

Kuala Lumpur, January 22th 2024

QUANTITY SURVEYING INTERNATIONAL CONVENTION 2023/2024

BUILDING A SUSTAINABLE FUTURE

Quantity Surveying Profession Development in Indonesia and
Exploring Opportunities in the Indonesia New Capital (IKN) Project

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INDONESIA NATIONAL DEVELOPMENT

PRESIDENT'S DIRECTIVE

„ Achieving Vision 2045 through economic transformation, supported by downstream industries by utilizing human resources, regulatory simplification and bureaucratic reform.

PRESIDENT'S DIRECTIVE

7 DEVELOPMENT AGENDA

1 HUMAN RESOURCES DEVELOPMENT

2 INFRASTRUCTURE DEVELOPMENT

3 REGULATORY SIMPLIFICATION

4 BUREAUCRATIC SIMPLIFICATION

5 ECONOMIC TRANSFORMATION



Strengthening economic resilience for quality and equitable growth



Develop areas to reduce inequality and ensure equity



Improving qualified and competitive human resources



Mental revolution and cultural development



Strengthening infrastructure to support economy and basic services



Building environment, disaster resilience and climate change



Improving legal political stability, human rights and transformation of public services



SUSTAINABLE DEVELOPMENT GOALS



GOAL 9 → Build A Resilient Infrastructure, Enhance Inclusive And Sustainable Industry And Drive Innovation

INDONESIA INFRASTRUCTURE DEVELOPMENT



BASIC SERVICES INFRASTRUCTURE

- ✓ Access to decent, safe, affordable housing and settlements;
- ✓ Safe and sustainable groundwater and raw water;
- ✓ Proper and safe access to drinking water and sanitation;
- ✓ Transportation safety and security;
- ✓ Disaster-resilient infrastructure;
- ✓ Multipurpose reservoirs and irrigation modernization



ECONOMIC INFRASTRUCTURE

CONNECTIVITY



Land - Tollways, new roads, trans road on frontier, outermost & least developed islands (3T), ferry port



Air - New airports & air bridges



Railway - High speed rail & freight trains



Water - Integrated port network

ECONOMIC SECTOR



Manufacturing



Services and Tourism



Agriculture & Plantation
Areas/ Clusters of Marine-Fishery



URBAN INFRASTRUCTURE

- ✓ Urban transportation;
- ✓ Urban sustainable energy;
- ✓ Urban ICT infrastructure and ecosystem;
- ✓ Proper and safe access to piped water and urban sanitation;
- ✓ Access to decent, safe, affordable housing and settlements in cities

CHALLENGES

on INFRASTRUCTURE DEVELOPMENT

CHALLENGES



Infrastructure Development “COULD” Give Negative Effects

- **ENVIRONMENT:** increase of GHG, soil and water degradation
- **SOCIAL:** evictions due to land acquisition
- **ECONOMY:** economic activity is disrupted



SOLUTION



Sustainable Infrastructure Development

**Application of the principles of environment-based
and sustainable infrastructure development**

*Infrastructure Development is planned, designed,
constructed, operated and decommissioned in a manner
that ensures economic and financial, social, and
environmental sustainability*

DEVELOPMENT OF IBU KOTA NUSANTARA (IKN)

MOTIVATION

1. To achieve the objectives of Indonesia's Vision 2045.
2. To build a national capital which represents national identity.
3. To change orientation from Java-centric development to Indonesia-centric.
4. To accelerate the recovery and transformation of the national economy post Covid 19 pandemic.

