist of:
  - a. mediation;
  - b. conciliation;
  - c. arbitration.
- (5) Other than the dispute resolution methods that are referred to in paragraph (4) letter a and letter b, the parties may form a council for disputes.
- (6) In the event where the dispute resolution will be conducted by forming a council of disputes as referred to in paragraph (5), election of council of disputes members will be implemented based on the professionalism principle and not as part of one of the parties.
- (7) Further provisions regarding dispute resolution as referred to in paragraph (1) will be regulated under the Government Regulation.

### BAB XII ADMINISTRATIVE SANCTION



#### Article 89

- (1) Every individual entity that does not possess Individual Registration Certificate as referred to in Article 26 paragraph (1) will be given an administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine; and/or
  - c. temporary termination of Construction Services activity.
- (2) Every business entity and foreign business entity that does not fulfill the obligation to have a valid Business License as referred to in Article 26 paragraph (2) and Article 34 paragraph (3), are to be given an administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine; and/or
  - c. temporary termination of the Construction Services activity.

#### Article 90

- (1) Every business entity that conducts Construction Services that does not have an Business Entity Certificate as referred to in Article 30 paragraph (1) will be given an administrative sanction in the form of:
  - a. administrative sanction;
  - b. temporary termination of Construction Services activity; and/or
  - c. inclusion in the blacklist.
- (2) Every business entity associations that does not conduct its duties in accordance to prevailing laws and regulations as referred to in Article 30 paragraph (6) will be given administrative sanction in the form of:
  - a. written warning;
  - b. freezing of the accreditation; and/or
  - c. revocation of the accreditation.

#### Article 91

Every foreign Construction Services business entity or individual foreign Construction Services entity that will conduct a Construction Services business, does not fulfill the provisions as referred to in Article 32 will be given an administrative sanction in the form of:

- a. written warning;
- b. administrative sanction; and/or
- c. temporary termination of Construction Services activity

#### Article 92

Every foreign representative office that does not fulfill its obligation as referred to in Article 33 paragraph (1) is to be given an administrative sanction in the form of:

- a. written warning;
- b. administrative fine;
- c. temporary termination of Construction Services activity;
- d. inclusion in the black list
- e. freezing of the license; and/or
- f. revocation of the license.

#### Article 93

Every Service User who uses the professional service of construction worker who had the qualifications of an expert that does not fulfill the standard of minimum remuneration as referred to under Article 43 paragraph (2) is to be given an administrative sanction in the form of:

- a. written warning; and/or
- b. administrative fine.

#### Article 94

Every Service User who uses a Service Provider who is affiliated to the building of public interests without tender or selection, or procurement by electronic as referred to in Article 44 is to be given an administrative sanction in the form of:

- a. written warning; and/or
- b. temporary termination of Construction Services activity.

#### Article 95

Every Service Provider who violates the provisions on the granting of the main work as referred to in Article 53 paragraph (1) is to be given administrative sanction in the form of:

- a. written warning;
- b. administrative fine;
- c. temporary termination of Construction Services activity; and/or
- d. freezing of license.

#### Article 96

- (1) Every Service Provider and/or Service User who does not satisfy the Standard of Security, Safety, Health and Sustainability in the implementation of Construction Services as referred to in Article 59 paragraph (1) will be given administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine;
  - c. termination of Construction Services activity;
  - d. inclusion in the black list;
  - e. freezing of the license; and/or
  - f. revocation of the license.
- (2) Every Service User and/or Service Provider which granting a validation or approval, violates the provisions as referred to in Article 59 paragraph (2) will be given an administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine;
  - c. termination of Construction Services activity;
  - d. inclusion in the black list;
  - e. freezing of the license; and/or
  - f. revocation of the license.

#### Article 97

Every appraisal in conducting its duties does not fulfill the obligations as referred to in Article 62 paragraph (2) will be given an administrative sanction in the form of:

- a. written warning;
- b. termination from duty; and/or

- c. revoked from registered appraisal list.

#### Article 98

Service Provider who does not fulfill the obligation to change or improve Building Failure as referred to in Article 63 is to be given administrative sanctions in the form of:

- a. written warning;
- b. administrative fine;
- c. termination of Construction Services activity;
- d. inclusion in the black list;
- e. freezing of permit; and/or
- f. revocation of permit.

#### Article 99

- (1) Every construction worker who works in the Construction Services who does not possess Certificate of Working Competence as referred to in Article 70 paragraph (1) is to be given an administrative sanction in the form of dismissal from their workplace.
- (2) Every Service User and/or Service Provider who employs construction worker who do not possess a Certificate of Working Competence as referred to in Article 70 paragraph (2) will be given an administrative sanction in the form of:
  - a. administrative fine; and/or
  - b. temporary termination of Construction Services activity.
- (3) Every Professional Certification Agency who does not follow the implementing regulation for work competence examination as referred to in Article 70 paragraph (3) is to be given administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine;
  - c. freezing of license; and/or
  - d. revocation of licenses

#### Article 100

Every association of professions who does not fulfill their obligations in accordance to the provisions as referred to in Article 71 paragraph (6) will be given administrative sanction in the form of:

- a. written warning;
- b. freezing of accreditation; and/or
- c. revocation of accreditation.

