

REGIONAL ADMINISTRATIONS
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)

By THE GRACE OF GOD THE ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering:

- a. that pursuant to the Constitution of 1945 the system of administration of the Unitary State of the Republic of Indonesia allows freedom to the regions to implement regional autonomy;
- b. that in implementing regional autonomy, it is deemed necessary to lay a stronger emphasis on the principles of democracy, community participation, equity and justice and to take into account regional potential and diversity;
- c. that in the face of the development of circumstances, both at home and abroad, and the challenges posed by global competition, it is deemed necessary to implement regional autonomy by granting a wide, concrete and responsible authority to the regions in a proportional manner, which shall be realized by means of regulation, division and utilization of national resources and the financial equilibrium between the central government and regional administrations, in keeping with the principles of democracy, community participation, equity and justice as well as regional potential and diversity, and shall be implemented in the framework of the Unitary State of the Republic of Indonesia;
- d. that Law No. 5/1974 on the principles of regional administration (Statute Book No. 38/1974, Supplement to Statute Book No. 3037) is no longer compatible with the principle adopted for the implementation of regional autonomy and the development of circumstances, so that it shall have to be replaced;
- e. that Law No. 5/1979 on regional administrations (Statute Book No. 56/1979, Supplement to Statute Book No. 3153), which brings uniformity in the name, form, structure and position of village administrations, is no longer compatible with the spirit of the Constitution of 1945 and the need to recognize and honor the right of regional origin, which is special in nature, so that it must be replaced;
- f. that in connection with this, it is necessary to stipulate a law on regional administration in order to replace Law No. 5/1974 on the principles of administrations in regions and Law No. 5/1979 on regional administrations;

In view of:

1. Law No. 1 sub-article (1), Article 5 sub-article (1), Article 18 and Article 20 sub-article (1) of the Constitution of 1945;
2. Stipulation of the People's Consultative Assembly No. X/MPR/1998 on the principles of reform in development in the framework of saving and normalization of national life as a state's course;
3. stipulation of the People's Consultative Assembly No. XI/MPR/1998 on the establishment of clean governance free from corruption, collusion and nepotism;
4. Stipulation of the People's Consultative Assembly No. XV/MPR/1998 on the implementation of regional autonomy, just regulation, division and utilization of national resources and financial equilibrium between the central government and regional administrations in the framework of the Unitary State of the Republic of Indonesia;
5. Law No. 4/1999 on the structure and position of the People's Consultative Assembly, the House of People's Representatives and Regional Legislative Assembly (Statute Book No. 24/1999, Supplement to Statute Book No. 3811);

With the approval of
THE HOUSE OF PEOPLE'S REPRESENTATIVES

D E C I D E S

To stipulate:

THE LAW ON REGIONAL ADMINISTRATIONS

CHAPTER I
GENERAL PROVISIONS
Article 1

Referred to in this law as:

- a. the central government, hereinafter referred to as the Government, shall be the instrument of the Unitary State of the Republic of Indonesia comprising the president and all the ministers;
- b. the regional government shall be a regional head and other autonomous regional apparatuses as a regional executive agency;
- c. a regional legislative assembly, hereinafter referred to as DPRD, shall be a regional legislative assembly;
- d. a regional administration shall be the implementation of an autonomous regional administration by the regional government and DPRD in accordance with the principle of decentralization;
- e. decentralization shall be the delegation of authority of administration by the Government to an autonomous region in the framework of the Unitary State of the Republic of Indonesia;
- f. deconcentration shall be the delegation of authority from the Government to the governor as the representative of the government and or the central apparatus in the region;
- g. a development task shall be the assignment of regions and villages by the Government and of villages by the regions to implement a particular task along with financing, facilities and infrastructure as well as human resources with the obligation to report the implementation and account for it to the party giving the assignment;
- h. a regional autonomy shall be the authority of an autonomous region to regulate and take care of the interests of the local community in accordance with its own initiative on the basis of the aspirations of the community pursuant to the laws;
- i. an autonomous region, hereinafter referred to the Region, shall be a unit of law-based society with a certain regional boundary, authorized to regulate and take care of the interests of the local community in accordance with its own initiative on the basis of social aspirations within the bond of the Unitary State of the Republic of Indonesia;
- j. an administrative area shall be the working area of a governor as a representative of the Government;
- k. vertical government agencies shall be the apparatuses of ministries and or non-ministerial government institutions in the regions;
- l. an authorized official shall be a government official at the central level and or a government official in a province authorized to foster and supervise the implementation of a regional government;
- m. districts shall be the working areas of district heads as apparatuses of regency and municipality areas;
- n. village administrations shall be the working areas of village heads as the apparatuses of regency and/or municipality areas under districts;
- o. villages or those referred to under other names, hereinafter referred to as Villages, shall be units of law-based society having the authority to regulate and take care of the interests of the local communities on the basis of local origin and customs recognized within the national administration system and being located in a regency area;
- p. a rural area shall be an area having agriculture as its main activities, including natural resources management, with the functions of the area being arranged in the following structure: a rural dwelling place, the provision of governmental services, social services and economic activities;
- q. an urban area shall be an area whose main activities are non-agricultural, with the functions of the area being arranged in the following structure: urban dwelling places, the provision of governmental services, social services and economic activities.

CHAPTER II
REGIONAL DIVISION
Article 2

- (1) The territory of the Unitary State of the Republic of Indonesia shall be divided into provinces, regencies and urban areas which are autonomous in nature.
- (2) A province shall also be in a position of an administrative area.

Article 3

The territory of a province, as meant in Article 2 sub-article (1) shall comprise the overland area and the water area extending 12 nautical miles offshore measured from the shoreline and or towards archipelagic waters.

CHAPTER III
ESTABLISHMENT AND STRUCTURE OF A REGION
Article 4

- (1) In the framework of implementing the principle of decentralization provinces, regencies and municipalities are established and arranged in a structure with an authority to regulate and take care of the interests of local communities at their own initiatives on the basis of the aspirations of the community.

(2) The

- (2) The regions as meant in sub-article (1) shall each be independent and shall not have any hierarchical relations with one another.

Article 5

- (1) A region is established on the basis of economic capacity, regional, socio-cultural and socio-political potential, population size, regional extent and other considerations enabling the implementation of regional autonomy.
- (2) The establishment, name, boundaries and capital as meant in sub-article (1) shall be stipulated by the law.
- (3) A change in boundary which shall not lead to the abolition of a region, a change in the name of a region and a change in the name of and transfer of a regional capital shall be stipulated in a government regulation.
- (4) The requirements for the establishment of a region, as meant in sub-article (1) shall be stipulated in a government regulation.

Article 6

- (1) A region incapable of implementing regional autonomy may be abolished and or merged with another region.
- (2) A region may be expanded into more than one regions.
- (3) The criteria for the abolition, merger and expansion of a region, as meant in sub-articles (1) and (2) shall be stipulated in a government regulation.
- (4) The abolition, merger and expansion of a region as meant in sub-articles (1) and (2) shall be stipulated by the law.

CHAPTER IV REGIONAL AUTHORITY

Article 7

- (1) Regional authority shall encompass authority in the entire governmental area, with the exception of the authority in foreign policy, defense and security, judicial, monetary and fiscal, religious and other areas.
- (2) The authority in other areas, as meant in sub-article (1) shall encompass policies on national planning and control of national development on a macro basis, the funds in the context of financial equilibrium, the state administrative system and the state economic institutions, fostering and empowerment of human resources, efficient use of natural resources and strategic high technology, conservation and national standardization.

Article 8

- (1) The authority of the Government handed over to the Region in the context of decentralization must be coupled with the delegation and transfer of financing, facilities and infrastructure and human resources in accordance with the authority handed over.
- (2) The authority of the Government delegated to the governor in the context of deconcentration must be coupled with financing in accordance with the authority delegated.