IBU KOTA NUSANTARA PRINCIPAL DEVELOPMENT

National
Identity



Smart, Green
Beautiful, and
Sustainable



Encourage
The Economic
Development in The
Eastern Part
of Indonesia



Modern, and
International
Standard



Good
Governance



URBAN SYSTEM



Smart building/facility management, smart water management, smart waste management, smart energy management

SAFETY and SECURITY



Augmented surveillance, smart security, smart public lighting

GOVERNMENT SERVICES



E-citizen platform, centralized public database, driven urban planning

SUSTAINABLE ENVIRONMENT



Integrated environmental Monitoring, smart emergency management, smart stormwater/flood management

ACCESSIBILITY & MOBILITY



Smart rail & bus management, integrated mobility platform, smart parking management, real time traffic management

PROPER HUMAN LIFE AND SETTLEMENTS



Health services digitalization and information system, pandemic management, urban comfort technology, affordable housing

NUSANTARA's DEVELOPMENT **TIMELINE**

IKN's DEVELOPMENT PHASES

I. 2022-2024

Foundation of a city ecosystem

Housing and basic infrastructure to support initial residents

Building the offices of the national government

Resettle of initial residents
Initiation of priority economic sectors

II. 2025-2029

Developing Nusantara as a center area

Both primary and secondary public transportation facilities can be used

Expanding settlement area for civil servant dan national government's offices

Completing the shift of national government offices

Developing research and talent center

Advance development and maintenance of basic infrastructure

III. 2030-2034

Continuing Nusantara's development progressively

Developing integrated inter-cities transportation facilities

Expanding the next phase of superhub economic cluster

Strengthening smart cities, digital centers and innovation/ education

Increasing investment and economical production

IV. 2035-2039

Developing the three cities' infrastructure & ecosystem : Nusantara, Balikpapan, Samarinda

Rapid developments of the education and health sector

Strengthening the socio-cultural community and increasing the capacity of educational and research institutions

Supplementary basic infrastructure's capacity in line with population growth

Increasing capacity and diversification of economic clusters and enabling infrastructure in Partner Regions

V. 2040-2045

Strengthening reputation as "a Global City for All"

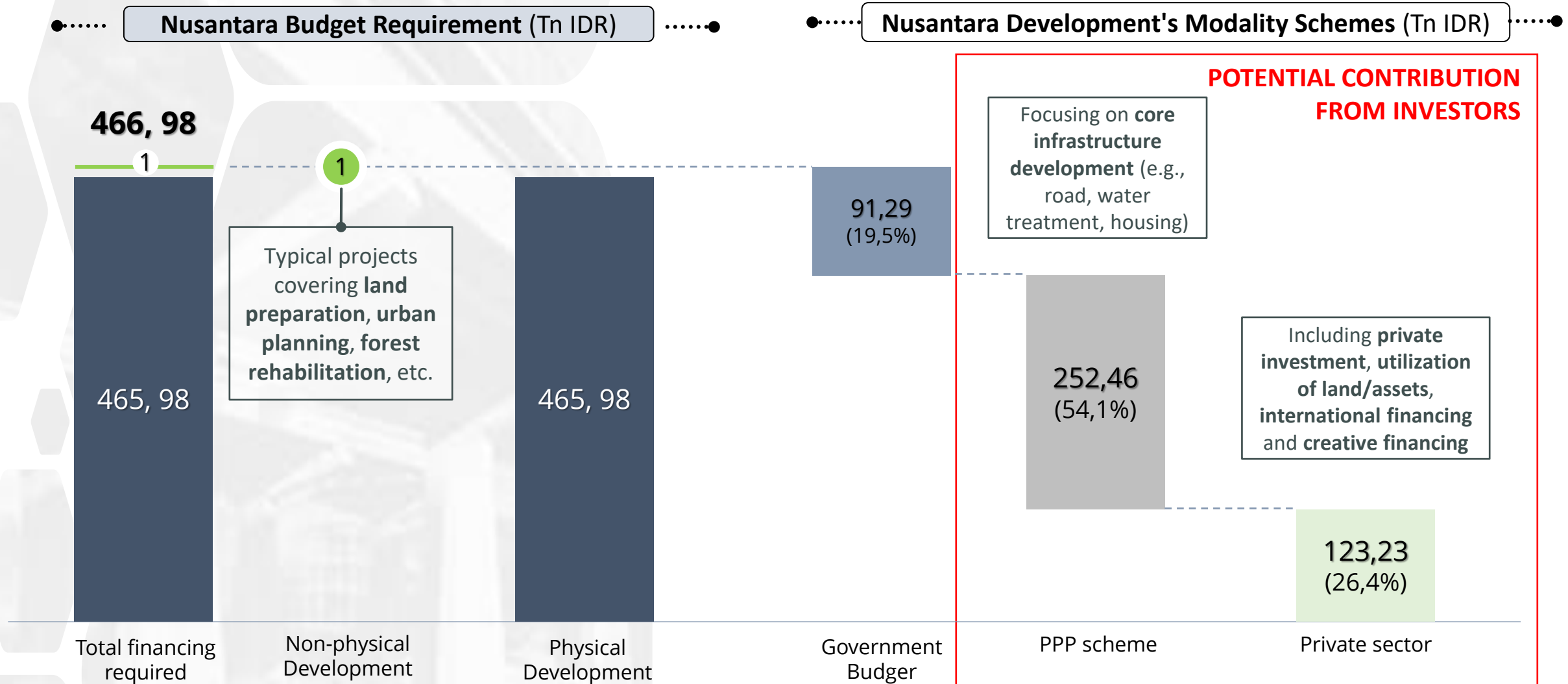
Advancing intra and inter city public transportation

