

4. インドネシア

4-1 建設業に関する法律 No. 18 (1999 年)

LAW OF THE REPUBLIC OF INDONESIA NO. 18-1999 ON CONSTRUCTION SERVICE



THE PRESIDENT OF
THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA
NUMBER 18 YEAR 1999
ON
CONSTRUCTION SERVICE

WITH THE BLESSING OF GOD ALMIGHTY
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

- Considering:
- a. that the national development has the purpose of accomplishing a just and prosperous society, with material and spiritual equality based on Pancasila and the 1945 Constitution;
 - b. that construction service are one of the economic, social and cultural activities with an important role in achieving various targets in support of the realization of the national development objectives;
 - c. that various prevailing regulations have not been oriented to the interests in the development of construction services according to their characteristics, resulting in an underdeveloped business climate which should have supported an optimum improvement of competitiveness and the public interest;



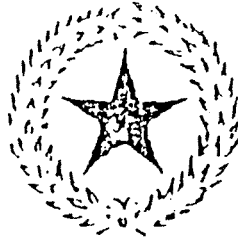
THE PRESIDENT OF
THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA
NUMBER 18 YEAR 1999

ON

CONSTRUCTION SERVICE

JAKARTA, 1999



THE PRESIDENT OF
THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA
NUMBER 18 YEAR 1999

ON

CONSTRUCTION SERVICE

Translated by :
Sworn Translator
PAHALA TAMBA

JAKARTA, 1999

- d. that on account of the considerations in points a, b and c, there is a need for a Law on Construction service;

Recalling: Article 5 paragraph (1), Article 20 paragraph (1) and Article 33 paragraph (1) of the 1945 Constitution.

With approval of

HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

HAS DECIDED

To stipulate: LAW ON CONSTRUCTION SERVICE

CHAPTER 1 GENERAL STIPULATIONS

Article 1

In this Law:

1. construction service comprises consultancy service in construction work planning and design, contracting service in construction work implementation, and consultancy service in construction work supervision;
2. construction work is the whole or part of a series of planning design and/or implementation as well as supervision activities including architectural, civil, mechanical, electrical and their respective environmental arrangement along with the accessories, for the realization of a building or another physical structure;
3. service user refers to individuals or organizations as task provider or work/project owner in need of construction service;

4. service provider refers to individuals or organizations whose business activities are to provide construction service;
5. construction work contract is the entire documents regulating legal relations between the service user and service provider in organizing a construction work;
6. building failure is the condition of a building which, upon delivery by the service provider to the service user, becomes out of function part or whole, and/or is not in accordance with the terms set forth in the construction work contract or its allocation such irregularity caused by the service provider's or service user's mistake;
7. construction service forum refers to a means of communication and consultancy between the construction service community and the Government with regard to the matters of construction service of a national, independent and autonomous nature.
8. registration refers to an activity for specifying certain expertise or skill professional competence of individuals and business concerns for specifying business licenses according to their classification and qualification in the form of certificates.
9. construction planning design refers to service providers, either individuals or business concerns declared professional experts in the field of construction service capable of accomplishing in the form of a building planning design document or another physical structure;
10. contractor refers to a service provider, either individuals of business concerns declared professional experts in the field of construction service contracting capable of organizing his activities to accomplish a planning results to become a form of structure or another physical structure.
11. construction supervisor refers to a service provider either individuals or business concerns declared professional experts in the field of construction service supervision capable of carrying out supervisory work from the beginning of a construction work until its accomplishment and delivery.

CHAPTER II PRINCIPLES AND OBJECTIVES

Article 2

The regulation of a construction service shall be based on the principles of honesty and fairness, benefit, harmony, balance, autonomy, transparency, partnership, security and safety in the interests of society, nation and state.

Article 3

The regulation of a construction service has the purpose of:

- a. giving direction to the growth and development of construction service in order to realize a strong, reliable and highly competitive business structure and quality results of construction works.
- b. realizing an orderly organization of construction works to ensure an equal position between the service user and service provider in regard to rights and obligations, and to improve adherence to prevailing legislation;
- c. realizing the enhancement of community's participation in the field of construction service.

CHAPTER III CONSTRUCTION SERVICE BUSINESS

Part One Types, Forms and Fields of Business

Article 4

- (1) The types of construction service business comprise the construction planning, construction implementation and construction supervision, each carried out by the construction planner, contractor and construction supervisor.

- (2) The construction planning business offers planning and design services in construction works involving a range of activities or parts of activities starting from development study up to preparation of a construction work contract document.
- (3) The construction implementation business offers implementation services in construction work involving a range of activities or parts of activities starting from field preparation to final delivery of a construction work.
- (4) The construction supervision business offers supervision services either for whole or part of the construction work implementation starting from field preparation to final delivery of a construction work

Article 5

- (1) A construction service may take the forms of individuals or business concerns.
- (2) The form of business carried out by individuals as referred to in paragraph (1) as a contractor may only perform a construction work of small risks, with a simple technology and at a low cost.
- (3) The form of business carried out by individuals as referred to in paragraph (1) as a construction planner or construction supervisor may only perform works relevant to their expertise.
- (4) A construction work of high risks and with a high technology and/or at a high cost may only be carried out by business concerns in the form of limited liability companies or foreign business companies of an equal status.

Article 6

The fields of construction service business include civil and/or mechanical and/or electrical works and/or environmental arrangement along with the accessories.

Article 7

The stipulations on the types of business as referred to in Article 4 paragraph (1), the forms of business as referred to in Article 5 and the fields of business as referred to in Article shall be regulated further with a Government Regulation.

Part Two Requirements of Business, Expertise and Skill

Article 8

The construction planner, contractor and construction supervisor in the form of business concerns shall:

- a. comply with requirements for business licensing in the field of construction service.
- b. have certificates, classification and qualification of construction service companies.

Article 9

- (1) Individual construction planners and construction supervisors must have an expertise certificates.
- (2) Individual constructions supervisors and skill workers must have work skill proficiency certificates and work expertise certificates.
- (3) Individuals employed by a business concern as construction planner or construction supervisor or personnel in a respective contracting business must have an expertise certificates.
- (4) Personnel carrying out technical works employed by a contractor must have a skill proficiency and expertise certificates.

Article 10

The requirements for business licensing, classification and qualification, skill proficiency certification and expertise certification as referred to in Article 8 and Article 9 shall be regulated further with a Government Regulation.

Part Three Professional Responsibilities

Article 11

- (1) The business concerns as referred to in Article 8 and individuals as referred to in Article 9 shall be responsible for the result of their works.
- (2) The responsibility as referred to in paragraph (1) shall be based on the principles of expertise in accordance with scientific rules, propriety and intellectual integrity in carrying out their professions by giving priority to public interests.
- (3) Compliance with the responsibilities as referred to in paragraph (1) and paragraph (2), may require a warranty scheme in accordance with the prevailing effective legislation.