#### Article 101

- (1) Every foreign construction employer that does not possess the foreign worker utilization plan and permits to employ foreign construction worker as referred to in Article 74(1) and employ foreign construction worker that does not obtain registration from Minister as referred to in Article 74 paragraph (3), will be given an administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine;
  - c. temporary termination of Construction Services activity and/or
  - d. inclusion in the black list
- (2) Every foreign construction worker holding an expert position that does not fulfill their obligation to conduct a transfer of knowledge and technology as referred to in Article 74 paragraph (5) is to be given administrative sanction in the form of:
  - a. written warning;
  - b. administrative fine;
  - c. termination from workplace; and/or
  - d. inclusion in the black list.

#### Article 102

Further provisions regarding the procedure on the implementation of administrative sanctions as referred to in Article 89 to Article 101, will be stipulated under Government Regulation.

### CHAPTER XIII TRANSITIONAL PROVISIONS

#### Article 103

The institution that is formed in accordance to the implementing regulations from Law no. 18 year 1999 regarding Construction Services (Republic of Indonesia Newsletter Year 1999 No. 54, Additional Attachment Republic of Indonesia Newsletter No. 3833), will continue to conduct the certification and registration duty for business entities and construction worker until the institution as referred to in this Law is formed.

## CHAPTER XIV CLOSING PROVISIONS

### Article 104

By the time this Law comes into force:

- a. all prevailing laws and regulations which are the implementing regulations of Law No. 18 Year 1999 regarding the Construction Services (Republic of Indonesia State Gazette Year 1999 No. 54, Supplement of the State Gazette of the Republic of Indonesia No. 3833), will still applicable, so long as it does not contradict with the provisions under this Law; and
- b. Law No. 18 Year 1999 regarding Construction Services (Republic of Indonesia State Gazette Year 1999 No. 54, Supplement of the State Gazette of the Republic of Indonesia No. 3833), is revoked and declared null and void.

### Article 105

The implementing regulations of this Law must be stipulated at the latest 2(two) years since this Law is enacted.

### Article 106

This Law shall come into force on the date of its promulgation.

For public cognizance, this Law shall be promulgated in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta,  
On January 13, 2017  
PRESIDENT OF REPUBLIC OF INDONESIA,  
Signed.  
JOKO WIDODO

Promulgated in Jakarta,  
On January 12, 2017  
MINISTRY OF LAW AND HUMAN RIGHTS  
REPUBLIC OF INDONESIA,  
Signed.  
YASONNA H. LAOLY

## ELUCIDATION OF LAW OF THE REPUBLIC OF INDONESIA NUMBER 2 OF 2017 REGARDING CONSTRUCTION SERVICES

### I. GENERAL

The purpose of national development is to realizing the equality and prosperity of the people based on the Pancasila and the Constitution of the Republic of Indonesia year 1945. In accordance with the development goals, the construction both physical and non-physical played an important role for the welfare of the community. Construction Services Sector is an activities of the people to realize the function of constructions as supporting and facilities social economy activities, in order to support the realization of national development.

In addition to support various fields of development, Construction Services role is also to support the growth and development of various industrial goods and services required in the implementation of the Construction Services and broadly supports the national economy. Therefore, the implementation of the Construction Services should ensure order and legal certainty, whereas, Law Number 18 of 1999 regarding Construction Services are not yet able to meet the demands of good governance and the dynamics of the development of construction services, it is necessary to improve the setting field of Construction Services.

The maintenance of Construction Services conducted based on the principle of honesty and fairness, benefit, equality, harmony, balance, professionalism, self-reliance, openness, partnership, security and safety, freedom, sustainable development, and environmental insight. This law about the implementation of Construction Service aim to provide direction of growth and development of the Construction Services business structure to create a solid, reliable, highly competitive, and the quality results of Construction Service; realizing the implementation of orderliness of Construction Services which guarantees equality between the Services Users and Service Providers in implanting their rights and obligations, and to improve the compliances in accordance to the prevailing laws and regulations; realizing the enhancement of public participation in the field of Construction Services; managing the system of Construction Services which will be able to provide public safety and create a comfortable environment; guarantee a good governance on the implementation of Construction Services; and creating value-added integration of all stages of the implementation of Construction Services.

The arrangements of the implementation of Construction Services in this Law is conducted for some adjustments in order to accommodate the needs of law that occur in empirical practices in society and the dynamics of legislation related to the Construction Services. The development of Construction Services sector which are complex and serves a high level competition both at national and international levels requires a legal framework to ensure legal certainty and business certainty in the field of Construction Services, especially the protection of the Service Users, Service Providers, construction workers, and Construction Services community.

As a refinement of the previous Law, there are some content that is modified, added, and refined in this Law including the coverage Construction Services; Construction Services business qualification; Construction Services business development services; the division of responsibilities and powers between the Central Government and Regional Government in the delivery of construction services; Standard reinforcement Security, Safety, Health, and Sustainability in the implementation of the Construction Services; labor arrangements comprehensive construction well construction workers both local and foreign; the establishment of integrated information system construction

services; and paradigm change as a form of community participation in the implementation of the Construction Services; as well as the removal of criminal provisions with emphasis on the aspects of civil and administrative sanctions in the event of a dispute between the parties. To ensure the sustainability of the implementation process of Construction Services, the Law also stipulates that the allegations of crime and / or a breach by Services User and / or Service Provider, due process of law do not interfere with or stop the process of delivery of construction services. In the case of the alleged crimes and / or violations associated with the loss to the state, the legal examination can only be made based on the results of the examination of the agencies of the state.