Stabilization of integrated infrastructure and utilities
Stable growth residents in IKN

Achieve net zero-carbon emission and 100% renewable energy
Becoming a leading city in competitiveness

MODALITY

NUSANTARA provides huge opportunities for investors to contribute, totaling to IDR 375 Tn of investment opportunities (USD 23,980,136,054.91)



Nusantara INVESTMENTS PLANNING

STATE
BUDGET
20%

- Housing for Civil Servant/ National Armed Forces/ Indonesian National Police
- State Palace, Strategic Building for Indonesian National Armed Forces/ Indonesian National Police
- Legislative dan Judicial Building
- Executive Building
- Land Procurement and Preparation
- Green Open Space
- Basic Infrastructure (Drinking Water, Sanitation, etc.)
- Improved Connectivity (Non-Toll Road and Logistics Line)
- Non-Governmental Organization
- Military Base

80%

Private
Sector

Private
Sector

State
Owned
Enterprises

- Housing for Civil Servant/ National Armed Forces/ Indonesian National Police
- Development of Main Infrastructure (Excluded Infrastructure from State Budget)
- Executive Building*
- Urban Transport (Rail Based)
- General Housing
- Higher Education and Private School
- Science-technopark
- Improved Connectivity (Airport, Harbor, Toll Road and Non-Toll Road)
- Non-Governmental Organization
- Private Health Facilities
- Shopping Mall
- MICE

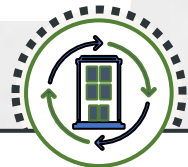
Notes:

*Funded by Asset Utilization Collaboration

INVESTMENT INCENTIVES

Related to IKN Development

Competitive investment incentives have been set for investment related to IKN development



EASE OF DOING BUSINESS



Land ownerships

0% BPHTB (Land and Building Acquisition fee)

Competitive ownership / usage rights:

- **HGU–Land usage rights** for 95 years;
- **HGB–Building usage rights** for 80 years;
- **HPL–Management rights** for 80 years)



Foreign workers

Exemption of compensation fee from business owner/investors to expatriate worker–to be borne by Indonesian Government



Housing

IKN Authority to support **provision of key housing requirement** for investors and their employees



FISCAL INCENTIVES



Tax holiday

Tax holiday for **investor with investment value > IDR 10 Bn or MSME business owner**

Tax article 21 to be borne by **Indonesian Government** for all **employees** domiciled in IKN



VAT & Luxury goods tax

VAT is not collected on **property, EV, property rental services, construction services, and waste treatment services**



