Dealing with Permits in Jakarta

Submitted by: Indonesia
DEALING WITH PERMITS IN JAKARTA

by

IZHAR CHAIDIR IDROES
HEAD OF DIVISION FOR URBAN SPATIAL PLANNING

FACTS ABOUT JAKARTA IN DEALING WITH CONSTRUCTION PERMITS

<table>
<thead>
<tr>
<th>RANK</th>
<th>City</th>
<th>RANK</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balikpapan</td>
<td>11</td>
<td>Makassar</td>
</tr>
<tr>
<td>2</td>
<td>Jambi</td>
<td>12</td>
<td>Mataram</td>
</tr>
<tr>
<td>3</td>
<td>Palembang</td>
<td>12</td>
<td>Sarakarta</td>
</tr>
<tr>
<td>4</td>
<td>Banda Aceh</td>
<td>14</td>
<td>Palangka Raya</td>
</tr>
<tr>
<td>5</td>
<td>Yogyakarta</td>
<td>15</td>
<td>Perbaeanu</td>
</tr>
<tr>
<td>6</td>
<td>Medan</td>
<td>16</td>
<td>Samaraya</td>
</tr>
<tr>
<td>7</td>
<td>Pontiansik</td>
<td>17</td>
<td>Dampursap</td>
</tr>
<tr>
<td>8</td>
<td>Bandaung</td>
<td>18</td>
<td>Manado</td>
</tr>
<tr>
<td>9</td>
<td>Semarang</td>
<td>19</td>
<td>Jakarta</td>
</tr>
<tr>
<td>10</td>
<td>Batam</td>
<td>No Practice</td>
<td>Gorontalo</td>
</tr>
</tbody>
</table>

Note: The methodology for dealing with construction permits changed in 2011.Rankings are based on the average city percentile rankings on the procedures, time, and cost to deal with construction permits. See Data notes for details.

Source: Doing Business database
FACTS ABOUT JAKARTA IN DEALING WITH CONSTRUCTION PERMITS

IMPLEMENTING RECOMMENDATIONS

LEGAL FRAMEWORK

- IT IS NOT FREELY AND PUBLICLY AVAILABLE
- IT IS NOT EASY TO USE
- NO ENGLISH TRANSLATIONS
- IN PROCESSING TO REFORM THE LAND USE AND ZONING REGULATION
- IN PROCESSING TO REFORM OF THE LEGAL FRAMEWORK
IMPLEMENTING RECOMMENDATIONS

IMPLEMENTING INSTITUTIONS

- Government (Central and Local) is correcting the costs for applying for permits.
- There is “One-stop-shop” for complying with all construction licensing procedures.
- There is no procedure in place for resolving license/permit related disputes. There is an Ombudsman office, but it is not so effective.

IMPLEMENTING RECOMMENDATIONS

SUPPORTING INSTITUTIONS

- Utilities companies are independent and utilize straight forward procedures to provide utilities connections quickly, inexpensively and with ease.
- The legal and accounting professions’ expertise and practical experience in delivering services are good, but not intensively.
- There are construction trade associations and they are active in liaising between the private sector and government and regularly advocate for changes to the legal and institutional environments.
IMPLEMENTING RECOMMENDATIONS

SOCIAL DYNAMICS

- The private sector has benefitted in the reforms for dealing with permits, mainly in the form of time assurance (days).
- The government’s role in the process of dealing with permits effectively promotes private sector participation and economic growth.

Please describe the challenges to further positive change in the environment for dealing with permits.

CHALLENGES FOR THE FUTURE

- Publishing the legal framework freely and publicly by producing leaflets/brochures/books and through internet.
- Providing English version.
- Accelerating the process of formulating the land use and zoning regulation.
- Reforming the legal framework at any level.
- Accelerating the process of correcting the costs for applying for permits.
- Expanding “one-stop-shop” for all construction licensing procedures.
CHALLENGES FOR THE FUTURE

- Upgrading the Ombudsman Office roles or developing other institution to resolve the disputes
- Upgrading the legal and accounting professions' expertise and practical experience in delivering services
- Increasing computerization of the building permitting process
- Spreading the implementation of ISO 9001:2008
EXAMPLE OF DEALING WITH CONSTRUCTION PERMITS

EXAMPLE OF DEALING WITH CONSTRUCTION PERMITS
EXAMPLE OF DEALING WITH CONSTRUCTION PERMITS

Tahapan Pelayanan Jasa Keikutsertaan
Suku Dinas Tata Kota Jawa Barat

Example of dealing with construction permits
PENERAPAN SISTEM INFORMASI

WEBSITE DINAS TATA RUANG DKI:
www.tatakota-jakartaku.net

THANK YOU
Email: izharchaidir@yahoo.com
http://www.tatakota-jakartaku.net
DEALING WITH CONSTRUCTION PERMITS

Procedure 1. Request Pre–approval letter from Zoning Department

• Time: 1 day
• Cost: IDR 1,482,000
• Comments: The total cost to obtain Pre–approval letter is IDR 1,482,000 according to Article 123 of the Regional Regulation No. 1 Year 2006.

