

Having Discussion with Apkasi, The BKPM Chairman Ensures That No Regional Authority is Undermined by Job Creation Law

Jakarta, 14 October 2020 – The Chairman of Indonesia Investment Coordinating Board Bahlil Lahadalia had the opportunity to have an online discussion with Regents and Heads of Agency of Investment and One-Stop Integrated Service (DPMPSTP) yesterday afternoon (13/10). This virtual and dialogue event was facilitated by the Association of Indonesian Regencies Governments (Apkasi) and specifically discussed the regional authority in investment and business licensing under the Job Creation Law (CK Law).

In the discussion, Bahlil mentioned that what entrepreneurs need now are ease, speed, certainty, and efficiency. Therefore, under the CK Law, the Government will provide Norms, Standards, Procedures, and Criteria (NSPK) to simplify the bureaucracy of business licensing.

Bahlil also emphasized that the CK Law did not in any way invalidate the existing regional authority. The Central Government only regulates the process, while regional governments still have their authority. This can be seen under Article 174 of the CK Law regarding Regional Authority. It is stipulated that the authority of Ministries/Institutions (K/L), including the regional heads, is interpreted as a part of the President's authority's delegation to K/L and regional heads.

"Under Article 174 point B, not a single business license has been taken over by the Central Government. Permits are still issued by regional governments based on NSPK, and the process is online through the Online Single Submission (OSS) System. No more permit is issued manually. However, if the processing time violates the NSPK, it will automatically be considered approving the permit. This (rule) is to provide certainty and efficiency for the entrepreneurs," Bahlil explained.

Bahlil added that to supervise its implementation, the Central Government will establish a special team comprising technical Ministries/Institutions (K/L), BKPM, and local governments. Currently, BKPM is in the process of developing a version of the OSS system based on CK Law. The system will be later used by all regional governments, including regencies/cities, to be integrated.

"We will provide the system. Because if we do not provide it, there will be excuses (not to implement based on the NSPK). We will also certainly provide training to operate the system for regional governments," said Bahlil.

The BKPM Chairman reminded the regents to immediately make regional regulation concerning Detailed Spatial Plan (RDTR). Thus, the RDTR can be embedded into and mapped in the OSS system. "So later on the OSS system where the RDTR is mapped, it can be determined whether the permit is rejected or approved," Bahlil added.

Furthermore, Bahlil also emphasized that the CK Law was a pro-MSMEs regulation. The Government has obligations to strengthen MSMEs, one of which is by regulating the licensing process for MSMEs, especially for Micro and Small Enterprises (MSEs), which will become faster and easier.

"MSEs only need to register in the OSS system to obtain Business Identification Number (NIB) that can be used as a business license, where the NIB can be obtained in 3 hours," Bahlil added.

The ease of the licensing process provided for MSEs is of particular concern to regional governments. Regional governments, especially regencies/cities, proposed the need for notification of permits issued by the OSS system for the MSEs so that the regional governments could supervise the permits issued.

Responding to that, Bahlil said that to follow up on the ease of licensing regulated under the CK Law, the Government would prepare Government Regulations (PP) and a Regulation of the Chairman of BKPM, that come requirements to minimize the misuse of the issued licenses.

The General Chairperson of Apkasi, who is also the Regent of Banyuwangi Abdullah Azwar Anas, conveyed many responses from the regional heads regarding the CK Law. Azwar appreciated the willingness and explanation given by the BKPM Chairman.

"Maybe this is the reason why the President assigned Pak Bahlil as the Chairman of BKPM. The Chairman can explain the CK Law straightforwardly and firmly, so we hope that the regional heads can get clarification regarding licensing. It was explained that there would be a time frame, so the time of the licensing process would be clear, and the regional authority was also elucidated. This meeting is beneficial," said Azwar Anas.

Special Advisor for Apkasi Prof Ryaas Rasyid, who was present at the discussion, also expressed his appreciation for the explanation delivered by the BKPM Chairman and the concrete commitment given. Rasyid emphasized that the simplification of business licensing was in the interest of all parties. Hopefully, the consultation process for the permits can be more open to realizing the service simplification.

"For governments of the regencies, whatever line set out by the Central Government, as long as it can be implemented, they will carry it out. I believe that the loyalty of the regents to the Central Government is still guaranteed and reliable. So no need to be doubtful. We only need to give them direction so that they know what can be done and the limits of their authority and responsibility," said the figure and pioneer of regional autonomy.