Article 9

- (1) The authority of a province as an autonomous region shall encompass cross-district and cross-municipality authority in the governmental area and the authority in other specific governmental areas.
- (2) The authority of a province as an autonomous region shall also include the authority which is not or is yet to be implemented by regencies and municipalities.
- (3) The authority of a province as an administrative area shall encompass the authority in the governmental area delegated to the governor as the representative of the Government.

Article 10

- (1) A region shall be authorized to manage national resources available in its territory and shall be held responsible to maintain environmental sustainability pursuant to the laws.
- (2) Regional authority in the territorial waters, as meant in Article 3, shall encompass:
 - a. exploration, exploitation, conservation and management of the wealth of the sea to the extent of the said territorial waters;
 - b. regulation of administrative interests;
 - c. spatial layout regulation;
 - d. law enforcement with regard to the regulations which are issued by the Region or whose authority is delegated by the Government; and
- (3) The authority of regencies and municipalities in the territorial waters as meant in sub-article (2) shall be to an extent equal to one third of the sea boundary of a province.
- (4) Further regulation of the provision as meant in sub-article (2) shall be stipulated in a government regulation.

Article 11

- (1) The authority of regencies and municipalities shall encompass all governmental authority with the exception of the authority excepted in Article 7 and regulated in Article 9.

(2) Governmental

- (2) Governmental matters which regencies and municipality shall be obligated to handle shall encompass public works, health, education and culture, agriculture, communications, industry and trade, investment, environment, land affairs, cooperatives and manpower.

Article 12

Further regulation on the provisions as meant in Articles 7 and 9 shall be stipulated in a government regulation.

Article 13

- (1) The government may assign the Regions specific tasks in the framework of an assistance task along with financing, facilities and infrastructure and human resources with an obligation to report their implementation and account for them to the Government.
- (2) Every assignment, as meant in sub-article (1), shall be stipulated by the law.

CHAPTER V FORM AND STRUCTURE OF REGIONAL ADMINISTRATION

First Part

General

Article 14

- (1) A DPRD as a regional legislative assembly and a regional government as a regional executive agency shall be established in a region.
- (2) A regional government shall be made up of a regional head along with other regional apparatuses.

Second Part

Regional legislative assembly

Article 15

The position, structure, tasks, authority, rights, membership, leadership and apparatuses of a DPRD shall be regulated by the law.

Article 16

- (1) DPRD as a people's representatives institution in the Region shall constitute a means for the implementation of democracy based on Pancasila.
- (2) DPRD as a regional legislative agency shall be of equal position to a regional government and be its partner.

Article 17

- (1) Membership of DPRD and the number of DPRD members shall be stipulated pursuant to the laws.
- (2) The apparatuses of DPRD shall be made up of the leadership, commissions and committees.
- (3) DPRD shall establish factions, which shall not be DPRD apparatuses.
- (4) The implementation of the provision as meant in sub-articles (2) and (3) shall be regulation in the Regulation of Conduct of DPRD.

Article 18

- (1) DPRD shall have the following tasks and authority:
- to elect the governor/deputy governor, district heads/deputy district heads and municipality heads/deputy municipality heads;
 - to elect members of the People's Consultative Assembly for regional representatives;
 - to propose the appointment and discharge of the governor/deputy governor, district heads/deputy district heads, or municipality heads/deputy municipality heads;
 - to make regional regulations along with the governor, district heads or municipality heads;
 - to stipulate the regional budget on revenues and expenditures along with the governor, district heads or municipality heads;
 - to exercise control over:
 - the implementation of regional regulations and other laws;
 - the implementation of decisions of the governor, district heads and municipality heads;
 - implementing the regional budget of revenues and expenditures;
 - the policies of the Regional Government;
 - to give opinions and considerations to the Government regarding plans for international treaties which concerns regional interests; and
 - to accommodate and follow-up regional and community aspirations.

Article 19

- (1) In implementing its tasks, DPRD shall reserve the right to request that state officials, government officials or community members should give information about something which must be dealt with in the interest of the state, the nation, the administration and development.
- (2) State officials, government officials or community members rejecting the request as meant in sub-article (1) shall be subject to a maximum imprisonment of one year because of lowering the dignity of and respect for DPRD.

(3) The

- (3) The exercise of the right as meant in sub-article (1) and sub-article (2) shall be regulated in the Regulation of Conduct of DPRD.

Article 21

- (1) DPRD members enjoy
 - a. the right to ask questions;
 - b. the right of protocol; and
 - c. financial/administrative right.
- (2) The exercise of the rights as meant in sub-article (1) shall be regulated in the Regulation of Conduct of DPRD.

Article 22

DPRD is obligated to:

- a. maintain and take care of the unity of the Unitary State of the Republic of Indonesia;
- b. apply Pancasila and the Constitution of 1945;
- c. foster democracy in implementing regional administration;
- d. promote people's welfare in the region on the basis of economic democracy;
- e. observe and channel aspirations, receive complaints from the community and facilitate the follow-up to their settlement.

Article 23

- (1) DPRD shall convene periodic meetings at least six times a year.
- (2) Excepting what is referred to in sub-article (1), the chairman of DPRD may, at the request of at least one-fifty of the number of members or at the request of the regional head, summon its members for a meeting at the latest within one month after the receipt of the request.
- (3) DPRD shall convene a meeting at the request of the chairman of DPRD.
- (4) The implementation of the provision as meant in sub-articles (1), (2) and (3) shall be stipulated in the Regulation of Conduct of DPRD.

Article 24

The Regulation of Conduct of DPRD shall be stipulated in a decision of DPRD.

Article 25

DPRD meeting shall be open to the public, except if they are declared closed on the basis of the Regulation of Conduct of DPRD or on the basis of the agreement of the leadership of DPRD.

Article 26

Closed meetings may make a decision with the exception of the following cases:

- a. election of chairman/deputy chairman of DPRD;
- b. election of the regional head/deputy regional head;
- c. election of members of the People's Consultative Assembly for regional representatives;
- d. the regional budget of revenues and expenditures;
- e. stipulation on changes in and abolition of taxes and levies;
- f. debts, loans and charging to the Region;
- g. companies owned by the Regional Government;
- h. writing off of part or all claims;
- i. agreements on amicable settlement of civil cases; and
- j. spatial layout policies.

Article 27

DPRD members cannot be sued in the court because of the statement and or opinions put forward orally or in writing in the DPRD meetings, either open or closed, except if the member concerned makes public what has been agreed in the closed meeting to be kept confidential or matters referred to by the provision on the announcement of state's secrets in the second book of Chapter I of the Criminal Code.

Article 28

- (1) An investigation into a member of DPRD may be carried out upon a written approval from the Home Minister, in the case of members of provincial DPRD and the governor in the case of members of district and municipality DPRD, except if the member concerned is caught in the act while committing a crime.
- (2) In the event that a DPRD member is caught in the act while committing a crime, as meant in sub-article (1), at the latest within 2 x 24 hours this should be notified in writing to the Home Minister and/or the governor.

Third Part
(To be continued)

REGIONAL ADMINISTRATION
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6361/6362 pages 1A-5A)

Third Part
Secretariat of DPRD
Article 29

- (1) The Secretariat of DPRD shall assist DPRD in implementing its tasks and exercising its authority.
- (2) The Secretariat of DPRD shall be led by a DPRD secretary who shall be appointed by the regional head from among civilian civil servants fulfilling the requirements, with the approval of the leadership of DPRD.
- (3) In implementing his/her tasks, the DPRD secretary shall be under and accountable to the leadership of DPRD.
- (4) The DPRD secretary may provide experts to be assigned to assist DPRD members in performing their functions.
- (5) The budget of the secretariat of DPRD shall be stipulated by virtue of a decision of DPRD and set forth in the regional budget of revenues and expenditures.