  The following is the detailed calculation:
  a. Land measurement (based on the land certificate, namely 500–1,000 m2) a retribution of IDR 750,000;
  b. Print out of the map (scale of 1:10000), a retribution of IDR 1,000/copy x 12 copies or a total of IDR 12,000;
  c. KRK for plans to use of a land for warehouse construction (Karya pergudangan/Kpg) for a land area of up to 1,000 m2 is subject to a fee of IDR 40,000;
  d. RTLB for plans to build warehouse construction is subject to a fee of IDR 40,000/ 100 m2 of floor surface, so the total fee for the RTLB: IDR 40,000.00 x 13 (based on a 1,300.6 m2 floor surface) = IDR 520,000;
  e. Land marking for city planning implementation purposes (pematokan penerapan rencana kota) is subject to a fee of IDR 80,000 x 2 (because the building exceeds 1,000 m2), or a total of IDR 160,000.

DEALING WITH CONSTRUCTION PERMITS

Procedure 2. Receive inspection from Zoning Department

• Time: 1 day
• Cost: No cost
• Comments: Zoning Office inspects the site to confirm that the application submitted by the builder meets the requirements.
DEALING WITH CONSTRUCTION PERMITS

Procedure 3. Obtain Pre–approval letter from Zoning Department

- Time: 20 days
- Cost: No cost
- Comments: After the inspection, the application is forwarded to different offices within the Zoning Office for approval. The location officer, the roads officer and the architectural officer approve the application. When internal procedures are completed, the builder is notified (by phone, mail or electronically) and can pick up the pre–approval letter. The recommendation letter includes the documents listed in procedure 1.

DEALING WITH CONSTRUCTION PERMITS

Procedure 4*. Request and obtain notarized copy of Land Ownership certificate

- Time: 1 day
- Cost: IDR 25,000
- Comments: Builder needs to notarize a copy of the Land Ownership certificate before applying for the building permit.
DEALING WITH CONSTRUCTION PERMITS

Procedure 5. Request and obtain the preparation of the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)

- Time: 8 days
- Cost: IDR 15,000,000
- Comments: BuildCo hires an external consultant that will prepare the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL). When this is ready BuildCo will submit the documents to the Local Environmental Management Agency (BPLHD) for the Province of DKI Jakarta for approval.

DEALING WITH CONSTRUCTION PERMITS

Procedure 6. Request and obtain the approval for the Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL)

- Time: 10 days
- Cost: No cost
- Comments: The legal basis for this procedure is:
  a. Law No. 32 of 2009 regarding the Environment;
  b. Decision of the Minister of the Environment No. 86 of 2002 on Implementation of UKL and UPL.
DEALING WITH CONSTRUCTION PERMITS

Procedure 7. Request and obtain Building Construction Permit (IMB)

- Time: 21 days
- Cost: IDR 9,104,200
- Comments: When applicant has the complete set of documents (see below) and the application is submitted, the Permit Office will conduct an inspection. Given that the plot where the warehouse will be built is empty, no representative from BuildCo needs to be present. Officials from the Permit Office will only verify that the plot is vacant.
- The legal basis for this procedure is:
  a. Decree of the Governor of the Province of DKI Jakarta No. 76 Year 2000, Article 2 paragraph (2)b;
  b. Regulation of the Head of the Local Building Supervision and Control (P2B) Office No. 21 Year 2009, Annex I point I.b;
  c. The legal basis for the time to complete this step in 14 days working days (21 calendar days) is the Regulation of the Governor of DKI Jakarta No. 85 of 2006, Article 11 paragraph;
  d. According to the Regional Regulation of the Province of DKI Jakarta No. 1 Year 2006 concerning Regional Retribution, the formula to calculate the fee for this permit is IDR 7,000 per square meter. Since the warehouse considered in the case study has an area of 1,300.6 square meters the cost then will be 7,000 * 1,300.6 = IDR 9,104,200.