Part Four Development of Business

Article 12

- (1) The business of construction service shall be developed for the accomplishment of a strong and efficient business structure through a synergic partnership between large, medium and small businesses and between general, special and specific skill businesses.

- (2) The construction planning and construction supervision businesses shall be developed in the direction of general and special businesses.
- (3) The construction implementation shall be developed in the direction of:
 - a. general and special businesses.
 - b. individual businesses with working skills.

Article 13

To develop the business of construction service will require support from business partners through:

- a. expanding and increasing access to fund sources and facilitated requirements for funding;
- b. developing the type of warranty effort to cope with the resulting risks and legal accountability to other parties in the implementation of construction work or for the consequences of building failure.

CHAPTER IV CONSTRUCTION WORK CONTRACT

Part One The Parties

Article 14

The parties to a construction work shall comprise:

- a. the service user;
- b. the service provider.

Article 15

- (1) The service user as referred to in Article 14 point a, may appoint a representative on his behalf for the implementation of the construction work.

- (2) The service user must have solvency to pay the cost of construction work supported by documentary evidence from a banking institution and/or a non-bank financial institution.
- (3) The solvency evidence as referred to in paragraph (2) may take another form mutually agreed by taking account of the location, complexity, costs and/or the functions of building embodied in a written agreement between the service user and service provider.
- (4) In case the service user is the Government, the solvency evidence shall be in the form of a document showing an available budget.
- (5) The service user shall meet the required conditions for implementing the construction work.

Article 16

- (1) The service provider as referred to in Article 14 point b shall comprise:
 - a. construction planner;
 - b. contractor;
 - c. construction supervisor;
- (2) The service executed by the service provider as referred to in paragraph (1) shall be made available by each service provider separately in the construction work.
- (3) The planning, implementation and supervision services may be provided in an integrated manner considering the amount of work and cost, the use of high technology, and the high risk to the parties or public interest in a construction work.

Part Two
The Parties' Contract

Article 17

- (1) The work contract in a construction service shall be based on the principles of healthy competition through the selection of a service provider in a public or limited tender.
- (2) The limited tender may only be followed by service providers passed in pre-qualification.
- (3) In a certain case, the appointment of a service provider may be made by a direct selection or appointment.
- (4) The selection of service provider shall take into account the relevant fields, the balance between work capacity and responsibility, and performance of the service provider.
- (5) The selection of service provider may only be followed by those qualified as referred to in Article 8 and Article 9.
- (6) Business concerns owned by the same person or group of persons or under the same management may not follow a tender for a construction work at the same time.

Article 18

- (1) The service user's obligations in the contract include:
 - a. issuing documents on the selection of service provider containing comprehensive, clear, correct and understandable requirements.
 - b. appointing the service provider in writing as a result of the selection.
- (2) In the contract, the service provider shall prepare bidding documents based on the principle of expertise to be conveyed to the service user.
- (3) The documents as referred to in paragraphs (1) and (2) are binding upon both parties and neither of the parties may alter the documents unilaterally until the signing of a construction work contract.

- (4) The service user and service provider shall follow up the written appointment as referred to in paragraph (1) point b with a construction work contract to ensure the fulfillment of the parties' rights and obligations in a fair and balanced manner, on the basis of good faith in implementing the construction work.

Article 19

In case the service user replaces or cancels the written appointment, or the service provider resigns upon issuance of the written appointment as referred to in Article 18 paragraph (1) point b, and it proves to cause damage to any of the parties, then the party replacing or canceling the appointment, or having resigned shall be subject to pay a compensation or liable to legal accusation.

Article 20

The service user is prohibited from giving a work to an affiliated service provider to carry out a construction work in the same location and period of time without a public or limited tender.

Article 21

- (1) The conditions of the selection as referred to in Article 17, the obligations as referred to in Article 18, and the cancellation as referred to in Article 19 shall also apply to a contract between a service provider and his sub-service provider.
- (2) The conditions regarding the procedures for selection of a service provider as referred to in Article 17, the issuance of documents and appointment of a service provider as referred to in Article 18 shall be regulated further by a Government Regulation.

Part Three
Construction Work Contract

Article 22

- (1) The legal arrangement of working relationship as referred to in Article 18 paragraph (3) shall be set forth in a construction work contract.
- (2) The construction work contract shall at least include description of:
 - a. the parties, clearly specifying the parties' identity;
 - b. job description, clearly describing in detail the scope of work, value of work and implementation time limit;
 - c. warranty and/or maintenance period, describing a period of warranty and/or maintenance being the responsibility of the service provider;
 - d. specialists, describing the conditions on their number, classification and qualification for implementation of the construction work;
 - e. rights and obligations, describing the service user's right to receive the results of construction work and obligation to comply with the agreed conditions and the service provider's right to obtain information and receive service fees and obligation to perform the construction work;
 - f. terms of payment, describing the conditions on the service user's obligation to pay for the results of construction work;
 - g. breach of contract, describing the conditions on responsibilities of any of the parties who fails to comply with the agreed obligations;
 - h. settlement of dispute, describing the procedures for settlement of disputes arising from differences;
 - i. severance of construction work contract, describing the conditions on termination of the construction work contract arising from non-compliance of the obligations of any of the parties;

- j. force majeure, describing the conditions on events beyond the will and power of the parties, causing damage to any of the parties;
 - k. building failure, describing the conditions on obligations of the service provider and/or the service user with regard to the building failure;
 - l. workers' protection, describing the conditions on obligations of the parties to protect the occupational safety and health and social security;
 - m. environmental aspects, describing the parties' obligations to comply with environmental requirements.
- (3) A construction work contract on the planning and design work shall contain the conditions on the rights to intellectual property.
 - (4) The construction work contract may contain the parties' agreement on the giving of incentives.
 - (5) The construction work contract on the implementation of construction work may contain the conditions on sub-service providers and suppliers for building materials and/or components and/or equipment in accordance with the applicable standards.
 - (6) The construction work contract shall be made in the Indonesian language and a construction work contract with foreign parties may be made in the Indonesian and English languages.
 - (7) The conditions on the construction work contract as referred to in paragraph (2) shall also apply to a construction work contract between the service provider and his sub-service provider.
 - (8) The conditions on the construction work contract as referred to in paragraph (2); rights to intellectual property as referred to in paragraph (3), the giving of incentives as referred to in paragraph (4), and on suppliers and/or components of building materials and/or equipment as referred to in paragraph (5) shall be regulated further by a Government Regulation.

CHAPTER V
ARRANGEMENT OF CONSTRUCTION WORK

Article 23

- (1) The arrangement of a construction work includes the stages of planning, implementation and supervision. Each stage shall comprise the preparation, execution and finalization.
- (2) The arrangement of a construction work is subject to compliance with requirements of technical aspects, security, occupational safety and health, workers' protection, and the environmental arrangement as to ensure the accomplishment of orderly organization of a construction work.
- (3) The parties in carrying out the conditions as referred to in paragraph (1) is subject to compliance with the obligations required as to ensure an orderly organization of construction work as referred to in paragraph (2).
- (4) The organization of a construction work as referred to in paragraph (1) and paragraph (2) shall be regulated further with a Government Regulation.