Fourth

**Fourth Part
Regional Heads
Article 30**

Every Region shall be led by a regional head as an executive head, assisted by one deputy regional head.

Article 31

- (1) The regional head of a province shall be called a governor, who, because of his position, shall also act as the Government's representative.
- (2) In performing his tasks and exercising his authority as a regional head, a governor shall be accountable to the provincial DPRD.
- (3) The procedure for the implementation the accountability as meant in sub-article (2) shall be stipulated in the Regulation of Conduct of DPRD in accordance with the guideline stipulated by the Government.
- (4) In his position of the Government's representative, a governor shall be under and accountable to the president.
- (5) The procedure for the implementation of accountability as meant in sub-article (4) shall be stipulated by the Government.

Article 32

- (1) The regional head of a district shall called a district head.
- (2) The regional head of a municipality shall be called a mayor.
- (3) In performing his tasks and exercising his authority as a regional head, a district head/mayor shall be accountable to the district/municipality DPRD.
- (4) The procedure for the implementation of accountability as meant in sub-article (3) shall be stipulated in the Regulation of Conduct of DPRD in accordance with the guideline stipulated by the government.

Article 33

Those who can be stipulated as regional heads shall be the citizens of the Republic Indonesia fulfilling the following requirements:

- a. being devout to God the Almighty;
- b. being loyal and obedient to the Unitary State of the Republic of Indonesia and the legitimate Government;
- c. never having been involved in activities betraying the Unitary State of the Republic of Indonesia based on Pancasila and the Constitution of 1945, as stated in a certificate of the chairman of a district court;
- d. having had a minimum education of a senior secondary school level and/or other kinds of education of an equal level;
- e. being no younger than 30 years of age;
- f. being physically and mentally healthy;
- g. being truly not mentally disturbed;
- h. never having been convicted because of committing a crime;
- i. not having his voting right revoked on the basis of a ruling of a district court;
- j. being familiar with the region and known to the community in the region;
- k. conveying a list of personal wealth; and
- l. being prepared to be nominated regional head.

Article 34

- (1) The positions of a regional head and deputy regional head shall be filled by DPRD through simultaneous election.
- (2) Regional head candidates and deputy regional head candidates shall be stipulated by DPRD through the stages of nomination and election.
- (3) An election committee shall be set up for the nomination and election of a regional head and a deputy regional head.
- (4) The chairman and deputy chairmen of DPRD shall, because of their positions, be chairman and deputy chairmen of the election committee concurrently members.
- (5) DPRD secretary shall, because of his/her position, be the secretary of the election committee.

Article 35

- (1) The election committee as meant in Article 34 sub-article (3) shall be assigned to:
 - a. examine the identity file of the prospective candidates on the basis of the requirements stipulated in Article 33;
 - b. conduct technical activities of electing the candidates; and
 - c. assume the responsibility for the organization of the election.
- (2) Prospective regional head candidates and prospective deputy regional head candidates fulfilling the requirements in accordance with the result of the examination conducted by the election committee as meant in sub-article (1) shall be put forward to DPRD in order to be stipulated as regional head candidates and deputy regional head candidates.

Article 36

- (1) Every faction shall sort out the pair of prospective candidates pursuant to the requirements stipulated in Article 33.
- (2) Every faction shall stipulated the pair of prospective regional head candidate and prospective deputy head candidate and put this forward to the leadership of DPRD in the plenary meeting.
- (3) Two or more factions may jointly put forward the pair of prospective regional head candidate and prospective deputy regional head candidate as meant in sub-article (1).

Article 37

- (1) In a plenary meeting of DPRD every faction or a number of factions shall give an explanation about their prospective candidates.
- (2) The leadership of DPRD shall invite the said prospective candidates to explain their vision, mission and policy plans if the said prospective candidates are elected regional heads.
- (3) DPRD members may interview the prospective candidates.
- (4) The leadership of DPRD and the leadership of the factions shall evaluate the capability and personality of the prospective candidates and through a consensus or voting they shall determine at least two pairs of regional head candidates and deputy head candidates, of whom one pair shall be elected by DPRD.

Article 38

- (1) The names of governor candidate and deputy governor candidate already determined by DPRD leadership shall be brought up for consultation with the president.
- (2) The names of district head candidate and deputy district head candidate as well as mayor candidate and deputy mayor candidate who shall be elected b DPRD shall be stipulated by virtue of a decision of DPRD leadership.

Article 39

- (1) The election of regional head candidate and deputy regional head candidate shall be carried out in a plenary meeting of DPRD to be attended by a minimum of two-thirds of the total number of DPRD members.
- (2) If the number of DPRD members is yet to reach the quorum as meant in sub-article (1), the chairman of the meeting may adjourn the meeting for a maximum of one hour.
- (3) If the provision as meant in sub-article (2) is yet to be fulfilled, the plenary meeting shall be adjourned for a maximum of another hour and afterwards the election of the regional head candidate and the deputy regional head candidate shall continue to be held.

Article 40

- (1) The election of a regional head and a deputy regional head shall be held directly, freely, confidentially, honestly and fairly.
- (2) Every DPRD member may vote on one of the pairs of regional head candidates and deputy regional head candidates already determined by the leadership of DPRD as meant in Article 37 sub-article (4).
- (3) The pair of regional head candidate and deputy regional head candidate enjoying the majority of votes in the election as meant in sub-article (2) shall be stipulated as the regional head and the deputy regional head by DPRD and this shall be endorsed by the President.

Article 41

A regional head shall have a term of office of five years and can be re-elected only for another term of office.

Article 42

- (1) A regional shall be installed by the president or another official appointed to act on behalf of the president.
- (2) Before assuming his position, a regional head shall say an oath/make a pledge.
- (3) The words in the said oath/pledge shall be as follows:
"By the Grace of Allah (God), I swear/pledge that I will fulfill my obligations as a governor/district head/mayor in the best, most honest and fairest possible manner; that I will always be obedient in applying and defending Pancasila as the state's foundation; and that I will uphold a democratic lie and the Constitution of 1945 as the state's constitution and all laws prevailing in the regions and in the Unitary State of the Republic of Indonesia."
- (4) The procedure for the saying of the oath/making of the pledge and the installation of a regional head shall be stipulated by the Government.

Fifth Part

Obligations of a regional head

Article 43

A regional head shall be obligated to:

- a. defend and maintain the total entity of the Unitary State of the Republic of Indonesia as aspired for in the proclamation of independence on August 17, 1945;
- b. firmly

- b. firmly uphold Pancasila and the Constitution of 1945;
- c. honor people's sovereignty;
- d. enforce all laws;
- e. raise the welfare level of the people;
- f. maintain public peace and order; and
- g. table draft regional regulations and stipulate them as regional regulations along with DPRD.

Article 44

- (1) A regional head shall lead the execution of regional administration on the basis of policies stipulated jointly with DPRD.
- (2) In performing his tasks and obligations, a regional head shall be accountable to DPRD.
- (3) A regional head shall be obligated to submit a report on the execution of regional administration to the president through the home minister with a copy to the governor, in the case of a district head or a mayor, at least once a year; or when it is deemed necessary by the regional head or if so requested by the president.

Article 45

- (1) A regional head shall be obligated to submit his accountability report to DPRD at the end of every budget year.
- (2) A regional head shall be obligated to submit his accountability report to DPRD for a specific case at the request of DPRD as meant in Article 44 sub-article (2).

Article 46

- (1) A regional head whose accountability report as meant in Article 45, whether an accountability report on administration policies or a financial accountability report, is rejected must complete and/or improve it within a maximum period of thirty days.
- (2) A regional head already completing and/or improving his accountability report shall submit it again to DPRD as meant in sub-article (1).
- (3) In the case of a regional head whose accountability report is rejected for the second time, DPRD may propose his discharge to the president.
- (4) The procedure as meant in sub-article (3) shall be stipulated by the government.