DEALING WITH CONSTRUCTION PERMITS

Procedure 7. Request and obtain Building Construction Permit (IMB)

- The supporting documents required are:
  a. Photocopy of the ID card;
  b. Photocopy of the Land Certificate (notarized);
  c. KRK and RTLB from City Planning Office from the Local City Zoning Office (included in Pre–approval letter);
  d. As Built Drawing (Architecture; Construction, and Installation) for the Warehouse Construction to be built;
  e. Photocopy of the license to operate as a Building Planner;
  f. Statement of uncontested ownership of the land for which IMB is applied;
  g. Company's Deed of Establishment;
  h. Completed Application Form;
  i. Receipt of UKL–UPL or UKL–UPL Recommendation from the BPLHD.
DEALING WITH CONSTRUCTION PERMITS

Procedure 8. Request and obtain building completion and compliance minutes

- Time: 28 days
- Cost: IDR 62,500
- Comments: The construction completion and compliance report is a prerequisite for obtaining a usage permit. The party issuing the official report on the completion of the construction and compliance with the building permit is the Supervising Director, who can be an individual, a group of experts, or an entity appointed by the project owner to supervise the construction work. The individual or group of experts must be independent of BuildCo and cannot be its employees.

DEALING WITH CONSTRUCTION PERMITS

Procedure 9. Obtain building usage permit (IPB)

- Time: 49 days
- Cost: No cost
- Comments: BuildCo must submit the following documents to the City Planning Office:
  a. Building drawings;
  b. Copy of the building permit (IMB);
  c. Warehouse Construction Completion Report from the Supervising Directors/Consultant appointed by BuildCo;
  d. An official report from the Supervising Director comprising (Minutes of completion of the warehouse construction and compliance);
  e. A copy of the letter of appointment of the contractor and Supervising Director and the Coordinator of the Supervising Director;
  f. A copy of the TDR of the contractor and work permit of the Supervising Director;
DEALING WITH CONSTRUCTION PERMITS

Procedure 9. Obtain building usage permit (IPB)
  g. A report on construction stages from the Supervising Director;
  h. A statement from the Coordinator of the Supervising Director that the
     warehouse has been completed in accordance with the building permit
     (IMB).

* The legal basis for this procedure is:
  a. Decree of the Governor of the Province of DKI Jakarta No. 76 Year 2000,
     Article 9 paragraph (4) b;
  b. Regulation of the Head of the Local Building Supervision and Control Office
     No. 21 Year 2009, Annex I point II.b.

DEALING WITH CONSTRUCTION PERMITS

Procedure 10. Register with Land and Building Tax Office

• Time: 11 days
• Cost: No cost
• Comments: After the warehouse is built BuildCo needs to update its records at
  the Land and Building Tax Office. Even if this update is supposed to be done
  automatically, many builders do it personally to avoid delays. This is critical
  when the builder wants to sell or obtain a loan with the property.
DEALING WITH CONSTRUCTION PERMITS

Procedure 11. Register the warehouse with the regional office of the Ministry of Industry and Trade

- Time: 9 days
- Cost: IDR 100,000
- Comments: The company must submit the following documents:
  a. Copy of the trade business license;
  b. Copy of company registration code;
  c. Copy of the owner’s or shareholders’ identity card(s);
  d. Copy of the taxpayer number;
  e. Copy of warehouse lease agreement (if the warehouse is leased);
  f. Copy of the building permit (IMB);
  g. Copy of the map of the warehouse.
- Warehouses in a privately owned port, warehouses in a bonded zone, and warehouses adjacent to the plant are exempted from the registration requirement.
- Under the new government, the Ministry of Industry and Trade has been divided into the Ministry of Industry and the Ministry of Trade. The warehouse registration is conducted with the regional office of the Ministry of Trade.

DEALING WITH CONSTRUCTION PERMITS

Procedure 12*. Obtain water and sewerage connection

- Time: 8 days
- Cost: IDR 2,000,000
- Comments: The company notifies the Industrial Manager that the warehouse is ready for utility hook-ups.
DEALING WITH CONSTRUCTION PERMITS

Procedure 13*. Obtain phone connection

- Time: 4 days
- Cost: IDR 500,000
- Comments: The company notifies the Industrial Manager that the warehouse is ready for utility hook-ups.

* This procedure can be completed simultaneously with previous procedures