In general, the substance of the Law includes the responsibility and authority; Construction Services business; implementation of Construction Services; security, safety, health, and sustainability of the construction; construction workers; coaching; information systems Construction Services; society participation; dispute resolution; administrative sanctions; and transitional provisions.

The responsibility and the authority to regulate the division of authority between the Central Government, Regional Government and Regional Government in the District/City in the implementation of the Construction Services in accordance with the provisions of the law regulating the Regional Government. In the setting of the Construction Services business is set on the Construction Services business structure, market segmentation Construction Services; Construction Services business requirements; Construction Services business entities and foreign private enterprise Construction Services; the development of the Construction Services business types namely Building Supply Business; and sustainable business development.

Furthermore, the Law also regulates the implementation of the Construction Services that includes the implementation and operation of the Construction Provision Business. The implementation of the Construction Services business can be conducted solely or through binding of Construction Services, Building Supply Business while the implementation can be conducted solely or through building supply agreement. The importance of standards compliance Security, Safety, Health, and Sustainability Construction by User Services and / or Service Provider is intended to prevent failure of Buildings.

Strengthening human resources of Construction Services in order to face global competition requires regulation. This Law regulates the classification and qualification; training construction workers; job competence certification; registration of professional experience; wages of construction workers; and the setting of foreign construction workers and professional responsibility.

In the implementation of Construction Services, the Central Government shall provide guidance that includes the establishment of policies, delivery of policy, monitoring and evaluation, and implementation of the empowerment of Regional Government. Additionally, it is also stipulating regarding the funding, reporting and monitoring activities. To provide accurate data and information and integrated set up information system integrated construction services and administered by the Central Government.

To accommodate public participation in the implementation of the Construction Services, the Central Government can engage with the



communities of Construction Services in performing central government authority in the field of Construction Services conducted through an institution established by the Minister, that the elements are set after the approval of the House of Representatives of the Republic of Indonesia.

In the event of any dispute between the parties, this law implements the principle of deliberation to reach an agreement. Against administrative violations in the Law is subject to administrative sanctions, while in order to avoid a legal vacuum of this Law provides that an institution established by the implementing regulations of Law No. 18 of 1999 shall perform their tasks of certification and registration of the enterprises and construction workers until the establishment of the institutions referred to in this Law.

## II. ARTICLES BY ARTICLES

### Article 1

Self explanatory.

### Article 2

#### Letter a

Referred to as "the principles of honesty and fairness" is that awareness of its function in an orderly implementation of the Construction Services and is responsible for fulfilling various obligations in order to obtain their right

#### Letter b

Referred to as "benefit principle" is that all the activities of the Construction Services should be implemented based on the principles of professionalism in the ability and responsibility, efficiency and effectiveness to ensure the realization of optimum added value for the parties in the implementation of the Construction Services and for the national interest.

#### Letter c

Referred to as the "principle of equality" is that activity Construction Services shall be carried out according to equitable working relationship between Service Users and Service Providers.

#### Letter d

Referred to as "the principle of harmony" is that harmony in the interaction between Service Users and Service Providers in the implementation of environmentally sound construction service to produce products of high quality and useful.

#### Letter e

Referred to as the "principle of balance" is that the implementation of the Construction Services should be based on principles that ensures the realization of a balance between the ability of the Service Provider and the workload. User Services Provider in setting required to adhere to these principles, to ensure the election of the most appropriate service providers, and on the other hand can provide opportunities equity proportionate in employment in the Service Provider.

#### Letter f

Referred to as "the principle of professionalism" is that the implementation of the Construction Services is a professional activity that upholds the values of professionalism.

Letter g

Referred to as the "principle of self-reliance" is that the implementation of the Construction Services conducted by optimizing the national resources in the field of Construction Services.

Letter h

Referred to as the "principle of openness" is that the availability of information can be accessed by the parties so that the transparency in the implementation of construction services that allow the parties to carry out its obligations optimally, to obtain certainty of their rights, and make corrections so as to avoid any deficiencies and irregularities.

Letter i

Referred to as the "principle of partnership" is that the working relationship of the parties are reciprocal, harmonious, open, and synergistic.

Letter j

Referred to as "the principles of security and safety" is that the fulfillment of the orderly organization of construction services, safety, environment and safety, as well as the utilization of the Construction Services by taking into account the public interest.

Letter k

Referred to as "the principle of freedom" is that in the implementation of the Construction Services there are freedom of contract between the Service Provider and Service User in accordance with the provisions of the legislation.

Letter l

Referred to as "the principle of sustainable development" is that the implementation of the Construction Services conducted by taking into account thinking about the impact on the environment is maintained continuously regarding ecological, economic, social and cultural.

Letter m

Referred to as "environmental insight" is that the implementation of the Construction Services and gives priority attention to protection and preservation of the environment.

Article 3

Letter a

Construction Services has important and strategic role in the national development system, to support varieties of community field and develop a wide range of industrial goods and services required in the implementation of construction work.