Super deduction of tax

Donation–super deduction of gross income by **200%** of donation expense

Vocational–super deduction of gross income by **250%** of vocational expense

R&D–super deduction of gross income by **350%** of R&D expense



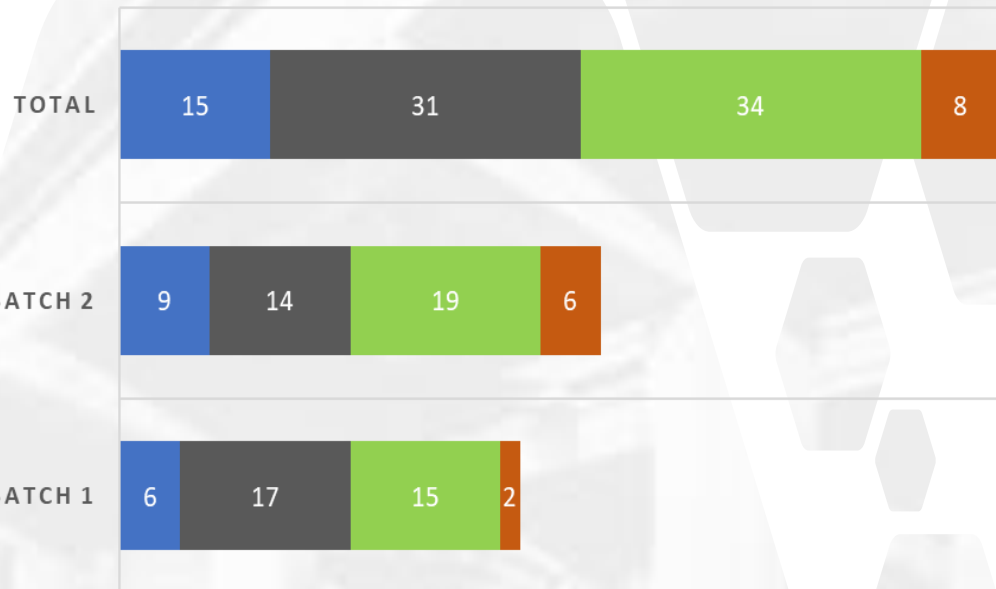
Customs

Import duty exemption period at 4-6 years (from existing 2-4 years)

DEVELOPMENT PROGRESS

IKN Physical Development Progress (2020 – 2023) → Batch 1 and Batch 2

■ Water Resources ■ Roads and Bridges ■ Human Settlements ■ Housing



Physical Development Progress

TOTAL
2020-2024

88 Project

Budget
IDR 66,129 T

Progress
40,89 %

BATCH 1
2020 - Maret 2023

40 Project

Budget
IDR 24,840 T

Progress
70,71 %

Batch 2
Maret 2023 - 2024

48 Project

Budget
IDR 41,288 T

Progress
22,95 %

Deadline Target : August 17th, 2024

Source: IKN TASK FORCE – January 11th, 2024

- ✓ Design and engineering process for IKN uses the principle of "*Collaborative Work*" by utilize and integrate the **BIM** and **GIS** model ecosystem.
- ✓ Construction processes are "*monitored in real-time*", document management and design and construction approvals executed through system (integrated on BIM).

IKN PHYSICAL DEVELOPMENT PROGRESS

January 11th, 2024

PRESIDENTIAL PALACE AREA

State Palace and Ceremonial Field

Plan : 47,597% Progress : 54,068%

Deviation : +6,471%



HIGHWAY

Section 5A

Plan : 67,346% Progress : 75,776%

Deviation : +8,429%



Source: IKN TASK FORCE

INTEGRATED WASTE PROCESSING SITE

Section 1

Plan : 24,597% Progress : 29,568%
Deviation : +4,971%



Gov. Employee and Army Residential

Government Employee Residential Section - 1

Plan : 20,843% Progress : 26,140%
Deviation : +5,300%



SEPAKU SEMOI DAM

Plan : 100% Progress : 100%
Deviation : 0,00%



SEPAKU WATER TREATMENT PLANT

SPAM Sepaku capacity 300 l/s

Plan : 25,850% Progress : 26,831%
Deviation : +0,981%



HOW TO START CONSTRUCTION BUSINESS in INDONESIA

A

FOREIGN-OWNED LIMITED LIABILITY COMPANY - establish joint venture company by fulfilling the requirements.