Article 47

A regional head shall represent his region inside and outside a court of law and may appoint a proxy to represent him.

Sixth Part

Prohibitions to regional heads

Article 48

A regional head shall be prohibited from:

- a. taking part in a company, a privately-owned or a state/regionally-owned one, or in a foundation in any sector;
- b. making a decision which shall specially benefit himself, members of his family, his cronies, certain groups or his political group, clearly harming public interests and discriminating citizens and other social groups;
- c. undertaking another job which shall benefit himself, either directly or indirectly, in connection with the region concerned;
- d. receiving money, goods, and/or services from another party which may be assumed to influence the decision or the action to be taken; and
- e. being an attorney or a legal proxy in a case in a court of law, other than those meant in Article 47.

Seventh Part

Discharge of a regional head

Article 49

A regional head shall resign or be discharged because of:

- a. death;
- b. applying for resignation at one's own request;
- c. the termination of his term of office and the installation of a new official;
- d. no longer fulfilling the requirements as meant in Article 33;
- e. violating his oath/pledge as meant in Article 42 sub-article (3);
- f. violating the provisions as meant in Article 48; and
- g. undergoing a widely spread crisis of public confidence as a result of a case involving his responsibility and his information about this case is rejected by DPRD.

Article 50

- (1) The discharge of a regional head because of the reasons as meant in Article 49 shall be stipulated in a decision of DPRD and endorsed by the president.

(2) The

- (2) The decision of DPRD as meant in sub-article (1) must be attended by a minimum of two-thirds of the number of DPRD members and the decision shall be made with the approval of a minimum of two-thirds of the number of members present.

Article 51

A regional head shall be discharged by the president without a decision of DPRD if he proves to have committed a crime threatened with imprisonment of five years or more or a death penalty as regulated in the Criminal Code.

Article 52

- (1) A regional head assumed to have committed treason and/or other acts which may disintegrate the Unitary State of the Republic of Indonesia shall be discharged temporarily from his position by the president without a decision of DPRD.
- (2) A regional head who proves to have committed treason and other acts which may disintegrate the Unitary State of the Republic of Indonesia as stated in a ruling of the court of law already obtaining permanent legal force shall be discharged by the president without the approval of DPRD.
- (3) A regional head who, after going through a judicial process, proves not to have committed treason and acts which may disintegrate the Unitary State of the Republic of Indonesia as meant in sub-article (1) shall be reinstated and rehabilitated as a regional head until the end of his term of office.

Article 53

- (1) DPRD shall notify in writing a regional head that his term of office shall end six months earlier.
- (2) With the notification as meant in sub-article (1), a regional head shall prepare the accountability report to DPRD at the end of his term of office and submit the said accountability report at the latest four months after the notification.
- (3) At the latest one month prior to the end of the term of office of a regional head, DPRD shall begin to process the election of a new regional head.

Article 54

A regional head whose accountability report as meant in Article 53 is rejected by DPRD cannot be nominated again as a regional head for the next term of office.

Eighth Part

Acts of investigation into a regional head

Article 55

- (1) Acts of investigation into a regional head shall be taken after a written approval has been obtained from the president.
- (2) Matters excepted from the provision as meant in sub-article (1) shall be:
 - a. being caught in the act while committing a crime threatened with imprisonment of five years or more; and
 - b. being accused of committing a crime threatened with a death penalty.
- (3) After the acts of investigation as meant in sub-article (2) have been made, they must be reported to the president at the latest within 2 x 24 hours.

Ninth Part

Deputy Regional Head

Article 56

- (1) In every region there is a deputy regional head.
- (2) A deputy regional head shall be installed by the president or another official appointed, at the same time as the installation of a regional head.
- (3) Prior to assuming his position, a deputy regional head shall say an oath/make a pledge.
- (4) The words in the said oath/pledge shall be as follows:
 "By the grace of Allah (God), I swear/pledge that I will fulfill my obligation as a deputy governor/deputy regency head/deputy mayor in the best, most honest and fairest manner possible; that I will always be obedient in applying and defending Pancasila as the foundation of the state; and that I shall uphold a democratic life and the Constitution of 1945 as the state's constitution and all laws prevailing in the regions and the Unitary State of the Republic of Indonesia.
- (5) The provisions as meant in Article 33, Article 41, article 43 except letter g, Article 47 up to Article 54 shall also apply to a regional deputy head.
- (6) A deputy regional head for a province shall be called a deputy governor, a deputy regional head for a regency shall be called a deputy regency head and a deputy regional head for a municipality shall be called a deputy mayor.

Article 57

- (1) A deputy regional head shall be assigned to:
 - a. assist a regional head in performing his obligations;

b. coordinate

- b. coordinate the activities of governmental agencies in the regions; and
- c. performing other tasks assigned by a regional head.
- (2) A deputy regional head shall be accountable to a regional head.
- (3) A deputy regional head shall perform the tasks and exercise the authority of a regional head if a regional head is prevented from doing so.

Article 58

- (1) If a regional head is permanently prevented from performing his tasks, the position of regional head shall be replaced by the deputy regional head until the end of the term of office.
- (2) If a deputy regional head is permanently prevented from performing his tasks, the position of deputy regional head shall be left vacant.
- (3) If the regional head and the deputy regional head are permanently prevented from performing their tasks, the regional secretary shall implement the tasks of the regional head for the time being.
- (4) If the regional head and the deputy regional head are permanently prevented from performing their tasks, DPRD shall elect a regional head and a deputy regional head at the latest within three months.

Tenth Part Financial Position of Regional Heads and Deputy Regional Heads Article 59

The financial position of a regional head and a deputy regional head shall be stipulated in a government regulation.

Eleventh Part Regional Apparatuses Article 60

Regional apparatuses shall be made up of a regional secretariat, regional services and other regional technical institutions in accordance with the regional needs.

Article 61

- (1) A regional secretariat shall be headed by a regional secretary.
- (2) A regional secretary of a province shall be appointed by the governor with the approval of the leadership of DPRD from among civilian civil servants who fulfill the requirements.
- (3) A regional secretary of a province shall, because of his position, be a secretary of an administrative region.
- (4) A regional secretary of a district or a regional secretary of a municipality shall be appointed by a district head or a mayor with the approval of the leadership of DPRD from among civilian civil servants who fulfill the requirements.
- (5) A regional secretary shall be obligated to assist a regional head in formulating policies and fostering working relations with services, technical institutions and other executive units.
- (6) A regional secretary shall be accountable to the regional head.
- (7) If a regional secretary is prevented from implementing his tasks, the tasks of a regional secretary shall be performed by an official appointed by a regional head.

Article 62

- (1) A regional service shall be an executive component of a regional government.
- (2) A service shall be headed by a service head who shall be appointed by the regional head from among civilian civil servants who fulfill the requirements at the suggestion of the regional secretary.
- (3) A service head shall be accountable to a regional head through a regional secretary.

Article 63

The exercise of the authority delegated by the Government to the governor as the Government's representative in the framework of deconcentration as meant in Article 9 sub-article (3) shall be implemented by a provincial service.

Article 64

- (1) The execution of the area of administration which is within the authority of the Government as meant in Article 7 shall be implemented by vertical government agencies.
- (2) The establishment, organizational structure, formation and its administration as meant in sub-article (1) shall be stipulated in a presidential decree.

Article 65

In a region technical institutions may be established in accordance with regional needs.

Article 66

- (1) A district shall be an apparatus of a district and a municipality and is headed by the head of a district.
- (2) The head of a district shall be called a district head.
- (3) A district head shall be appointed by a district head/mayor at the suggestion of the regional secretary of a district/municipality from among civilian civil servants who fulfill the requirements.
- (4) A district head shall receive the delegation of part of authority in administration from a district head/mayor.
- (5) A district head shall be accountable to a district head or a mayor.
- (6) The establishment of a district shall be stipulated in a regional regulation.