Letter b

One of the efforts to ensure the equal position of the Service User and Service Provider conducted to limit the application of norms, standards, procedures, and criteria including the implementation of the tender documents and standard contract documents.

Letter c

Community participation covers a good participation that acts directly as Servicer Provider, Service User, community of Construction Services, and utilizing the results of the implementation of the Construction Services, and participation is not directly as citizens are obliged to co-implement controls to

enforce order the implementation of Construction Services and protect the public interest.

Letter d

Referred to as "comfortable environment " shall be a condition of the building as a result of the implementation of the Construction Services that can be utilized in accordance with the plan.

Letter e

Self explanatory.

Letter f

Self explanatory.

#### Article 4

##### Paragraph (1)

Letter a

Self explanatory.

Letter b

Self explanatory.

Letter c

Self explanatory.

Letter d

Self explanatory.

Letter e

Self explanatory.

Letter f

Referred to as "community Construction Services" shall be part of the community who has an interest and / or activities related to the Construction Services include enterprise associations, professional associations, service users, universities, experts, supply chain actors, and observers of construction.

Letter g

Self explanatory.

##### Paragraph (2)

Referred to as "relevant technical minister" is another minister who has been linked with the field of Construction Services.

#### Article 5

##### Paragraph (1)

Letter a

Self explanatory.

Letter b

Self explanatory.

Letter c

Self explanatory.

Letter d

The meaning of "supply chain of Construction Services" shall be the flow of production and distribution activities, materials, equipment, and technology used in the implementation of Construction Services.

Letter e

Self explanatory.

Letter f

Self explanatory.

Letter g  
Self explanatory.

Letter h  
Self explanatory.

Letter i  
Self explanatory.

Letter j  
Self explanatory.

Letter k  
Self explanatory.

Letter l  
Self explanatory.

Letter m  
Self explanatory.

Letter n  
Self explanatory.

Letter o  
Self explanatory.

Letter p  
Self explanatory.

Letter q  
Self explanatory.

Letter r  
Self explanatory.

Paragraph (2)  
Self explanatory.

Paragraph (3)  
Self explanatory.

Paragraph (4)  
Letter a  
Self explanatory.

Letter b  
Self explanatory.

Letter c  
Training the pilot, among others, the provision of training for the application of technologies, methods, and new competency standards.

Letter d  
Self explanatory.

Letter e  
Standard minimum remuneration determined by considering the complexity of the type of professional services, costs, risks, and technologies of the implementation of the Construction Services of associated professional services, and/or the prevailing market price in the provinces where the convening of Construction Services.

Letter f  
Self explanatory.

Letter g

Self explanatory.  
Letter h  
Self explanatory.  
Letter i  
Self explanatory.  
Letter j  
Self explanatory.  
Letter k  
Self explanatory.  
Paragraph (5)  
Letter a  
Self explanatory.  
Letter b  
Self explanatory.  
Letter c  
Technology priorities include:  
1) technology that is simple, appropriate and labor-intensive  
2) technology related to the geographical position Indonesia;  
3) sustainable construction technology;  
4) new technology material that is high-potential Indonesia; and  
5) technology and management of asset maintenance infrastructure.  
Letter d  
Self explanatory.  
Letter e  
Self explanatory.  
Letter f  
Self explanatory.  
Letter g  
Self explanatory.  
Paragraph (6)  
Self explanatory.  
Paragraph (7)  
Self explanatory.  
Paragraph (8)  
Self explanatory.

Article 6  
Self explanatory.

Article 7  
Self explanatory.

Article 8  
Self explanatory.

Article 9  
Self explanatory.

Article 10  
Self explanatory.

Article 11  
Self explanatory.

Article 12  
Letter a  
Self explanatory.  
Letter b  
Self explanatory.  
Letter c  
Integrated Construction Work shall be a combination of Construction Work and Construction Consultancy services.

Article 13  
Paragraph (1)  
Letter a  
Construction Consultancy services business that must meet the criteria of a general nature which is able to provide consulting services as a whole which generate document assessment, planning, design, and supervision.  
Letter b  
Construction Consultancy service businesses that are special should meet the criteria, capable of performing a certain part of the consultation process that resulted in the document assessment, planning, design, supervision, and / or the management of construction.  
Paragraph (2)  
Self explanatory.  
Paragraph (3)  
Self explanatory.  
Paragraph (4)  
Self explanatory.  
Paragraph (5)  
Self explanatory.

Article 14  
Paragraph (1)  
Letter a  
Construction Work business of a general nature must meet the criteria capable of working on building construction or other physical forms, ranging from land preparation to final delivery or the functioning of the building.  
Letter b  
Construction Work business that is expertise in nature to meet the criteria should be able to do a certain part of the building construction or other physical forms.  
Paragraph (2)  
Self explanatory.  
Paragraph (3)  
Self explanatory.

Paragraph (4)  
Self explanatory.  
Paragraph (5)  
Self explanatory.

Article 15

Paragraph (1)  
Self explanatory.  
Paragraph (2)  
Letter a  
Construction Work design shows the integration of service provision between the Construction Works Construction Consultancy covering all aspects of the implementation of Construction Services, but does not cover the procurement process.  
Letter b  
Self explanatory.