- ✓ Maximum allowed foreign ownership for construction companies: 67 % (Non- ASEAN) and 70% (for ASEAN) investors;
- ✓ In the form of a construction services business entity in the country of origin with Big classification;
- ✓ Have the same business activities as local investors
- ✓ Can be involved in construction projects with a value of more than IDR 50 billion (~USD 3,7 million);

B

FOREIGN CONSTRUCTION SERVICES BUSINESS ENTITY - launch a joint operation by establishing a representative office in Indonesia.

- ✓ 100% Foreign Owned;
- ✓ Legal entity : limited liability company
- ✓ Form a joint operation with a 100% Indonesia owned construction company when delivering project.
- ✓ Employ more local professional workers than foreign workers.
- ✓ Accentuate the use of materials and technology
- ✓ Carry out the technology transfer process

LEGAL ASPECT

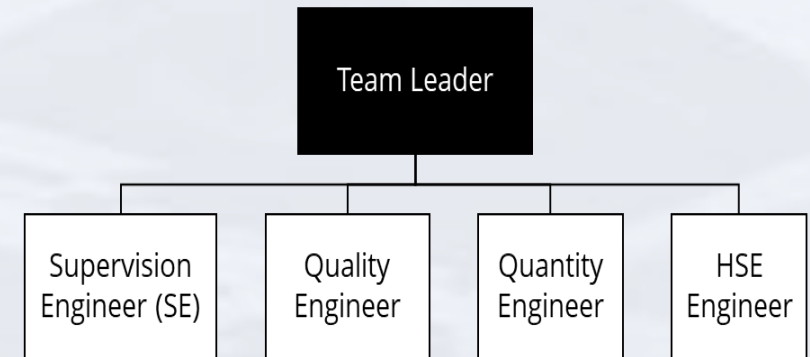
Requirements of Quantity Surveyor on INDONESIA CONSTRUCTION PROJECT

THE GOVERNMENT REGULATION NUMBER 16 OF 2021 Concerning Implementing Law Number 28 of 2002 About Building

The implementation of construction method on building project is classified as follows:

- 1) LOW RISK BUILDING PROJECT
→ Carried out by small qualification contractors involving supervision consultants.
- 2) MODERATE RISK BUILDING PROJECT
→ Carried out by medium qualification contractors **involving quantity surveyor** and construction management.
- 3) HIGH RISK BUILDING PROJECT
→ Carried out by medium qualification contractors **involving quantity surveyor**, project management and construction management.

THE MINISTER OF PUBLIC WORKS AND HOUSING CIRCULAR LETTER NUMBER 16 OF 2022 Concerning Personnel Arrangement of Supervision Consultant



The expert composition of supervision consultant on water resources, highways, human settlements sector, and housing projects **require a function of Quantity Surveyor** which is represented by Quantity Engineer.