Article 24

- (1) The service provider in arranging a construction work may hire a sub-service provider with special competence in line with each stage of construction work.
- (2) The sub-service provider as referred to in paragraph (1) shall comply with the requirements as referred to in Article 8 and Article 9.
- (3) The service provider as referred to in paragraph (1) shall be obliged to satisfy the sub-service provider's rights as contained in the construction work contract between the service provider and sub-service provider.

- (4) The sub-service provider as referred to in paragraph (3) shall fulfill his obligations as contained in the construction work contract between the service provider and sub-service provider.

CHAPTER VI BUILDING FAILURE

Article 25

- (1) The service user and service provider shall be responsible for a building failure.
- (2) The building failure being the service provider's responsibility as referred to in paragraph (1) shall be effective upon final delivery of the construction work for a maximum of 10 (ten) years.
- (3) A third party acting as specialist appraiser as referred to in paragraph (2) shall determine the building failure.

Article 26

- (1) In the case of a building failure due to the construction planner's or supervisor's mistake, and it proves to cause damage to the other party, the construction planner or supervisor shall be held responsible in accordance with the fields of professions and are subject to pay compensation.
- (2) In the case of a building failure due to the contractor's failure and it proves to cause damage to the other party, the contractor shall be held responsible in accordance with the field of professions and is subject to pay compensation.

Article 27

In the case of a building failure due to the service user's mistake in managing the building and it causes damage to the other

party, the service user shall be held responsible and is subject to pay compensation.

Article 28

The conditions regarding the period and specialist appraiser as referred to in Article 25, responsibility of the construction planner, contractor and supervisor as referred to in Article 26 and the service user's responsibility as referred to in Article 27 shall be regulated further with a Government Regulation.

CHAPTER VII THE ROLE OF THE PUBLIC

Part One Rights and Obligations

Article 29

The public shall have the right to:

- a. exercise supervision to realize an orderly implementation of a construction service.
- b. receive proper compensation for losses they suffer directly as a consequence of a construction work.

Article 30

The public shall have the obligation to:

- a. keep order and comply with the effective requirements for implementation of a construction service.
- b. take part in preventing any construction work that are detrimental to public interest.

Part Two
Construction Service Community

Article 31

- (1) The construction service community is part of the public that have interest in and/or activities related to the construction service business and work.
- (2) The role of construction service community as referred to in paragraph (1) shall be carried out through a construction service forum.
- (3) The role of construction service community as referred to in paragraph (1) in the development of construction service shall be carried out by an independent and autonomous board.

Article 32

- (1) The Forum as referred to in Article 31 paragraph (2) shall comprise representatives from:
 - a. association of construction service companies;
 - b. association of construction service professions;
 - c. association of goods and services companies as business partners of construction service companies;
 - d. intellectual community;
 - e. social organizations related to and having interest in construction service and/or representing consumers of construction service;
 - f. government agencies; and
 - g. other elements deemed necessary.
- (3) The forum as referred to in paragraph (1) shall have the broadest opportunities for participating in an effort to cultivate a national construction service business with the function of:

- a. accommodating and channeling the public aspirations;
- b. discussing and formulating ideas on the direction of development of the national construction services;
- c. stimulating the role of public control;
- d. giving input to the government for formulating the regulation, empowerment and supervision aspects.

Article 33

- (1) The board as referred to in Article 31 paragraph (3) shall have membership comprising the representatives from:
 - a. association of construction service companies;
 - b. association of construction service professions;
 - c. experts and universities relating to the field of construction service; and;
 - d. relevant government agencies.
- (2) The board as referred to in paragraph (1) shall have the task of:
 - a. doing or stimulating research and development of construction service;
 - b. organizing education and training;
 - c. doing the registration of construction workers, including the classification, qualification and certification of skill and work expertise;
 - d. doing the registration of construction service business companies;
 - e. stimulating and improving the roles of arbitration, mediation and specialist appraiser in construction services.
- (3) In support of its activities, the board as referred to in paragraph (1) may arrange for acquiring funds from the construction service community concerned.

Article 34

The descriptions on the forum as referred to in Article 32 and the board as referred to in Article 33 shall be regulated further with a Government Regulation.

CHAPTER VIII ASSISTANCE

Article 35

- (1) The Government shall provide assistance to construction service in the forms of regulation, empowerment and supervision.
- (2) The regulation as referred to in paragraph (1) shall be carried out with the issuance of legislation and technical standards.
- (3) The empowerment as referred to in paragraph (1) shall be carried out on behalf of construction services businesses and the public to enhance awareness of their rights, obligations and roles in the implementation of construction services.
- (4) The supervision as referred to in paragraph (1) is carried out for construction works to ensure orderly construction services in compliance with the prevailing legislation.
- (5) The assistance as referred to in paragraph (1) may be carried out together, with the construction service community.

- (6) Part of the assistance task as referred to in paragraph (1) may be delegated to the Local Government to be regulated further with a Government Regulation.

CHAPTER IX SETTLEMENT OF DISPUTE

Part One General

Article 36

- (1) Disputes relating to construction services may be settled in or out of court based on voluntary choice of the disputing parties.
- (2) Settlement of a dispute out of court as referred to in paragraph (1) shall not apply to any criminal acts in a construction work as regulated in the Criminal Code.
- (3) Should the settlement of a dispute out of court be chosen, legal proceedings may only be instituted when it is declared unsuccessful by any or all of the disputing parties.

Part Two Settlement of Dispute Out of Court

Article 37

- (1) Settlement of construction service disputes out of court may be pursued for issues arising from the commitment to the contract and arrangement of construction works as well as in the event of a building failure.
- (2) The settlement of construction service disputes as referred to in paragraph (1) may use the service of a third party approved by the parties.

- (3) The third party as referred to in paragraph (2) may be formed by the Government and/or the construction service community.

Part Three Lawsuit by the Community

Article 38

- (1) The community members suffering a loss due to a construction work shall have the right to bring a lawsuit before the court as:
 - a. individuals;
 - b. group of people with power of attorney;
 - c. group of people without power of attorney through a class action.
- (2) When it is known that people has suffered from the result of a construction work in such a way that affects their life, the Government shall side with and may take action in the interest of the public.

Article 39

The lawsuit as referred to in Article 38 paragraph (1) is brought to court for a certain action and/or demand for reimbursement of an actual cost or spending without discounting the possibility of bringing other demands in accordance with the prevailing legislation.

Article 40

The people's lawsuit as referred to in Article 38 paragraph (1) shall be taken by individuals, group of people, or social institution by referring to the Law of Civil Procedure.

CHAPTER X SANCTIONS

Article 41

The Organizer of a construction work is subject to administrative and/or penalty sanctions for violation of this Law.