Article 16

Changes in classification of construction products applicable internationally and the development of the Construction Services business services, among others, changes in the classification scheme-sub classification-products based on Indonesian Standard Industrial Classification (ISIC) and/or the Central Product Classifications (CPC) for the classification of Construction Work business.

Article 17

Paragraph (1)  
Support construction supply chain resources organized in order to ensure the adequacy and sustainability of supply of construction resources.  
  
Enterprises of construction resources supply chain, among other suppliers of building materials, construction equipment supplier businesses, business construction technology suppliers, and business suppliers of human resources.  
Paragraph (2)  
Self explanatory.

Article 18

Self explanatory.

Article 19

Referred to as "individual entity" is an attempt made directly by the person without forming a business entity.

Article 20

Paragraph (1)  
Qualifying businesses determine the limits of the ability of the Construction Services business in carrying out the construction services at the same time.  
Paragraph (2)  
Self explanatory.

Paragraph (3)  
Self explanatory.  
Paragraph (4)  
Self explanatory.

Article 21  
Self explanatory.

Article 22  
Self explanatory.

Article 23  
Self explanatory.

Article 24  
Paragraph (1)  
Specific policies intended to develop companies Services  
Construction and construction workers who live in the province by  
promoting the principles of fair competition.  
Paragraph (2)  
Self explanatory.

Article 25  
Self explanatory.

Article 26  
Self explanatory.

Article 27  
Self explanatory.

Article 28  
Self explanatory.

Article 29  
Self explanatory.

Article 30  
Paragraph (1)  
Self explanatory.  
Paragraph (2)  
Certification by the Minister is the process of granting a certificate  
on the assessment to get the recognition of classification and  
qualification on the ability of the enterprise in the field of  
Construction Services.  
  
Registration by the Minister for the collection and recording of the  
Business Entity Certificate in order to develop Construction  
Services.  
Paragraph (3)  
Self explanatory.  
Paragraph (4)



Referred to as the "Business Entity Certificate" is the process of granting a certificate on the assessment to get the recognition of classification and qualification on the ability of the enterprise in the field of construction services including equalization foreign enterprises Construction Services.

The application for certification to the certification body Enterprises conducted without hindering enterprises petition process and with the aim that the Certification process Enterprises can be reached by the Construction Services business entities that are domiciled in the district/city.

Paragraph (5)

Accreditation requirements associated entities established taking into account the associated category statutes / by laws include the association be general or specific and associations that have branches or no branches.

Letter a

Self explanatory.

Letter b

Empowerment to members, among others, through education and training, seminars, dissemination, and outreach related to the Construction Services business.

Letter c

Self explanatory.

Letter d

Self explanatory.

Letter e

Self explanatory

Paragraph (6)

Self explanatory.

Paragraph (7)

Self explanatory.

Article 31

Paragraph (1)

The definition of "business experience" is experience as a service or sub-service providers, including experience as a service provider within the framework of cooperation, both domestically and abroad.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Self explanatory.

Article 32

Self explanatory.

Article 33

Paragraph (1)

Self explanatory.

Paragraph (2)

Self explanatory.

Paragraph (3)

Referred to as "collectively liable" is a joint operation which began when he joined the selection process, execution, until the termination of the construction work together and independently with the same responsibility to service users.

Article 34

Self explanatory.

Article 35

Self explanatory.

Article 36

Self explanatory.

Article 37

Paragraph (1)

Referred to as "sustainable business development" shall be the continuous efforts undertaken to maintain or increase the ability of the enterprise, so that enterprises are still able to carry out the work in accordance with its certificate of business entities.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Article 38

Paragraph (1)

Implementation of Construction Services Working alone is an activity that work is planned, carried out and / or supervised by the ministries, agencies, departments, or agencies in charge of the budget, other government agencies, and / or community groups.

Paragraph (2)

Self explanatory.

Paragraph (3)

Referred to as "building supply agreement" shall be the agreement made between the owner and/or person in charge of building the capital owners or developers to create buildings financed by investment funds business entities and / or the community. Included in the agreement include the provision of building cooperation agreement between the Government and business entities, the cooperation agreement between the developer with the Construction Services business entity, which is repaid through a return on investment within the agreed time limit.

Paragraph (4)

Self explanatory.

Article 39

Paragraph (1)

Self explanatory.

Paragraph (2)

Letter a

Self explanatory.

Letter b

Referred to as "body" shall be a group of people and/or capital as a union, whether conducts or not conduct business that includes limited liability companies, limited partnerships, other company, state-owned enterprises or regionally owned enterprise with name and form of any kind, firm, partnership, cooperative, pension funds, partnerships, associations, foundations, mass organizations, social organizations, political, or other organizations, institutions and other bodies, including investment contracts, collective and permanent establishment.

Paragraph (3)

Referred to as "scientifically justified" shall be accounted for in accordance with existing rules and / or according to the principle or theory of liability that has been developed in accordance with science.

Binding rules in labor relations Construction Services include engineering and building security, finance, contracts, and management. Binding principles of employment applicable to bonding Construction Services involving the central government, regional government, state enterprises, and private enterprises.

Article 40

Self explanatory.

Article 41

Self explanatory.

Article 42

Paragraph (1)

Self explanatory.

Paragraph (2)

Referred to as "Pre-qualification" shall be assessment process of the business ability and fulfillment of the requirement against business entities before the submission of the bid documents.