LEGAL ASPECT

Requirements of Quantity Surveyor on IKN PROJECT

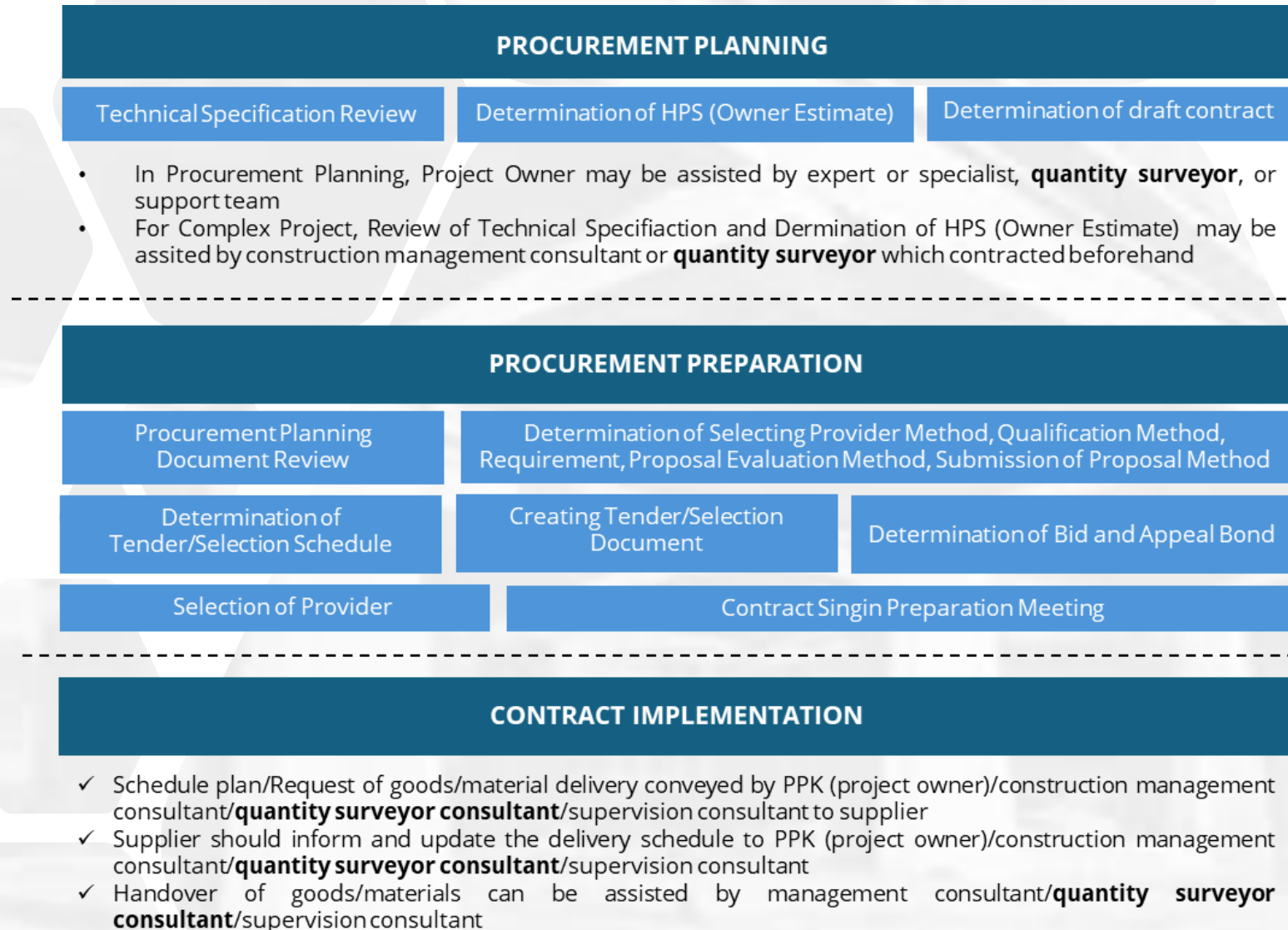
Regulation of The Head of The National Public Procurement Agency Number 5 of 2022

Guidelines for the Provision of Infrastructure and Procurement of Goods/Services in the Context of Preparation, Construction and Relocation Activities of the National Capital and the Implementation of Regional Government of National Capital Nusantara



Implementation of **Supplied by Owner involve Quantity Surveyor** during procurement planning, procurement preparation and contract implementation.

Appendix 3. Guidelines for Packaging Strategies of Supplied by Owner Implementation



*The future of **Quantity Surveyors in Indonesia** is increasingly being promoted, to achieve sustainable construction goals by effectively managing costs, resources, and environmental impact throughout the entire construction lifecycle.*

*Therefore, it hinges on **the capacity and competency of Quantity Surveyors personnel** itself. Implementation of education and courses as means of **raising the skill level of the profession** is main key.*



THE MINISTRY OF PUBLIC WORKS AND HOUSING
THE REPUBLIC OF INDONESIA

2024



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