Article 42

- (1) The administrative sanctions as referred to in Article 41 that may be imposed on the service provider include:
 - a. written warning;
 - b. temporary termination of construction work;
 - c. restriction on activities of business and/or professions;
 - d. freezing of business and or professional licenses;
 - e. revocation of business and or professional licenses.
- (2) The administrative sanctions as referred to in Article 41 that may be imposed on the service user include:
 - a. written warning;
 - b. temporary termination of construction work;
 - c. restriction on activities of business and/or professions;
 - d. temporary prohibition on using the result of construction work;
 - e. freezing of construction work license;
 - f. revocation of construction work license.
- (3) The conditions on procedures and imposition of the administrative sanctions as referred to in paragraph (1), paragraph (2) shall be regulated further with a Government Regulation.

Article 43

- (1) Whoever engages in a construction work planning and design without complying with the technical requirement with construction work failure or building failure as a result, is subject to an imprisonment of at the most 5 (five) years or a fine of at the most 10% (ten percent) of the contract value.
- (2) Whoever engages in a construction work implementation in contradiction to or not in accordance with the pre-determined technical requirements with construction work failure or building failure as a result, is subject to an imprisonment of at the most 5 (five) years or a fine of at the most 5% (five percent) of the contract value.
- (3) Whoever engaged in supervision of a construction work implementation deliberately gives an opportunity for other people that implement the construction work to make a deviation from the technical requirement with construction work failure or building failure as a result, is subject to an imprisonment of at the most 5 (five) years or a fine of at the most 10% (ten percent) of the contract value.

CHAPTER XI TRANSITIONAL PROVISION

Article 44

- (1) Provisions of existing legislation that regulate the activities of construction service, as long as they are not in conflict with this Law, shall remain to be effective until issuance of a new implementation regulation based on this Law.
- (2) A service provider that has obtained a license in accordance with his line of business shall make adjustment to the provisions of this Law within 1 (one) year commencing on the enactment hereof.

CHAPTER XII
CLOSING PROVISION

Article 45

Upon issuance of this Law, any provisions of legislation that regulate the same matters and are in contradiction to this Law, shall become null and void.

Article 46

This Law shall take effect for 1 (one) year as from the time of its enactment.

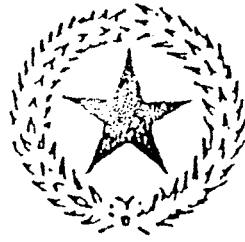
For public knowledge, it is ordered to announce this Law by placing it in the State Gazette of the Republic of Indonesia.

Ratified in Jakarta
on: May 7, 1999
THE PRESIDENT OF THE REPUBLIC OF INDONESIA
BACHARUDDIN JUSUF HABIBIE

Enacted in Jakarta
on: May 7, 1999
MINISTER/SECRETARY OF STATE
OF THE REPUBLIC OF INDONESIA
IR. AKBAR TANJUNG

THE STATE GAZETTE OF
THE REPUBLIC OF INDONESIA YEAR 1999 NO. 54

EXPLANATION



THE PRESIDENT OF
THE REPUBLIC OF INDONESIA

EXPLANATION OF
THE LAW OF THE REPUBLIC OF INDONESIA
NUMBER 18 YEAR 1999

CONCERNING
CONSTRUCTION SERVICE

I. GENERAL

1. In the national development, construction service plays an important and strategic role, because the construction service brings about end products in the forms of buildings or other physical structures, both infrastructure and facilities that serve to brace up the growth and development of various sectors, particularly the economic, social and cultural sectors in order to realize a just and prosperous society with material and spiritual equality based on Pancasila and 1945 Constitution. Besides the support it gives to various sectors of development, the construction service also plays the role as a backbone for the growth and development of various commodities and service industries required for the organization of construction work.

2. The national construction service is expected to be increasingly capable of expanding its role in the national development through greater reliability braced up by a strong business structure with a capacity to accomplish quality results of construction works.

Such reliability should be reflected in competitiveness and capacity to organize construction works in a more efficient and effective manner, while a strong business structure is reflected in the realization of a synergic partnership between large, medium or small service providers, with general and special qualification and skill. It is also necessary to realize an orderly construction work organization in order to ensure an equal position between the service provider and service user in terms of rights and obligations.

3. Nowadays, construction service has become a line of business in which a large number of people have a great interest and they come from various layers of society as reflected in the increasing number of companies active in the construction service line of business.

This growth in the number of companies has not been followed by improvement in qualification and performance as reflected in the fact that the quality of products, punctuality of implementation, and efficiency of human resources, capital, and technology in the organization of construction service are still far from expectation.

This is because the business requirement as well as expertise and skill requirements have not been aimed at realizing a professional business reliability.

With such a level of qualification and performance, in general the market segment of construction work with high technology has not been fully under control of the national construction service business.

Legal awareness in the organization of construction work needs to be enhanced, including the compliance of the parties, namely the service user and service provider, in fulfilling their obligations and meeting the requirement relating to the aspects of security, safety, health, and environment, so as to create quality buildings that properly function as planned.

On the other hand, the public awareness of the benefit and importance of construction service still needs to be cultivated in optimal support of an orderly organization of construction work.

The condition of national construction service today as reflected in the above description is caused by two factors:

- a. internal factor, namely
 - 1) in general, the national construction service still has weak points in management, mastery of technology, and capital, as well as the limited number of experts and skilled personnel.
 - 2) The structure of national construction service has not been organized in a solid and firm manner as reflected in the fact that a synergic partnership has not been realized between service providers in various classification and/or qualification.
- b. external factor, namely:
 - 1) lack of equality in the relationship between the service provider and service user;
 - 2) lack of strong support from various sectors that directly or indirectly affect the performance and reliability of national construction service, such as the access to capital, development of expertise and skill professions, availability of standard building materials and components;
 - 3) the fostering of construction service has not been organized nationwide, but is still only partially and sectorally

With all the limitations and weak points, in the last two decades the national construction service has come to be one of the potentialities of national development in support of the expansion of business opportunity and work opportunity and the increase of State's revenue. Thus, the potential of national construction service should be cultivated so as to play a grater role in the National Development.

4. In line with the increasing demand of the public for expansion of the scope, quality and orderliness of development, there has been an increase in the complexity of construction work, demand for efficiency, orderly organization, and quality of the result of construction work. Also, the world economic order has sent a message of cooperative relationship in the international economy that is increasingly transparent and gives a broader opportunity to the national construction service.

The two phenomena present a challenge to the national construction service in order to enhance its performance to compete professionally facing the dynamics of market development in and out of the country.