Paragraph (3)

Referred to as "catalog" shall be information which contains list, type, technical specification, local content, domestic product, SNI product, green product, origin country, cost, provider, and other information in related with certain goods or services.

Paragraph (4)

Letter a

Implementation of Construction Services in urgent circumstance can be conducted not only for temporary building, but can also for permanent building.

Letter b  
Self explanatory.

Letter c  
Self explanatory.

Letter d  
Self explanatory.

Letter e  
Self explanatory.

Paragraph (5)  
Self explanatory.

Paragraph (6)  
Self explanatory.

#### Article 43

Paragraph (1)  
Self explanatory.

Paragraph (2)  
Standard minimum remuneration shall be stipulated by considering the complexity of the type of professional services, cost, risk, and technology from construction work which related with the result of professional services, and/or market price which prevails in the province where the Construction Services is implemented.

#### Article 44

Referred to as “affiliated service provider” shall be Services Provider who has relation with the Services User because of:

- a. family relationship because of marriage and descendants until the second degree either horizontal or vertical; or
- b. business/work relation, or party that influencing the management of the company of Services User.

#### Article 45

Self explanatory.

#### Article 46

Paragraph (1)  
Self explanatory.

Paragraph (2)  
Construction Work Contract may follow the needs development to accommodate any form of Construction Work Contract which develops in society.

Form of contract shall follow the delivery system of the implementation of construction, as follows: design-bid-build; design-build; engineering-procurement-construction; construction management; and partnership.

Beside the delivery system, forms of contract also follow payment system and work result to be accounted system. Payment system services includes, as follows: in advance, progress, milestone, and turnkey. Meanwhile the work result to be accounted system

including, as follows: lump sum, unit price, value percentage, cost reimbursable, and target cost.

Article 47

Paragraph (1)

Letter a

Referred to as “identity of the parties” shall be name, address, nationality, signing authority, and domicile.

Letter b

Scope of work shall include the following:

- 1) Work volume, namely amount of work that must be implemented included addition to or deduction of work volume. In making change to work volume, it shall be necessary to determine the amount of volume change that does not require approval of the parties in advance.  
For planning and supervision work, scope of work can be in the form of report on construction work result to be accounted for, constituting progress result of the work set forth in the form of written document.
- 2) Administrative requirements, namely the procedure to be fulfilled by the parties in implementing interaction.
- 3) Technical requirements, namely technical provisions to be fulfilled by services provider.
- 4) Insurance or guarantee that constitutes a form of protection among others for work implementation, receipt of down payment, accident to worker and society. Such protection can be in the form of among others insurance or guarantee issued by bank or non-bank institution.
- 5) Report on construction work result and/or Construction Consultancy, namely progress result of work set forth in the form of written document.

Work value, namely amount of fee to be received by services provider for the implementation of the entire scope of work.

Deadline of implementation shall be time period to finish the entire scope of work including the maintenance period.

Letter c

Self explanatory.

Letter d

Referred to as “information” shall be complete and accurate document to be provided by services user for services provider in order to be able to perform work in accordance with their tasks and obligations.

Such document among others shall include building construction license and delivery document of field usage for construction along with the facilities.

Letter e

Self explanatory.

Letter f

Payment can be made gradually or on the basis of percentage of progress level of work implementation, or payment may be made in a lump sum after the project is completed.

Letter g

Breach of contract shall be a condition if one of the parties in contract of construction work:

- 1) does not do what has been promised; and/or
- 2) does what has been promised, but not in accordance with what has been promised; and/or
- 3) does what has been promised, but late; and/or
- 4) does something that according to the agreement is not allowed to be conducted.

Referred to as “responsibility” among others shall be granting of compensation, reimbursement of cost, and or time extension, repair or re-implementation of work result that is not in accordance with what has been promised, or the granting redress.

Letter h

Dispute settlement shall accommodate provisions regarding procedure for settling dispute caused among others by disagreement in terms of definition, interpretation, or implementation of various provisions in contract of construction work and provisions regarding settlement place and method.

Dispute settlement shall be conducted among others through consensus, mediation, arbitration, or court.

Letter i

Self explanatory.

Letter j

Force majeure shall include:

- 1) absolute force majeure, namely it is impossible for the parties to exercise their rights and obligations;
- 2) relative force majeure, namely it is still possible for the parties to exercise their rights and obligations;

Risk caused by force majeure can be agreed upon by the parties, among others through insurance company.

Letter l

Worker protection shall be adjusted to provisions of law on work safety and health and law on manpower social security.

Letter m

Protection against third party shall be prevails during the insurance period.

Letter n

Environmental aspect shall follow provisions of law on environmental management.

Paragraph (2)

Referred to as “incentive” shall be award given to services provider because of the achievement, among others: ability to finish work earlier than what has been promised by still maintaining the quality in accordance with what was required. Incentive can be in the form of money or other form.

Article 48

Intellectual property shall be result of innovation of construction planner in an implementation of contract of construction work whether the final result of planning and/or its parts the ownership of which can be agreed upon.

The utilization of intellectual property right that has been patented must be protected in accordance with the governing laws and regulations.

Article 49

Self explanatory.

Article 50

Self explanatory.

Article 51

Self explanatory.

Article 52

Self explanatory.