Article 67

- (1) A village administration shall be an apparatus of a district and is headed by the head of a village administration.
- (2) The head of a village administration is called a village administration head.
- (3) A village administration head is appointed from among civilian civil servants who fulfill the requirements by a mayor/district head at the suggestion of a district head.
- (4) A village administration head shall receive the delegation of part of the authority in administration from a district head.
- (5) A village administration head shall be accountable to a district head.
- (6) The establishment of a village administration shall be stipulated in a regional regulation.

Article 68

- (1) The organizational structure of regional apparatuses shall be stipulated in a regional regulation pursuant to the guideline already stipulated by the Government.
- (2) The formation and requirements for the positions in regional apparatuses shall be stipulated in a decision of the regional head pursuant to the guideline stipulated by the Government.

CHAPTER VI REGIONAL REGULATIONS AND DECISIONS OF REGIONAL HEADS

Article 69

A regional head shall stipulate a regional regulation with the approval of DPRD in the framework of the implementation of regional autonomy and further spelling out of the laws of a higher order.

Article 70

Regional regulations cannot contradict public interests, other regional regulations and laws of a higher order.

Article 71

- (1) Regional regulations may contain a provision on the imposition of a law enforcement coercion fee, either entirely or partly, on violators.
- (2) Regional regulations may contain a penalty threat of imprisonment of a maximum of six months or a fine of a maximum amount of Rp 5,000,000.00 (five million rupiah) with or without the confiscation of specified items for the Region, unless otherwise stipulated in the laws.

Article 72

- (1) To implement regional regulations and by the force of the prevailing laws, a regional head shall stipulate decisions of a regional head.
- (2) The decisions as meant in sub-article (1) may not contradict public interests, regional regulations and the laws of a higher order.

Article 73

- (1) Regional regulations and decisions of a regional head which are regulating in nature shall be promulgated by publishing them in the Regional Statute Book.
- (2) The provision as meant in sub-article (1) shall have a legal force and shall be binding after it has been promulgated in the Regional Statute Book.

Article 74

- (1) Investigation into and prosecution of violations of the provisions in regional regulations shall be undertaken by an investigating official and a prosecutor pursuant to the laws.
- (2) By virtue of a regional regulation another person may be appointed and assigned to undertake an investigation into violations of the provisions in regional regulations.

CHAPTER VII ...
(To be continued)

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REGIONAL ADMINISTRATION
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6363 pages 1A-8A)

CHAPTER VIII
REGIONAL FINANCE

Article 78

- (1) The performance of the tasks of regional administration and DPRD shall be financed by and at the cost of the regional budget of revenues and expenditures.
- (2) The performance of the tasks of the Government in the Region shall be financed by and at the cost of the state's budget of revenues and expenditures.

Article 79

Sources of regional revenues shall be comprised of:

- a. the Region's original revenues, namely:
 - 1) the proceeds from regional taxes;
 - 2) the proceeds from regional levies;
 - 3) the proceeds from enterprises owned by the region and the proceeds from the management of separated regional resources; and
- b. equilibrium funds;
- c. regional loans; and
- d. other legal regional revenues.

Article 80

- (1) The equilibrium fund as meant in Article 79 shall be comprised of:
 - a. the portion of the region from the proceeds of the land and building tax, the fees for the acquisition of the title on land and buildings and receipts from natural resources;
 - b. public allocation funds; and
 - c. specific allocation funds.
- (2) The portion of the Region from the proceeds of the land and building tax in the rural, urban and estate sectors and the fees for the acquisition of the title on land and buildings as meant in sub-article (1) letter a shall be received directly by the producing Region.
- (3) The portion of the Region from the proceeds of the land and building tax in the mining and forestry sectors and the receipts from natural resources, as meant in sub-article (1) letter a shall be received by the producing Region and other Regions for equity pursuant to the prevailing laws.
- (4) Further provisions as meant in sub-articles (1), (2) and (3) shall be stipulated in a law.

Article 81

- (1) A Regional Government may establish loans from domestic sources and/or foreign sources to finance administration activities with the approval of DPRD.
 -) Domestic loans shall be notified to the Government and established pursuant to the guideline stipulated by the Government.
- (3) Borrowing and sources of loan funds originating abroad as meant in sub-article (1) must obtain the Government's approval pursuant to the prevailing laws.
- (4) The procedure for borrowing as meant in sub-articles (1) and (2) shall be stipulated by the Government.

Article 82

- (1) Regional taxes and levies shall be stipulated by the law.
- (2) The stipulation of tariffs and the procedure for collection of regional taxes and levies shall be stipulated by a regional regulation pursuant to the laws.

Article 83

- (1) To bolster the empowerment of a Region, the Government shall give certain fiscal and non-fiscal incentives.
- (2) The provisions as meant in sub-article (1) shall be stipulated in a government regulation.

Article 84

A region may own an enterprise owned by the region pursuant to the laws and its establishment shall be regulated in a regional regulation.

Article 85

- (1) The property owned by the region and used to serve public interests cannot be pawned, mortgaged and/or transferred.
- (2) A regional head shall, with the approval of DPRD, be able to stipulate a decision on:
 - a. writing off of regional claims, partly or entirely;
 - b. approval

- b. approval of amicable settlement of a civil disputes;
- c. other legal acts about the property owned by the region.

Article 86

- (1) A regional budget of revenues and expenditures shall be stipulated in a regional regulation at the latest one month after the stipulation of the state's budget of revenues and expenditures.
- (2) An amendment to the regional budget of revenues and expenditures shall be stipulated in a regional regulation at the latest three months prior to the end of a budget year.
- (3) The calculation of a regional budget of revenues and expenditures shall be stipulated in a regional regulation at the latest three months after the end of the budget year concerned.
- (4) A guideline for the drawing up, amendment and calculation of a regional budget of revenues and expenditures shall be stipulated in a regional regulation.
- (5) A regional budget of revenues and expenditures already stipulated in a regional regulation shall be submitted to the governor in the case of a district/municipality government and to the president through the home minister in the case of a provincial government for their knowledge.
- (6) A guideline for processing, accountability and supervision of regional finance and the procedure for the drawing up of a regional budget of revenues and expenditures, the implementation of the administration of regional finance and the drawing up of the calculation of a regional budget of revenues and expenditures shall be stipulated pursuant to the laws.

CHAPTER IX COOPERATION AND SETTLEMENT OF DISPUTES

Article 87

- (1) A number of regions may establish inter-regional cooperation which shall be regulated in a joint decision.
- (2) A region may set up an agency for inter-regional cooperation.
- (3) A region may establish cooperation with other agencies and this shall be regulated in a joint decision.
- (4) A joint decision and/or a cooperation agency as meant in sub-articles (1), (2) and (3), which shall be burdensome to the community and the Region, must obtain the approval of the respective DPRD.

Article 88

- (1) A region may establish mutually beneficial cooperation with a foreign institution/agency, which shall be regulated in a joint decision except if it is concerned with the authority of the Government as meant in Article 7.
- (2) The procedure as meant in sub-article (1) shall be stipulated by the Government.

Article 89

- (1) Inter-regional disputes shall be settled by the Government on the basis of a consensus.
- (2) If in the settlement of inter-regional disputes as meant in sub-article (1), there is one party which does not accept a decision of the Government, the said party can file an application for a settlement to the Supreme Court.

CHAPTER X URBAN AREAS

Article 90

Apart from the urban areas with the status of municipality areas, it is necessary to stipulate urban areas comprising:

- a. urban areas which shall constitute part of districts;
- b. new urban areas which constitute the result of development which has changed rural areas into urban areas; and
- c. urban areas which constitute part of two or more bordering Regions as an urban social, economic and physical entity.