5. Improvement in the capacity of national construction service requires a conducive business climate, namely:
 - a. the creation of a business precept, covering:
 - 1) business requirements that regulate the classification and qualification of construction service companies;
 - 2) standard classification and qualification of expertise and skill that regulate the field and level of capability of individuals that work in construction service companies or engages in a personal business;

- 3) professional responsibility namely confirmation of responsibility for the result of his;/her job.
 - 4) realization of protection for construction workers including the occupational health and safety, and social security;
 - 5) a transparent and fair process of contract, based on a healthy competition;
 - 6) compliance with construction work contract based on the principle of equal position between the parties in terms of rights and obligations within a transparent, mutual and synergic working relationship that enables the parties to place themselves in their respective function in a consistent manner;
- b. business development support, covering:
- 1) the accessibility to capital including a warranty appropriate to the characteristics of the construction service business;
 - 2) compliance with the requirements for quality assurance;
 - 3) association of companies and association of professions function properly in the interest of their members including the fight for stipulation on a fair reward for service;
- c. development of public participation, namely:
arising of public awareness shall push the realization of orderly construction service as well as enabling the public to activate their rights and obligations.
- d. the arrangement of regulation, empowerment and supervision by the government and/or construction service community for the parties in the construction work to make them capable of fulfilling the various requirements or agreed obligations;

- e. the need for construction service community and the association of companies and the association of professions to set up a board for the construction service development (CSDB).
6. To optimally enhance the empowerment of national potential in the organization of construction service, the service user and service provider should give priority to the use of national/domestic services and products as mandated by the law on the small business.
7. To develop the construction service as described above will require a well planned, directed, integrated and comprehensive regulation of construction service in the form of law as the legal basis.
8. The law on Construction Service regulates the general provision, construction service business, construction work contract, construction work arrangement, building failure, role of the public, assistance, settlement of disputes, sanctions, transitional provision and closing provision.
Such regulation is based on the principles of honesty and fairness, benefit, harmony, balance, autonomy, transparency, partnership as well as security and safety on behalf of the society, nation and state.
9. With this Law on Construction Service, any arrangement of construction service in Indonesia by the service user and service provider, both the national and the foreign parties, are under an obligation to comply with the whole provisions contained in the Law on Construction Service.
10. This Law on Construction Service becomes the basis for adjusting the provisions contained in other legislation that are no longer appropriate. This Law has

a complementary relationship with the other legislation, such as:

- a. law on job safety;
- b. law on company mandatory registration;
- c. law on industries;
- d. law on electricity;
- e. law on the chamber of commerce and industry;
- f. law on occupational health;
- g. law on insurance business;
- h. law on manpower social insurance;
- i. law on limited liability company;
- j. law on small business;
- k. law on copyright;
- l. law on patent;
- m. law on trade mark;
- n. law on the management of environment;
- o. law on manpower;
- p. law on banking;
- q. law on consumer protection;
- r. law on prohibition of monopolistic practice and unhealthy business competition;
- s. law on arbitration and alternative to dispute settlement;
- t. law on spatial use management;

II. ARTICLE BY ARTICLE

Article 1

Item 1

In construction service there are 2 (two) parties with a legal working relationship namely the service user and the service provider.

Item 2

Architectural works include: the processing of form and physical structure of building based on the function and requirement for each construction work.

Civil works include: construction of seaports, airports, railroad, seaside protection, irrigation canal, dam, tunnel, building, road and bridge, swamp reclamation, installation of piping works, drilling, and clearing of land.

Mechanical and electrical works comprise the installation of industrial engineering products.

Mechanical works include: installation of turbine, erection and installation of factories, accessories of building installation, installation of piping for water, oil and gas.

Electrical works include: construction of electric transmission and distribution network, setup the installation of electricity, telecommunications along with the accessories.

Environmental arrangement works include: final processing and arrangement of a building and its environment.

Building is the physical form resulting from a construction work that becomes one with the seating base be it above, on, under the ground and/or water.

Becoming one with the seating base means that the process of union is done through a construction work arrangement.

In practice, the concept of becoming one with the seating base should take of the principle of horizontal separation between ownership of the land and the building thereon, as in the legal principle followed in the law on agrarian affairs.

The result of the construction work may also take the form of another physical structure, such as: document, outline map, technical drawing, interior layout, and exterior layout, or building demolition.

Item 3

Individuals mean the citizens, either Indonesian or foreign nationals. Organizations mean business

concern and other non-business concern bodies, either Indonesian or foreign.

Business concerns may take the form of corporate bodies such as Limited Liability Company (PT), Cooperative, or non-corporate bodies such as partnership companies.

Non-business concern bodies in the form of corporate body include Government agencies and institutions.

Work/project owner means individuals or organizations that have a work/project and provide fund and are responsible for the funding.

Item 4

Explanation of the concept of individuals and business concerns is the same as that in item 3.

In the implementation construction work, the service provider may function as a sub-service provider of another service provider that functions as the main service provider.

Item 5

Self-explanatory

Item 6

The service provider's mistake is done consciously and with a plan or due to ignorance or negligence so as to deviate from the construction work contract with a resulting damage.

The service user's mistake is done through a building management that is not in accordance to its function.

Item 7

Self-explanatory

Item 8

Self-explanatory

Item 9
Self-explanatory

Item 10
Self-explanatory

Item 11
Self-explanatory

Article 2

The principles of Honesty and Fairness

The principles of Honesty and Fairness implies the concept of awareness of its function in an orderly arrangement of construction service and responsibility to meet various obligations in order to acquire its rights.

The principle of Benefit

The principle of Benefit implies the concept that any construction service activities must be carried out on the basis of the principles of professionalism as shown in the capacity and responsibility, efficiency and effectiveness that can ensure the realization of optimal added value for the parties in the arrangement of construction service and in the national interest.

The principle of Harmony

The principle of Harmony implies the concept of harmony in the interaction between the service user and the service provider in the arrangement of construction service with an environmental concept in order to yield products of high quality and degree of benefit.

The principle of Balance

The principle of Balance implies the concept that the arrangement of construction work must be based on a principle that ensures the realization of balance between the capacity of service provider and its working load. The service user in appointing the service provider is under an

obligation to observe this principle, so as to select the most appropriate service provider, and on the other hand it would give a chance for a proportionate equalization of work opportunity for service providers.

The principle of Autonomy

The principle of Autonomy implies the concept of accessibility to information so as to give a chance to the parties, realize transparency in the article of construction work that enables the parties to optimally carry out obligations. It also implies the certainty of rights and the acquiring of them and enables correction so as to avoid various shortcomings and deviations.

The principle of Partnership

The principle of Partnership implies the concept of a harmonious, transparent, mutual and synergic working relationship between the parties.

The principle of Security and Safety

The principle of Security and Safety implies the concept of compliance with the orderliness of construction service arrangement, security of environment and job safety, as well as the utilization of result of construction service by constantly taking note of the public interest.

Article 3

Point a.

The construction service plays an important and strategic role in the national development system, in support of various sectors of the people's life and to cultivate various industries of goods and services needed in the arrangement of construction work.

Point b.

Self-explanatory

Point c.

The role of the public includes the direct role as service provider, service user, and beneficiaries of the result of construction work, or the role as citizens with the obligation to carry out supervision for enforcing an orderly arrangement of construction service development and to protect the public interest.

Article 4

Paragraph (1)

Self-explanatory

Paragraph (2)

The work of construction planning and design may be carried out in one package of activities from the study of development up to the preparation of document on construction work contract or division of activities.

A study of development includes the inception study, feasibility study, preparation of proposal framework.

