



## OMNIBUS LAW ON JOB CREATION IN THE CONSTRUCTION SECTOR OF INDONESIA

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### Abstract

The job creation law, which functions to accelerate economic recovery, especially in the construction world, has been ratified by the DPR. This Law affects the regulation of the intervention authority in terms of the implementation of construction services, both for construction service providers and users of construction services, and the supervision of regional regulations regarding the construction sector's performance, which consider hindering investment. The Law expects to provide provisions for the construction world, namely job creation, worker competence, welfare improvement, increased worker productivity, and empowerment of regional construction workers. So, to ensure and supervise if this Law has a positive impact on the world of construction as we advance, the role of the DPR RI is vital. For this reason, caution needs in formulating the derivative rules. But over time, the construction community rejected these laws. So based on this background, this research aims to see the impact of the Job Creation Act on the construction world.

**Keywords:** Job Creation, Construction World, The Construction Community

### INTRODUCTION

New hope emerged when Law Number 11 of 2020, which contained Job Creation, was passed, in which the Indonesian nation would be better off with structural reforms and accelerated economic transformation. The acceleration of structural reform and economic change is one reason for enacting Law (UU) No. 11 of 2020 concerning Job Creation. This job is mainly done by simplifying and harmonizing regulations and business licensing so that there are no deviations in business licensing, providing legal certainty, and providing convenience for business actors. The government has also completed a derivative of the Job Creation Law which consists of 52 implementing regulations with details of 48 Government Regulations (PP) and 4 Presidential Regulations (Perpres), compiled jointly by 20 ministries/agencies according to their respective clusters. Of the 11 clusters regulated in the implementing regulations of the Job Creation Act, cluster 9 is a grouping of implementing rules on Construction and Housing consisting of 5 PPs and 1 Perpres. PUPR Sector Laws are affected by the Job Creation Act, one of which is Law No. 2 of 2017 concerning Construction Services (UUJK).

### METHOD

It is a way of collecting and obtaining the materials needed in this research. The technique of collecting materials used to collect secondary legal materials (library research), namely the collection of materials carried out by searching and reviewing books, documents, and research results. Scholarly writing, dictionaries, and studying the laws and regulations that have relevance in this writing. The collection of library materials do by collecting various materials from the library, such as newspapers, books, magazines, manuscripts, and other documents relevant to the research.

Qualitative analysis uses to manage legal materials in this study. Qualitative research analyzes legal materials that carry by understanding and compiling legal materials so that a description of the problem or situation can find using reasoned explanations. The reasoned explanation is an explanation from general to specific by outlining legal materials related to research so that conclusions can draw regarding the subject under study. The legal materials obtained are collected, compiled, and analyzed systematically, evaluated, refined, corrected, and concluded.

## **LAW ON JOB CREATION**

In addition to the macro impact, the Job Creation Law expects to impact the Construction Services sector by facilitating business licensing, strengthening the role of the construction service community, and business process innovation. Of course, an Implementing Regulation is needed to implement this, which explains in more detail and incomplete the various regulatory norms contained in it. Several PUPR Laws are affected by this Job Creation Act, one of which is Law Number 2 of 2017 concerning Construction Services (UUJK). There are 33 articles in the UUJK related to the authority of the Central, Provincial, and City/Regency Governments, Business Licensing, Business Qualifications, Abolition of Building Provision Businesses, and Construction Services Business Implementation. Of the amended articles, ten articles of the Construction Services Law mandating to regulate in the implementation regulations of the Job Creation Act. Furthermore, there are 5 (five) Implementing Regulations for the Job Creation Law related to the Construction Services sector, namely:

1. Government Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing;
2. Government Regulation Number 14 of 2021 concerning Amendments to Government Regulation Number 22 of 2020 concerning Implementing Regulations of Law Number 2 of 2017 concerning Construction Services;

3. Government Regulation Number 15 of 2021 concerning Implementing Regulations of Law Number 6 of 2017 concerning Architects;
4. Presidential Regulation Number 12 of 2021 concerning Amendments to Presidential Regulation Number 16 of 2018 concerning Procurement of Government Goods/Services; and
5. Government Regulation No. 12 of 2021 concerning Amendments to PP No. 14 of 2016 concerning the Implementation of Housing and Settlement Areas;
6. Government Regulation No. 13 of 2021 concerning the Implementation of Flats.
7. Presidential Decree Number 9 of 2021 concerning the Agency for the Acceleration of Housing Implementation

The main substances of this regulation include;

1. Ease of Business Licensing through the Abolition of Construction Services Business Permits;
2. Application for Business Licensing, which includes Business Entity Certification, Construction work competency certification (SKK Construction), and Business Registration Number (NIB) through one door Online Single Submission (OSS)
3. Strengthening the role of the Construction Services Society through association accreditation, establishment of a certification body, and representation of the Construction Services Society in the Institutional Management (LPJK) Element Empowerment of National Construction Job Training and Education Institutions (LPPK).
4. Implementation of efficient, transparent, and accountable construction services through Construction Services Data Integration, Efforts to realize quality infrastructure through the implementation of Sustainable Construction, implementation of SMKK, and compliance with K4 standards; as well as strengthening the supply chain of construction services, namely testing material resources and construction equipment, optimizing the use of domestic products, and recording construction equipment and material resources.