Article 53

Paragraph (1)

Participation of sub-services provider shall be limited by the existence of demand for work that needs special expertise and gone through sub-contract mechanism, without prejudice to responsibility of services provider for the entire result of their work.

Part of work that will be implemented by sub-services provider must be approved by services user.

Participation of sub-services provider shall have the purpose of providing opportunity to sub-services provider that has specific expertise through the mechanism of connection with services provider.

Referred to as “main work” shall be the chain of activities in a Construction Services implementation which having higher risk in causing the occurrences of delay in the completion of Construction Services.

Paragraph (2)

Self explanatory.

Paragraph (3)

Referred to as “auxiliary work” shall be the chain of activities in a Construction Services implementation that is not a part of the main work.

Paragraph (4)

Rights of Services Sub-provider, among others shall be right to receive payment on time and in the exact amount as guaranteed by services provider. In this matter services user shall have the obligation to monitor the fulfillment of rights of sub-services provider by services provider.

Right and obligation of the Services Provider and Services Sub-provider shall contain responsibility of the construction cost which is implemented by the Services Sub-provider.

Article 54

Self explanatory.

Article 55

Paragraph (1)

Self explanatory.

Paragraph (2)

Self explanatory.

Paragraph (3)

Letter a

Self explanatory.

Letter b

Commitment of the operation of Construction Services product shall be promise of payment in a period which has been agreed by both of the parties and can be proven by written from the owner, authority, and/or developer of the building to the Services Provider for the payment of Construction Services which conducted through production sharing mechanism of that building operation.

Paragraph (4)

Referred to as "other documents" among others, securities in form of mobilize and/or immobilize goods.

Paragraph (5)

Self explanatory.

Article 56

Self explanatory.

Article 57

Paragraph (1)

This guarantee only prevails for main Services Provider, which is Services Provider who directly conducting contract with the Services Provider.

Paragraph (2)

Letter a

Referred to as "bid bond" shall be security which granted to the voting participant to the work group procurement service unit before deadline of bid revenue.

Letter b

Referred to as "performance bond" shall be security that the Services Provider will finish the work in accordance to the Construction Work Contract.



Letter c

Referred to as “advance payment guarantee” shall be security which granted to the Services Provider to the Services User before the Services Provider accept the advance payment to start the Construction Works.

Letter d

Referred to as “maintenance bond” shall be security which granted to the Services Provider to the Services User during insurance period which is the time between first time delivery of the final work result and second times delivery of the final work result.

Letter e

Referred to as “objection appeal bond” shall be guarantee which must to be delivered by the Services Provider which will conduct the objection appeal.

Paragraph (3)

Self explanatory.

Paragraph (4)

Referred to as “surety bond” shall be guarantee insurance between guarantors with the work contractor. Guarantor will warrant the work contractor of the work or responsibility which granted by project owner to the work contractor. This insurance guarantee usually issued by the loss insurance company.

Paragraph (5)

Self explanatory.

Paragraph (6)

Self explanatory.

Article 58

Self explanatory.

Article 59

Self explanatory.

Article 60

Paragraph (1)

Self explanatory.

Paragraph (2)

Referred to as “expert appraiser” shall be expert appraiser in field of construction. Stipulation of Building Default by expert appraiser shall be intended to protect the objectivity in appraisal and stipulation of a default.

Paragraph (3)

Expert appraiser consists of individual, or group of individual or institution.

Paragraph (4)

Self explanatory.

Article 61

Self explanatory.

Article 62

Paragraph (1)

Referred to “related authorized party” among others, shall be law enforcement officers and other ministries/institutions.

Paragraph (2)

Self explanatory.

Article 63

Self explanatory.

Article 64

Self explanatory.

Article 65

Self explanatory.

Article 66

Self explanatory.

Article 67

Self explanatory.

Article 68

Paragraph (1)

Scientific field which related with Construction Services among others shall be architecture, civil, mechanical, environmental governance, and implementation management.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Article 69

Paragraph (1)

Self explanatory.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Referred to as “deregistration” shall be listing process to the database of education institution and work training in the event of the development of construction manpower.

Paragraph (6)

Self explanatory.

Paragraph (7)

Self explanatory.

Article 70

Paragraph (1)

Construction manpower which required to have competency certificate shall be construction manpower which having work position as operator, technician or analyst, and/or expert.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Self explanatory.

Paragraph (6)

Self explanatory.

#### Article 71

Paragraph (1)

Self explanatory.

Paragraph (2)

Profession association requirement shall be stipulated by considering among others: association category in accordance with the articles of associations, which consists of associations which are general or specific in nature as well as association which having branch or not having branch.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Self explanatory.

Paragraph (6)

Self explanatory.

#### Article 72

Paragraph (1)

Self explanatory.

Paragraph (2)

Referred to as "professional experience register mark" shall be documents which containing and explaining construction manpower experience which has been officially registered to the Minister.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

#### Article 73

Self explanatory.

#### Article 74

Paragraph (1)

Referred to as "employer" shall be legal entity which employs foreign construction manpower by paying fees or incentives.

Referred to as “plan to utilize foreign manpower” shall be plan to utilize foreign manpower in certain position which implements government affairs in field of manpower or appointed officials.

Referred to as “license to utilize foreign manpower” shall be written license which granted by minister who held government affairs in field of manpower or appointed officials to the foreign manpower employer.