Paragraph (3)

The work of construction implementation may be carried out in one package of activities from the field preparation up to the work end result or per sub-activity.

Paragraph (4)

Self-explanatory

Article 5

Paragraph (1)

Self-explanatory

Paragraph (2)

The restriction on the work allowed to be done by individuals is intended to give protection to the parties and public against the risks of construction works.

Paragraph (3)
Self-explanatory

Paragraph (4)
Self-explanatory

Article 6
Self-explanatory

Article 7
Self-explanatory

Article 8

Point a

The public function of licensing is intended to protect the public in the business and/or work of construction service.

Point b

The standard classification and qualification of work expertise mean the recognition of the degree of working expertise of any business concern, both the national and foreign, in the business sector of construction service. Such recognition is acquired through a test conducted by the agency/institution assigned to carry out such tasks. The process of acquiring the recognition takes place through registration which includes classification, qualification, and certification. Thus, only business concerns with certificates are allowed to work in the business sector of construction service.

The arrangement of construction service of a small scale basically involves individual service user and service provider or small business.

For an orderly arrangement of construction service, the provisions on technical aspects such as certification of experts must constantly be observed gradually depending on the local condition.

However, the application of contract provisions can be simplified and selection of the service provider can be made through a direct selection of direct appointment in accordance with the provision of Article 17 paragraph (3).

Article 9

(paragraph 1, paragraph 2, paragraph 3, and paragraph 4)

- a. The standard classification and qualification of work skill and work expertise mean the recognition of the degree of working skill and working expertise of anybody working in the business sector of construction service or of those working individually.

Such recognition is acquired through a test conducted by the agency/institution assigned to carry out such tasks. The process of acquiring the recognition takes place through registration which includes classification, qualification, and certification. Thus, only business concerns with certificates are allowed to work in the business sector of construction service.

- b. Standardization of classification and qualification of work skill and expertise is aimed at realizing a standard of work productivity and work quality by taking note of the standard reward for service as well as the professional code of ethics in order to stimulate the growth and development of professional responsibility.

- c. Implementation of the provisions on certification particularly paragraph (4) shall be gradual in accordance with the condition of national construction workers and the capacity level of empowerment effort.

Article 10

Self-explanatory

Article 11

Paragraph(1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The mechanism of warranty may be realized such as through an insurance system. Also, in order to fulfill the accountability to the service user, administrative sanction involving the profession are imposed.

Article 12

Paragraph (1)

With this approach, restructuring in the business sector of construction service is expected to realize in support of the business efficiency, because the service providers' capacity in terms of the business scale and business qualification will have a reciprocal process in a synergic and complementary partnership, being in need of each other and based on equality of rights and obligations in the transactional relationship.

Paragraph (2)

The business development enables the growth of service such as in the forms of project management, construction management, and other forms of service

in accordance with the demand and growth of the construction service world.

Paragraph (3)

Same as explanation of paragraph (2)

Article 13

The funding in the form of capital for investment and working capital may be obtained through financial institutions comprising the banks or non-bank institution as business partners.

Avoidance of risks and legal responsibility to other parties may be pursued through warranty on behalf of the business partner, such as: tender bond, performance bond, advance payment bond, manpower social security, Construction All Risk Insurance, Professional Liability Insurance, Professional Indemnity Insurance.

Besides, the construction service also requires the support of information sources regarding the accessibility to building equipment, materials and components.

Article 14

Self-explanatory

Article 15

Paragraph (1)

Representatives mean individuals or organizations given a power of attorney to act representing the service user's interest in a full or limited manner in its relationship with the service provider.

The appointment of the representatives does not free the service user from responsibility for all its obligations in the construction work to be fulfilled to the service provider.

Paragraph (2)

Self-explanatory

Paragraph (3)

The *solvency evidence in other forms includes the warranty in the form of movable and/or immovable properties.

Paragraph (4)

Self-explanatory

Paragraph (5)

The "required conditions shall mean various certificates and licenses to be owned by the service user required to implement the construction work.

Article 16

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Combination of the three functions is known among others in the model of combination of planning, supply and construction (engineering, procurement, and construction) as well as the model of combination of planning and construction (design and build) by always securing the attainment of efficiency.

The construction work being implemented is usually of a complex nature, in need of high technology and has large risks such as: construction of oil refinery, electric power generation, and nuclear reactor.

Selection of the service provider for the works mentioned above shall invariably follow the contract provisions as regulated in Article 17.

Article 17

Paragraph (1)

The contract is a process pursued by the service user and the service provider at an equal position in achieving an agreement for carrying out a construction work. At each stage of process, the rights and obligations of each party are decided in a fair and harmonious manner along with the sanctions.

The principle of healthy competition implies the concepts such as:

- a. recognition of an equal position between the service user and the service provider;
- b. compliance with the principle of transparency in the process of selection and appointment;
- c. a chance of participation at each stage of healthy competition for service providers in accordance with the capacity and required conditions;
- d. the entire concepts on the principle of healthy competition referred to in points a, b, and c are embodied in a document that is clear, comprehensive and properly known to all parties and of a binding nature.

With selection based on the principle of healthy competition, the service user will obtain a reliable service provider capable of producing a quality construction planning or building in accordance with the pre-determined time period and cost. On the other hand, this is an effort to create a business climate conducive to the growth and development of service providers of greater quality and competitiveness.

The selection based on a healthy competition is done in a public, limited or direct manner. In a public tender, each service provider that meets the required qualification may take part.

Paragraph (2)

Self-explanatory

Paragraph (3)

Such a certain case includes:

- a. emergency handling for the public security and safety;
- b. complex works that can only be carried out by a limited number of service providers or can only be done by a concession holder;
- c. a work that should be kept a secret, involving the state security and safety;
- d. a work of a small scale.

Paragraph (4)

The consideration of compatibility between sectors and the balance between the capacity and working load as well as performance of the service provider is intended to guarantee that the selected service provider really has the qualification and classification as required and has the concrete capacity to carry out the work.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 18

Paragraph (1)

Point a

Self-explanatory

Point b

Self-explanatory

Paragraph (2)

The "principle of expertise in preparing the tender document" is the taking heed of the principles of professionalism, compatibility, and compliance with the

requirement as referred to in the document on selection and the document can be justified.

Paragraph (3)

To be "binding" means that the material contained in the bidding document submitted by the service provider, or document on selection procedures issued by the service user shall not be changed unilaterally as from submission of the bidding document up to the letter of awards in writing.

Paragraph (4)

Self-explanatory

Article 19

Self-explanatory

Article 20

"Affiliated companies" are those whose majority stock is owned by one parent company. The giving of work to a service provider affiliated with the service user can be justified if the selection is based on the process of tender as referred to in Article 17

Article 21

Paragraph (1)

Basically, a sub-service provider is a service provider. Therefore, as the received treatment is equal to that received by the main service provider. Moreover, the sub-service provider is under the same obligations to participate in carrying out a construction work through a healthy competition in accordance with the required capacity and conditions.