Article 91

- (1) A municipality government and/or a district government whose areas share a borderline may set up a joint institution to manage urban areas.
- (2) In a rural area planned and built to be an urban area in a district, a development management agency which shall be accountable to the regional head may be set up.
- (3) The provision as meant in sub-articles (1) and (2) and other matters about the management of urban areas shall be stipulated in a regional regulation pursuant to the guideline stipulated in a government regulation.

Article 92

- (1) In implementing the development of an urban area, a regional government must involve the community and private circles.
- (2) The involvement of the community as meant in sub-article (1) shall constitute efforts to empower the community in urban development.

(3) The

- (3) The regulation about urban areas shall be stipulated in the laws.

CHAPTER XI

VILLAGES

First Part

Establishment, Abolition and/or Merging of Villages

Article 93

- (1) Villages may be established, abolished and/or merged with account being taken of their origin at the initiative of the community with the approval of the district government and DPRD.
- (2) The establishment, abolition and/or merging of villages as meant in sub-article (1) shall be stipulated in a regional regulation.

Article 94

A rural government and a rural representative agency shall be set up in a village, constituting a rural government.

Second Part

Rural Government

Article 95

- (1) A rural government shall comprise a village head or by any other names and village apparatuses.
- (2) A village head shall be directly elected by villagers from among eligible candidates.
- (3) A village head candidate who is elected with a majority of votes as meant in sub-article (2) shall be stipulated by the rural representative agency and legalized by the district head.

Article 96

The term of office of a village head is a maximum of 10 years or two terms of offices as from the date of stipulation.

Article 96

Those who can be elected village heads shall be villagers who are citizens of the Republic Indonesia and fulfill the following requirements:

- a. devout to God the Almighty;
- b. loyal and obedient to Pancasila and the Constitution of 1945;
- c. never having been involved directly or indirectly in activities betraying Pancasila and the Constitution of 1945, G30S/PKI and/or the activities of other banned organizations;
- d. having a minimum education of a junior secondary school and/or having knowledge of the same level;
- e. aged at least 25 years;
- f. physically and mentally healthy;
- g. in reality not being mentally disturbed;
- h. being of good conduct, honest and just;
- i. never having been convicted in prison because of committing a crime;
- j. not having the voting right revoked on the basis of a ruling of the court of law with a permanent legal force;
- k. being familiar with his own area and being known to the community in the local village;
- l. being prepared to be nominated a village head; and
- m. fulfilling other requirements in accordance with the customs regulated in a regional regulation.

Article 98

- (1) A village head shall be installed by a district head or another official who is appointed.
- (2) Before assuming his position, a village head shall say an oath/make a pledge:
- (3) The composition of the words of the oath/pledge referred to shall be as follows:
"I swear/make a pledge by God that I will fulfill my obligations as a village head in the best, most honest and most fair manner and that I will always be obedient in applying and defending Pancasila as a state's foundation; and that I will uphold a democratic life and the Constitution of 1945 as the state's constitution and all laws prevailing for villages, regions and the Unitary State of the Republic of Indonesia.

Article 99

The authority of a village shall encompass:

- a. the authority already existing on the basis of the right of origin of a village;
- b. the authority which, by virtue of the prevailing laws, has not been exercised by the Region and the Government; and
- c. assistance tasks from the government, provincial government and/or district government.

Article 100

The assistance task from the government, provincial government and/or district government to a village shall be accompanied with financing, facilities and infrastructures and human resources.

Article 101

(To be continued)

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REGIONAL ADMINISTRATION
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6364/6365 pages 11A-12A)

Article 101

The tasks and obligations of a village chief shall be:

- a. leading the implementation of village administration;
- b. fostering the lives of rural community;
- c. fostering rural economy;
- d. maintaining peace and order of rural community;
- e. resolving peacefully communal disputes in the village; and
- f. representing the village in and outside the court of law and being able to appoint a legal proxy.

Article 102

In performing its tasks and obligations as meant in Article 101, a village head shall:

- a. be responsible to the people through a rural representative agency; and
- b. convey reports on the implementation of his tasks to the district head.

Article 103

- (1) A village head shall be dismissed from his job because:
 - a. he dies;
 - b. he files an application for resignation at his own request;
 - c. he no longer fulfills the requirements and/or violates his oath/pledge;
 - d. his term of office expires and a new village head has been installed; and
 - e. he commits an act violating the prevailing laws and/or the norms obtaining and developing among the rural community.
- (2) The discharge of a village head as meant in sub-article (1) shall be undertaken by a district head at the suggestion of a rural representative agency.

Third Part

Rural Representative Agency

Article 104

A Rural Representative Agency, or referred to under other names, shall have the functions of protecting customs, drawing up rural regulations, accommodating and channeling the aspirations of the community and exercising supervision over the implementation of regional administration.

Article 105

- (1) Members of the Rural Representative Agency shall be elected from and by villagers who fulfill the requirements.
- (2) The leadership of the Rural Representative Agency shall be elected from and by members.
- (3) The Rural Representative Agency shall, along with the village head, stipulate village regulations.
- (4) The implementation of village regulation shall be stipulated in a decision of a village chief.

Fourth Part

Other Institutions

Article 106

In a village other institutions may be established in accordance with the needs of the village and this establishment shall be stipulated in a village regulation.

Fifth Part

Village Finance

Article 107

- (1) Sources of revenues of a village shall comprise:
 - a. the original revenues of the village, comprising:
 - 1) proceeds from rural undertakings;
 - 2) proceeds from rural wealth;
 - 3) proceeds from self-supporting activities and participation;
 - 4) proceeds from mutual-assistance undertakings;
 - 5) other legal original revenues of the village;
 - b. assistance from a district administration, comprising:
 - 1) the portion of the proceeds from regional taxes and levies; and
 - 2) the portion of the fund obtained from the financial equilibrium between the central government and the region as received by the district government;
 - c. assistance from the government and the provincial government;
 - d. contributions

- d. contributions from third parties; and
- e. loans made by the village.
- (2) Sources of village revenues as meant in sub-article (1) shall be managed through the village budget of revenues and expenditures.
- (3) A village head shall, along with the Rural Representative Agency, stipulate the village budget of revenues and expenditures every year in a village regulation.
- (4) A guideline for the drawing up of a village budget of revenues and expenditures shall be stipulated by the district head.
- (5) The procedure for and collection of the objects of revenues and expenditures of the village shall be stipulated jointly by the village head and the Rural Representative Agency.

Article 108

A village may have a business undertaking pursuant to the laws.

Sixth Part Inter-Village Cooperation Article 109

- (1) A number of villages may establish cooperation in the interest of the village which shall be regulated in a joint decision and notified to the sub-district head.
- (2) To implement the cooperation referred to in sub-article (1) a cooperation agency may be established.

Article 110

A district government and/or a third party planning to develop part of a village territory into residential, industrial and service areas shall be obligated to involve the village government and the Rural Representative Agency in the planning, implementation and supervision.

Article 111

- (1) Further regulation about a village shall be stipulated in district regulations pursuant to the general guideline stipulated by the government on the basis of this law.
- (2) The regional regulation as meant in sub-article (1) shall be obligated to recognize and honor the rights, origin and customs of the village.

CHAPTER XII FOSTERING AND SUPERVISION Article 112

- (1) In the framework of fostering, the government shall facilitate the implementation of regional autonomy.
- (2) A guideline for the fostering of and control over the implementation of regional autonomy shall be stipulated in a government regulation.

Article 113

In the framework of supervision, regional regulations and regional head decisions shall be conveyed to the government at the latest fifteen days after their stipulation.

Article 114

- (1) The government may cancel regional regulations and regional head decisions which contradict public interests or laws of a higher rank and/or other laws.
- (2) The decision to cancel regional regulations and regional head decisions as meant in sub-article (1) shall be notified to the regions concerned with the reasons being mentioned.
- (3) At the latest one week after the decision to cancel regional regulations and regional head decisions as meant in sub-article (2), the enforcement of the said regional regulations or regional head decisions shall be canceled.
- (4) Regions which cannot accept the decision to cancel regional regulations and regional head decisions as meant in sub-article (2) may file an objection to the Supreme Court after filing it to the government.