The Job Creation Law will not succeed without the cooperation of all parties, improvements in governance, and of course, a commitment to carry out obligations. The implementation of PP Number 14 of 2021 and PP Number 5 of 2021 is in line with the Implementation of Risk-Based Licensing, where this PP control by Standard Procedures and Criteria (NSPK). The license tries through single online submission (OSS) for Risk-Based Licensing.

### **Positive Impact On The Construction World**

The benefits that expect to be provided by the Job Creation Act in the field of construction services are as follows:

1. The construction service business license abolish so that only a certificate of expertise is required.
2. After this improvement makes, the national LPJK will have much more authority.
3. The application of single online submission (OSS), namely business licenses in business entity certification, construction competency certification, and registration numbers, is attempted through one OSS door.
4. We are strengthening the national construction service community by implementing the A method for certifying workers' abilities in the construction industry and certification for businesses.
5. Certification consolidation, in the form of consolidation of construction work competency certification and architect registration certificate.
6. Data integration starts from data on construction services, certification, the experience of construction workers, construction service business entities, as well as in the tax sector, and others.

The government will increase the ceiling on the procurement package for micro and small businesses through the Government Goods/Services Procurement Policy Institute (LKPP) from Rp 2.5 billion to 15 billion, six times the previous value. The provisions regarding the Rp 15 billion limit obtain from the Draft Government Regulation on the Implementation of Law Number 11 of 2020, which in this Law discusses job creation, protection, and empowerment of cooperatives, micro, small and medium enterprises, which states the sales proceeds maximum annual is Rp. 15 billion. In addition, a minimum of 40% of the budget must be allocated by Ministries/Institutions/Local Governments (K/L/PD), especially for the use of products/services from small businesses and cooperatives that come from local products. This provision contains the draft revision of Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services (Perpres Number 16/18).

There are at least 25 articles out of 11 pieces that will change. Some have undergone significant changes, but there have also been minor changes. Improvements to procurement policies include, among others, targeting the convenience and empowerment of MSEs, the use of environmentally friendly products, adding criteria for the Direct Appointment method, adding Contract Types, and changing the strategy for fulfilling the Functional Position of Procurement Manager. The formulation of the draft amendments to this Presidential Regulation

will continue to use four pillars. Namely, regulations will be simplified to speed up and not complicate but remain accountable. The institutional side will continue developing, then functional HR for procurement and market practices and operations will continue to improve until transparency and integrity.

### **Criticism Of Law On Job Creation**

The ratification of the Employment Creation Law and its derivative regulations by the government further complicates the development of construction services in Indonesia. Even fear that around 100 thousand existing construction service actors will go out of business. This problem arose because of the disharmony of the Job Creation Act with Government Regulation (PP) Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing and Regulation of the Minister of Public Works and Public Housing Number 6 of 2021 concerning Standards for Business Activities and Products in the Implementation of Sector Risk-Based Business Licensing. Government development funds will also not be absorbed. The labor force cannot even work due to a lack of projects and income. Instead of making it easier for construction service actors to prepare Human Resources (HR), capital, equipment, and permits, they are making it even more difficult. PP 5 of 2021 and the Minister of PUPR Regulation Number 6 of 2021 make it difficult for them to segment business entities.

In addition, strict rules for making financial balances integrated with the Directorate General of Taxes also make construction service actors afraid to participate in project tenders. Construction service actors are also required to have work experience data. The Manpower Law overlaps with the PP under it. It should make access more straightforward, but on the contrary, it is necessary to tighten business licenses, construction service players, and education related to new government regulations. Thus they have a complete understanding of responding to the new rules. The government insists on being professional.

### **CLOSING**

Indonesia has started a new chapter since the enactment of the Job Creation Law to accelerate Indonesia's economic recovery, among others, by encouraging investment, creating new businesses, and creating new jobs. One of the economic sectors that received a direct positive impact was the construction and housing sector. However, the controversy over the drafting of the Law ensued with many objections from the workers. In addition to the discussion, this Law is considered contrary to the implementation of regional autonomy. The central government should give authority to provincial governments to intervene in regional fiscal policies. This policy can be a consideration in formulating and implementing regulations

to be more careful to avoid controversy and conflict, for example setting local tax rates and regional levies that apply nationally. The thing that must consider here is the different characteristics of each region.

The push for implementing regulations by the DPR to the government is in line with the initial objective of establishing this Law. Furthermore, it is necessary to ensure that the implementation of the Job Creation Law has a strong positive impact on the national economy. In addition, the supervisory function must also carry on government policies, especially those related to the rules contained in this Law.

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