Paragraph (2)

Self-explanatory

Article 22

Paragraph (1)

Self-explanatory

Paragraph (2)

Point a

"The parties' identity" is meant to be the name, address, citizenship, authority to sign, and domicile.

Point b

The scope of work shall encompass the following:

- 1) The volume of work, namely the amount of work to be carried out including the volume of additional work or reduced work. In changing the volume of work, it is necessary to set an amount of change in the volume that does not require prior approval of the parties.
As regards the planning and supervision works, the scope of work may take the form of report on the result on construction work that must be accounted for, being the progress of work embodied in a written document.
- 2) The administrative requirements, namely the procedure to be met by the parties in interaction.
- 3) Technical requirement, namely technical provisions to be met by the service provider.
- 4) The warranty or guarantee as a form of protection such as for the work implementation, receipt of advance payment, accident experienced by the personnel and public. The protection may take the form of insurance or warranty issued by a bank or non-bank institution.

5) The report on the result of construction work, namely the result of work progress embodied in a written document.

The value of work, namely the amount of cost to be received by the service provider for the implementation of the whole scope of work.

The implementation time limit is the period for accomplishing the entire scope of work including the maintenance period.

Points c and d

Self-explanatory

Point e

"Information" is meant to be the comprehensive and true documents to be provided by the service user for the service provider so as to carry out the work in accordance with the tasks and obligations.

The documents include the building permit and document on delivery for field use of the building and facilities.

Point f

Payment can be done on a periodic basis or on the basis of percentage of level of work implementation progress, or the payment may be done all at once after the project has been completed.

Point g

Breach of promise is a situation in which a party in a construction work contract:

- 1) does not do the things agreed on; and/or
- 2) does the things agreed, but not in accordance with the things agreed; and/or
- 3) does the things agreed, but they are late and/or;

- 4) does something that may not be done according to the agreement.

Responsibility includes the giving of compensation, reimbursement of cost and or extension of time, repair or re-implementation of the work result that is not in accordance with the things agreed on, or the giving of compensation.

Point h

Settlement of disputes contains the procedure for settling a dispute caused by disagreement on the perception, interpretation, or implementation of various provisions in the construction work contract as well as the provision on the place and method of settlement.

Settlement of disputes are pursued among others through negotiation, mediation, arbitration or court of law.

Point i

Self-explanatory

Point j

Force majeure includes:

1. absolute force majeure, namely the parties have not possibility of carrying out their rights and obligations;
2. relative force majeure, namely the parties still have a possibility of carrying out their rights and obligations;

The risks of the force majeure may be agreed on by the parties, such as through an insurance agency.

Point k

Self-explanatory

Point l

Workers' protection is adjusted to the provision of the law on work safety and health, and the law on Manpower social security.

Point m

Environmental aspects follow the provisions of the law on the environmental management.

Paragraph (3)

Intellectual property is the result of a construction planner's innovation in a construction work contract implementation both in the forms of end result of planning and/or its parts whose ownership can be agreed on.

The use of right to intellectual property already patented must be protected in accordance with the prevailing legislation.

Paragraph (4)

"Incentives" are appreciation given to the service provider for its achievement, including the capability of accomplishing the work earlier than the agreed time while maintaining the quality in accordance with the requirement.

Incentives may take the form of money or others.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Paragraph (7)

Self-explanatory

Paragraph (8)

Self-explanatory

Article 23

Paragraph (1)

Stages in the arrangement of construction work are the planning covering: pre-feasibility study, feasibility study, general planning, and technical design; as well as the implementation along with the supervision covering: physical implementation, supervision, try-out, and delivery of building.

The activities at each stage of construction work arrangement include:

- a. preparation, namely the initial activity of construction work arrangement in order to meet various requirements in getting the planning work or physical implementation and supervision started;
- b. execution, namely:
 - 1) at the stage of planning, this is a series of activities resulting in various reports on the level of feasibility, general/master plan, and technical design;
 - 2) at the stage of implementation, this is a series of activities of physical implementation along with supervision resulting in the building;
- c. finalization, namely the activities of completing the construction work arrangement.
 - 1) at the stage of planning, this includes approval for final report and the carrying out of final payment;
 - 2) at the stage of implementation and supervision, this occurs at the final delivery of building and the carrying out of final payment.

Paragraph (2)

The provisions on technical aspects include: the standard of building construction, the quality standard

of work result, the quality standard of building materials and or components, and the quality standard of equipment.

The provisions on manpower include: requirements of expertise and skill standard covering the field and level of expertise and skill required in the implementation of construction work.

Paragraph (3)

The parties' obligations in the construction work arrangement.

a. In the preparation activities

1) the service user's, among others shall :

- a) handing over the field documents for the implementation of construction, and the facilities as determined in the construction work contract;
- b) paying advance payment upon the receipt advance payment bond by the service provider if agreed on.

2) the service provider's, among others shall :

- a) submitting the proposal for work plan and for appointment of the person responsible for the work to be approved by the service user;
- b) the giving of advance payment bond to the service user if agreed on;
- c) proposing prospective sub-service providers and suppliers for approval of the service user if agreed on.

b. In the execution activities

1) the service user's, among others shall :

- fulfilling its responsibility in accordance with the work contract and bearing all the risks of untrue aspects of the request, stipulation that

it asks/stipulates as embodied in the work contract;

- 2) the service provider's, among others shall :
studying, examining the work contract, and fully carrying out all the material of work contract, both technical and administrative, and bearing all the resulting risks of its negligence.

c. In the finalization activities

- 1) the service user's, among others shall :
fulfilling its responsibility in accordance with the work contract to the service provider that has succeeded in finalizing and accomplishing the final delivery technically and administratively to the service user in accordance with the work contract.
- 2) the service provider's, among others shall:
studying carefully all the work already implemented and accomplished properly before proposing the final delivery to the service user.

Paragraph (4)

Self-explanatory

Article 24

Paragraph (1)

The involvement of sub-service providers is limited by the work demand that requires special expertise and carried out through a sub-contract mechanism, without detriment to the service provider's responsibility for the entire result of its work.

The portion of work to be carried out by a sub-service provider is subject to approval of the service user.

The involvement of a sub-service provider is aimed at giving an opportunity to sub-service providers that have

a specific expertise through a mechanism of linkage with the service provider.

Paragraph (2)
Self-explanatory

Paragraph (3)
The rights of a sub-service provider include the right to receive a punctual payment in the right amount to be guaranteed by the service provider. In this case, the service user is under an obligation to monitor the fulfillment of the sub-service provider's rights by the service provider.

Paragraph (4)
Self-explanatory

Article 25

Paragraph (1)
Self-explanatory

Paragraph (2)
Self-explanatory

Paragraph (3)
Decision on a failure of construction work result by a third party as an expert appraiser is intended to maintain objectivity in the appraisal and decision of a failure in the result of a construction work.
The expert appraisers comprise individuals, or a group of people or an institution agreed on by the parties. The expert appraisers are independent and capable of giving an objective and professional appraisal.