CHAPTER XIII REGIONAL AUTONOMY ADVISORY COUNCIL Article 115

- (1) A Regional Autonomy Advisory Council shall give its opinions to the president about:
 - a. the establishment, abolition, merger and expansion of a region;
 - b. financial equilibrium between the central and regional governments; and
 - c. the capacity of districts and municipalities to exercise certain authority as meant in Article 11.
- (2) The Regional Autonomy Advisory Council shall be made up of the home minister, the finance minister, the minister/state secretary and other ministers in accordance with the needs, representatives of Regional Government Association and regional representatives elected by the DPRD.
- (3) The home minister and the finance minister shall, owing to their positions, be the chairman and deputy chairman of the Regional Autonomy Advisory Council.

(4) The

- (4) The Regional Autonomy Advisory Council shall convene at least one meeting in six months.
- (5) The Regional Autonomy Advisory Council shall be accountable to the president.
- (6) The Regional Autonomy Advisory Council shall be stipulated in a presidential decree.

Article 116

In implementing its tasks the Regional Autonomy Advisory Council shall be assisted by the head of a secretariat overseeing the regional autonomy division and the division of financial equilibrium between the central and regional governments.

CHAPTER XIV MISCELLANY

Article 117

The capital of the State of the Republic of Indonesia, Jakarta, shall because of its position be regulated separately in a law.

Article 118

- (1) The province/first-level region of East Timor may be granted special autonomy in the framework of the Unitary State of the Republic of Indonesia, unless otherwise stipulated in the laws.
- (2) The regulation about the implementation of the special autonomy as meant in sub-article (1) shall be stipulated in a law.

Article 119

- 1) The authority of districts and municipalities as meant in Article 11 shall also apply to areas of authority located within an autonomous region, encompassing authority agencies, port areas, airport areas, mining areas, forestry areas, tourism areas, toll road areas and other similar areas.
- (2) Further regulation as meant in sub-article (1) shall be stipulated in a government regulation.

Article 120

- (1) In the framework of establishing peace and public order and in order to enforce regional regulations a civil service police unit shall be established as an apparatus of a regional government.
- (2) The organizational structure, formation, position, authority, rights, tasks and obligations of civil service police shall be stipulated in a regional regulation pursuant to the provision stipulated by the government.

Article 121

Units of provinces/first-level regions, districts/second-level regions and municipalities/second-level regions as meant in Law No. 5/1974 shall be changed into respectively provinces, districts and municipalities.

Article 122

The special character attached to the province/special region of Aceh and province/special region of Yogyakarta as meant in Law No. 5/1974 shall remain with a provision that the implementation of administration in the special province of Aceh and special province of Yogyakarta shall be based on this law.

Article 123

As for the authority of a region, either the core authority on the basis of the establishment of the region or the additional authority on the basis of government regulations and/or on the basis of other laws, its exercise shall be adjusted to Articles 9, 10 and 11 of this law.

CHAPTER XV TRANSITIONAL PROVISIONS

Article 124

At the time when this law comes into force, the names, boundaries and capitals of provinces/first-level regions, special regions, regencies/second-level regions and municipalities/second-level regions as meant in the laws shall remain.

Article 125

- (1) Batam municipality, Paniai district, Puncak Jaya district, Mimika district, Simeulue district and all administrative cities may be promoted into autonomous regions with account being taken of Article 5 of this law.
- (2) At the latest 2 years as from the date of the stipulation of this law, the municipality, regencies and administrative cities as meant in sub-article (1) shall have already changed in status into regencies/municipalities if the provisions stipulated in Article 5 of this law are fulfilled.
- (3) The municipality, regencies and administrative cities as meant in sub-article (1) may be abolished if they fail to fulfill the stipulation on the promotion of their status into autonomous regions.

Article 126

- (1) Districts, villages and rural areas existing when this law comes into force shall remain districts, villages and rural areas or those referred to with other names as meant in Article 1 letters m, n and o of this law, unless otherwise stipulated in the laws.

(2) Rural ..

- (2) Rural areas existing within the territory of municipalities, administrative municipalities and administrative cities on the basis of Law No. 5/1974 shall, at the time when this law takes effect, be stipulated as villages as meant in Article 1 letter n of this law.

Article 127

Pending the stipulation of the implementation regulation of this law, all instructions, directives or guidelines already in existence or established by the government and regional governments shall remain valid if they do not contradict with this law.

Article 128

Governors/heads of first-level regions, deputies to governors/heads of first-level regency, district heads/heads of second-level regions, municipality heads/heads of second-level regions, deputies to regency heads/heads of second-level regions, deputies to municipality heads/heads of second-level regions, regency heads, municipality heads, mayors, district heads, village heads and rural chiefs along with the existing apparatuses as meant in Law No. 5/1974 and Law No. 5/1979 shall, at the time when this law comes into force, continue to perform their tasks, unless otherwise stipulated on the basis of this law.

Article 129

- (1) With the enforcement of this law, the institutions assisting governors, district head assistants, municipality head assistants and the Regional Advisory Council as meant in Law No. 5/1974 shall be abolished.
- (2) Vertical agencies in the region, except those handling foreign affairs, defense and security affairs, judicial affairs, monetary and fiscal affairs and religious affairs as meant in Article 7 shall become regional apparatuses.
- (3) With respect to All vertical agencies which become regional apparatuses as meant in sub-article (2), their assets shall be transferred into the property of the region.

Article 130

- (1) If the term of office of a regional head deputy expires earlier than the term of office of a regional head, the position of the regional head deputy shall be left vacant.
- (2) If the term of office of a regional head deputy expires later than the term of office of a regional head, the term of office of a regional head deputy shall be adjusted to the term of office of the regional head.

CHAPTER XVI CLOSING PROVISIONS

Article 131

When this law comes into force,

- a. Law No. 5/1974 on the principles of regional administration (Statute Book No. 38/1974, Supplement to Statute Book No. 3037);
 - b. Law No. 5/1979 on village administration (Statute Book No. 56/1979, Supplement to Statute Book No. 3153)
- shall be declared null and void.

Article 132

- (1) Implementation provisions as a follow-up to this law must already be completed at the latest one year as from the stipulation of this law.
- (2) This law shall be effectively implemented at the latest within two years as from the stipulation of this law.

Article 133

The provisions of the laws contradicting and/or not conforming to this law shall be adjusted.

Article 134

This law shall take effect as from the date of promulgation.
For public cognizance this law shall be promulgated by publishing it in the Statute Book of the Republic of Indonesia.

Promulgated in Jakarta
On May 7, 1999
STATE MINISTER/STATE SECRETARY
sgd.
AKBAR TANDJUNG

Ratified in Jakarta
On May 7, 1999
THE PRESIDENT OF THE REPUBLIC
OF INDONESIA
sgd.
BACHARUDDIN JUSUF HABIBIE

STATUTE BOOK OF THE REPUBLIC OF INDONESIA NO. 60.

ELUCIDATION
(To be continued)

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REGIONAL ADMINISTRATION
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6366 pages 10A-13A)

ELUCIDATION
ON
LAW NO. 22/1999
ON
REGIONAL ADMINISTRATION

I. GENERAL

1. Basis of thought.

- a. The State of the Republic of Indonesia as a unitary state recognizes the principle of decentralization in the operation of administration by giving opportunities and freedom to regional heads to exercise regional autonomy. Therefore, Article 18 of the Constitution of 1945, among other things, states that the division of the territory of Indonesia into large and small regions with the form and structure of their administration shall be stipulated by the law.