Paragraph (2)

Referred to as “certain position” shall be commissioners, directors, managers, and certain experts which are stipulated by minister who held government affairs in field of manpower.

By the ministry who held governmental affairs in manpower field.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Self explanatory.

Paragraph (6)

Self explanatory.

Paragraph (7)

Self explanatory.

Article 75

Paragraph (1)

Responsibility would be implemented based on the principle of expertise in accordance to the rule of knowledge, decency and intellectual honesty in undergoing all professions by still prioritizing public interests.

Responsibility of the workforce would be in accordance to the code of ethics of each profession.

Paragraph (2)

Professional responsibility for results of construction service may be executed through surety mechanism by guaranteeing expertise.

Article 76

Paragraph (1)

Letter a

Developmental policy of national construction service is to be implemented structurally, assertively and should be able to answer all real needs in the field. Management is a national task.

All forms of construction service management that is conducted has the aim to improve the manpower of each element and executorial process in the national construction service system that can increase the public's prosperity and protect the public's prosperity.

Letter b

Self explanatory.

Letter c

Supervision and evaluation conducted towards the effectively and efficiency of implementation of policy development in national construction service alongside impact analysis on every policy towards the growth and development of regional and national construction service as an ingredient for sustainable improvement of the already existing policy.

Letter d

Self explanatory.

Letter e

Self explanatory.

Paragraph (2)

Letter a

Instructions issued by the governor as a representative of central government is only technical to advice in governing the implementation of national policy of construction service in provincial area.

Creation of those instructions is made by still paying attention on the national construction service policy as well as applicable regulations related to Regional Government.

Letter b

Self explanatory.

Letter c

Self explanatory.

Letter d

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Article 77

Self explanatory.

Article 78

Paragraph (1)

The one that is funded by national income and budget expenditure is the execution of central government authority and the governor as the central government.

Paragraph (2)

The one that is funded by regional national income and budget expenditure is the execution of sub-matter authority of construction service that is regulated under regulations governing regional government.

Article 79

Self explanatory.

Article 80

Self explanatory.

Article 81

Self explanatory.

Article 82

Self explanatory.

Article 83

Paragraph (1)

Self explanatory.

Paragraph (2)

Letter a

Self explanatory.

Letter b

Data and information related to management task amongst which are data concerning some policies on the development of manpower, construction service business, materials and construction technology, implementation of construction service, security standard, Safety, Health and Sustainability and citizen participation.

Letter c

Data and information related to the construction service field that is conducted by the construction service people consists of data concerning certification result and registration for construction service business and construction workforce.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Self explanatory.

Paragraph (6)

Self explanatory.

Article 84

Paragraph (1)

Implementation of partial authority of central government amongst which consisting of registration of construction service body, accreditation for association of construction service companies and associations related to supply chain of construction service, registration of business experience, registration of expert appraiser, appoint expert appraiser that is integrated in case there is a building failure, accreditation for association of professions and license for Professional Certification Agency, registration of workforce, registration of professional experience, and educational institutions and training facilities in construction field, standardization of foreign workforce, creation of Professional certification agency that has not been conducted by Professional Certification Agency made by Association of Profession/ Educational institutions and training fields.

Paragraph (2)

What is referred to as “institution” is the institution for development of construction service.

Paragraph (3)

Self explanatory.

Paragraph (4)

Association related with the supply chain of construction among others, association related with material and construction equipment.

Paragraph (5)

In process to obtain approval from the House of Representatives Republic of Indonesia, the Minister shall convey the candidate of the institution executives for two times from the amount of institution executives which will be stipulated by the Minister.

Paragraph (6)

Self explanatory.

Paragraph (7)

Self explanatory.

Paragraph (8)

Self explanatory.

Paragraph (9)

Regulatory of the establishment of institution among others, procedures to vote the executives, duty period, main duty and function, as well as institution work mechanism.

Article 85

Self explanatory.

Article 86

Self explanatory.

Article 87

Referred to as Construction Services Forum” shall be media for construction services society to convey aspiration to the government and/or institution.

Article 88

Paragraph (1)

Self explanatory.

Paragraph (2)

Self explanatory.

Paragraph (3)

Self explanatory.

Paragraph (4)

Self explanatory.

Paragraph (5)

Referred to as “dispute council” shall be the team which is formed based on agreement between the parties since binding of Construction Services to prevent and mediate the dispute which occurred in the implementation of Construction Work Contract.

Paragraph (6)

Self explanatory.

Paragraph (7)

Self explanatory.

Article 89  
Self explanatory.

Article 90  
Self explanatory.

Article 91  
Self explanatory.

Article 92  
Self explanatory.

Article 93  
Self explanatory.

Article 94  
Self explanatory.

Article 95  
Self explanatory.

Article 96  
Self explanatory.

Article 97  
Self explanatory.

Article 98  
Self explanatory.

Article 99  
Self explanatory.

Article 100  
Self explanatory.

Article 101  
Self explanatory.

Article 102  
Self explanatory.

Article 103  
Self explanatory.

Article 104  
Self explanatory.

Article 105  
Self explanatory.



Article 106  
Self explanatory.

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#### NOTES

Source: LOOSE LEAF STATE SECRETARIAT YEAR 2016