Article 26

Paragraph (1)

The compensation may be settled through an insurance mechanism whose application adjusted to the level of insurance system development for the construction planner and supervisor.

Paragraph (2)

The accountability of a contractor in the field of business is required of the contractor and sub-contractor in the form of administrative sanctions according to the degree of mistake.

The amount of compensation to be borne by the contractor in the event of failure of construction work result shall be figured out by considering the degree of failure.

The compensation may be settled through an insurance mechanism whose application adjusted to the level of insurance system development for the contractor.

Article 27

See explanation of Article 25 paragraph (3)

Article 28

Self-explanatory

Article 29

The rights of the public to carry out supervision are exercised at the stages of work planning, implementation and supervision and the utilization of its results.

A worthy compensation is given to the losing party as long as there is evidence of direct damage due to the planning, implementation and supervision of construction work activities based on the provision of legislation.

Article 30

The obligation implies that everybody takes part in maintaining order and in complying with the prevailing provisions in the sector of construction service.

Article 31

Self-explanatory

Article 32

Paragraph (1)

The association of construction service companies comprises one or more coordinating organizations and or association of individuals, based on similarity of company discipline in the field of construction in an effort to fight for members' aspiration.

The association of construction service profession, comprises of one or more organizations or individual association, bond of similarity of disciplines/ knowledge in construction services field in on effort to develop expertise and to fight for members aspiration.

The association is independent, autonomous and respectful to the professional code of ethics.

The business partners of an association of goods and service companies are individuals or business concerns with business activity in the field of supplying goods and services either directly or indirectly in support of the construction service business.

Representatives of the Government agencies that sit in the construction service forum are officials appointed by the Government agency with the assistance tasks and function in the forms of empowerment and supervision in the field of construction service.

The Government's role in the assistance of construction service is still dominant, with this Law, the development of construction service business is fully handed over to the construction service community.

At the initial stage of implementing this Law, the Government's role is still needed to:

- a. take initiative in realizing the forum's role;
- b. give supporting facilities including the finance to enable the construction service community to function in the form construction service development bond, along its executing divisions.

Paragraph (2)
Self-explanatory

Article 33

Paragraph (1)

The representatives of Government agencies that sit in the board are appointed by the pertinent Government agencies, with the assistance task and function in the sector of construction service.

In realizing the board's role, at the initial stage the Government may take initiative in deciding the formation of the board, and give it the supporting facilities including the operational funding.

Paragraph (2)

Point a

The development of construction service by the board is intended, among others, to:

- 1) make the service provider capable of meeting the national, regional and international standards;
- 2) motivate the service provider to compete in the national and international markets;
- 3) develop a construction service information system.

Point b

Self-explanatory

Point c

Self-explanatory

- Point d
 - Self-explanatory
- Point e
 - Self-explanatory

Paragraph (3)
Self-explanatory

Article 34
Self-explanatory

Article 35
(paragraphs 1, 2, 3, 4 5 and 6)

- a. Considering the role of construction service in the national development and in support of the expansion of business opportunity and work opportunity, and considering the Government's obligation to protect the public interest and the national interest in general, the Government is under an obligation to provide assistance to construction service.
- b. The assistance covering the regulation, empowerment and supervision is carried out by the Government on for :
 - 1) construction service with the purpose of:
 - a) growing the perception and awareness of its strategic role in the carrying out of national development with the consequence of emerging rights and obligations it has to fulfill;
 - b) motivating the creation of service providers in order to improve their capacity, both directly and indirectly through association, so as to be capable of fulfilling their rights and obligations;
 - c) fully guaranteeing the fulfillment of obligations based on the prevailing provisions so as to motivate the creation

of orderly construction service business and construction work arrangement.

- 2) service user, with the purpose of:
 - a) growing the perception and awareness of its tasks and functions as well as its rights and obligations in the contract and arrangement of construction work;
 - b) fully guaranteeing the fulfillment of rights and obligations based on the prevailing provisions so as to motivate the creation of orderly construction work arrangement.

- 3) the public, with the purpose of:
 - a) growing the perception and awareness of the strategic role of construction service in the implementation of national development;
 - b) growing the awareness of its rights and obligations in realizing an orderly construction service business, orderly construction work arrangement and in utilizing the result of construction work;
 - c) in the implementation, the giving of assistance may be carried out by the Government through an activity in the form of a forum and board.

The forum constitutes the facilities and/or means to optimally motivate the utilization and supervision of national construction service arrangement for the public in general and or the construction service community in particular.

The board is a body for assisting the implementation of construction service development.

Part of the assistance by the Government may be delegated to the Local Government.

Article 36

Paragraph (1)

The provision in this paragraph is intended to protect the civil rights of the disputing parties.

Paragraph (2)

Self-explanatory

Paragraph (3)

The provision in this paragraph is intended to prevent a different decision on a construction service dispute in order to ensure legal certainty.

Article 37

Paragraph (1)

The provision in this paragraph is to confirm that construction service disputes may arise from the parties' activities in the construction work arrangement.

Paragraph (2)

In line with the provision on construction work contract, the parties have agreed that a dispute between them can be settled with the use of a third party's good offices in line with the prevailing provisions on arbitration and alternative to the settlement of a dispute.

The appointment of such a third party may be done before the emergence of a dispute, namely by agreeing on and including the matter in the construction work contract.

A third party's appointment after the emergence of a dispute is subject to agreement in a written deed signed by the parties in accordance with the prevailing legislation.

A third party's good offices referred to above include: arbitration in the form of institution or ad-hoc committee of a national or international nature, mediation, conciliation or expert appraiser.

Paragraph (3)
Self-explanatory

Article 38

Paragraph (1)

The "right to take a class action" in this paragraph is the right of a small group of community members to act representing a greater number of community members being damaged on the basis of similarity of issue, legal factor or disturbance due to the activities of construction works.

Paragraph (2)
Self-explanatory

Article 39

A class action taken by the community may not take the form of demand for compensation, but limited to other demands, namely:

- a. request the court that one of the parties in the construction work arrangement take a certain legal action relating to its obligation or the purpose of the construction work contract;
- b. declare someone (one of the parties) having committed an act in contravention of the law for violating an agreement jointly stipulated in the construction work contract;
- c. order someone (one of the parties) that carries out a construction service business/activity to make or improve or carry out a rescue of the construction service workers.

The "actual cost or spending" is the cost that can obviously be proved to have been spent by the public in connection with the consequences of the construction work activities.

Article 40
Self-explanatory

Article 41
Self-explanatory

Article 42
Paragraph (1)
Self-explanatory

Paragraph (2)
Self-explanatory

Paragraph (3)
Self-explanatory

Article 43
Self-explanatory

Article 44
Self-explanatory

Paragraph (1)
Self-explanatory

Paragraph (2)
Self-explanatory

Article 45
Self-explanatory

Article 46
Self-explanatory

ANNEX TO STATE GAZETTE OF
THE REPUBLIC OF INDONESIA NUMBER 3833