In

In the elucidation on this article it is among other things stated that "as this State of Indonesia is an *eenheid-staat*, Indonesia shall not have a region within itself with the status of a *staat* too. Indonesia's territory shall be divided into provinces and provinces shall be divided into smaller areas. In autonomous region (*streek en locale rechtsgemeenschappen*) or merely administrative regions, everything shall conform to the regulations to be stipulated in a law." In autonomous regions, a Regional Representative Board shall be established. Therefore, in regions the administration shall have the basis of consensus as its pillar.

- b. Therefore, the Constitution of 1945 shall constitute a strong foundation to exercise autonomy by providing wide-ranging, concrete and responsible authority to the regions, as manifested in Stipulation of the People's Consultative Assembly of the Republic of Indonesia No. XV/MPR/1998 on the exercise of regional autonomy; fair regulation, division and utilization of national resources; and financial equilibrium between the central and regional governments within the framework of the Unitary State of the Republic of Indonesia.
- c. This law is called "the Law on Regional Administration" because this law in principle regulates the operation of regional administration, which prioritizes the implementation of the principle of decentralization.
- d. Pursuant to the Stipulation of the People's Consultative Assembly No. XV/MPR/1998 above, the exercise of regional autonomy shall be implemented by providing wide-ranging, concrete and responsible authority to the regions in a proportionate way to be realized in fair regulation, division and utilization of national resources and in financial equilibrium between the central and regional governments. Besides, the exercise of regional autonomy shall also be implemented under the principles of democracy, community participation, equity and justice and with account being taken of the potential and diversity of the regions.
- e. Matters which are fundamental in nature in this law shall be efforts to bolster the empowerment of the community, foster initiatives and creativity, promote community participation and develop the role and function of Regional Legislative Assemblies. Therefore, this law places full regional autonomy in regencies and municipalities, which in Law No. 5/1974 have the position of regencies/second-level regions and municipalities/second-level regions. These regencies and municipalities have the position as autonomous regions with the authority and freedom to establish and implement policies in accordance with the community's initiatives and aspirations.
- f. Provinces/first-level regions pursuant to Law No. 5/1974 shall in this law be made provinces with a position as autonomous regions and at the same time administrative areas, which shall implement the authority of the central government which is delegated to the governors. Provinces shall not be governments overseeing regencies and municipalities. Therefore, provincial autonomous regions and regencies and municipalities do not have any hierarchical relations.
- g. The position of a province is granted the status of an autonomous region and at the same time an administrative area because of the following considerations:
 - (1) to maintain harmonious relations between the central and regional governments within the framework of a Unitary State of the Republic of Indonesia;
 - (2) to establish an autonomous region which crosses regencies and municipalities and exercise the authority of regional autonomy which is yet to be implemented by regencies and municipalities; and
 - (3) to implement certain administration tasks delegated in the framework of the implementation of the principle of deconcentration.
- h. With account being of the experience in executing regional autonomy in the past, in which the principle of concrete and responsible autonomy was adhered to with an emphasis on autonomy which constituted an obligation more than a right, in this law the granting of autonomy authority to regencies and municipalities shall be based on the principle of decentralization along as manifested in wide-ranging, concrete and responsible autonomy. The authority of wide-ranging autonomy shall be the freedom of a region to operate an administration encompassing the authority in all areas of administration with the exception of the authority in the areas of foreign, defense and security, judicial, monetary and fiscal and religious policies and the authority in other areas which shall be stipulated by a government regulation. In addition, freedom of autonomy shall also encompass full and total authority in operation starting from planning, implementation, supervision, control and evaluation.

Referred to as concrete autonomy shall be the freedom of the region to exercise the authority of administration in a particular area which concretely exists and is needed and which grows, lives and develops in the region.

Referred to as responsible autonomy shall be the manifestation of responsibility as the consequence of the granting of rights and authority to the region in the form of tasks and obligations which must be shouldered by the region in achieving the goal of the granting of autonomy, in the form of promotion of community service and welfare, the development of a democratic lie, justice and equity and maintenance of a harmonious relationship between the central and regional governments and among regions in the framework of ensuring that the Unitary State of the Republic of Indonesia shall remain intact.

Autonomy

Autonomy for a provincial region shall be granted in a limited manner, encompassing the authority across regencies and municipalities and the authority which is not or has not been implemented by regencies and municipalities and the authority in other particular government areas.

- i. On the basis of the above thoughts, the principles in the granting of regional autonomy which are made guidelines in this law shall be:
 - (1) regional autonomy shall be executed with account being taken of the aspects of democracy, justice, equity and regional potential and diversity.
 - (2) the execution of regional autonomy shall be based on wide-ranging, concrete and responsible autonomy.
 - (3) the implementation of wide-ranging and full regional autonomy shall be placed on regencies and municipalities, while the autonomy of a provincial region shall constitute limited autonomy.
 - (4) the implementation of regional autonomy must conform to the state's constitution so that a harmonious relationship between the central and regional governments and among regions shall continue to be guaranteed.
 - (5) The implementation of regional autonomy must better promote the independence of autonomous regions and therefore there are no longer administrative areas in regencies and municipalities.
Likewise, in specific areas fostered by the government or other parties, like authority agency, port areas, housing areas, industrial areas, estate areas, mining areas, forestry areas, new urban areas, tourism areas and the like the regulation of an autonomous region shall apply.
 - (6) the implementation of regional autonomy must better promote the role and function of a regional legislative assembly, in terms of its legislation function, supervisory function and budgetary function in regard to the operation of regional administration.
 - (7) The implementation of the principle of deconcentration shall be placed in a provincial region in its position as an administrative area in order to execute certain administrative authority delegated to the governor as the government's representative.
 - (8) The implementation of the principle of the task of assistance shall be made possible not only from the government to the region, but also from the government and the region to villages, along with financing, facilities and infrastructures and human resources with an obligation to report the implementation and account for it to the party giving the assignment.

2. Regional division

The content and spirit contained in Article 18 of the Constitution of 1945 along with its elucidation shall become a guideline in the formulation of this law with the main thoughts being as follows:

- a. the system of Indonesia's state structure shall be obligated to implement the principle of distribution of authority on the basis of the principles of deconcentration and decentralization in the framework of the Unitary State of the Republic of Indonesia;
- b. a region established on the basis of the principles of decentralization and deconcentration shall be provincial regions, while regions established on the basis of the principle of decentralization shall be regencies and municipalities. Regions established on the basis of the principle of decentralization shall be authorized to determine and implement policies at their own initiatives on the basis of the aspiration of the community.
- c. regions outside provincial regions shall be divided completely into autonomous regions. Therefore, administrative areas located in regencies and municipalities can be made autonomous regions or abolished;
- d. districts which, pursuant to Law No. 5/1974 are administrative areas in the framework of deconcentration, shall, pursuant to this law, be changed in position to that of an apparatus of a regency or municipality.

3. The principle of regional administration operation.

The principle of operating regional administration shall be:

- a. the adoption of the principle of decentralization, deconcentration and the task of assistance;
- b. the implementation of the principle of decentralization fully and completely as executed in regencies and municipalities; and
- c. the principle of the task of assistance which may be implemented in provincial regions, regencies, municipalities and villages.

4. The structure of regional administrations and the right of the regional legislative assembly

The structure of an autonomous regional administration shall encompass a regional legislative assembly and a regional administration with a view to better empowering the regional legislative assembly and promoting the accountability of the regional administration to the people. Therefore the rights of the regional legislative assembly are quite broad and are geared towards the absorption and channeling of community aspirations to become the policies of the region and performing the function of supervision.

5. Regional heads

To become a regional head, someone shall be required to fulfill certain requirements the essence of which shall be that a regional head should always be devout to God, have ethics and morality, knowledge and capability as an administration leader, have a concept of nationalism and enjoy popular confidence.

Apart

Apart from acting as the leader of an administration, a regional head shall at the same time be a regional leader and someone protecting the community so that a regional head must be able to think, act and assume an attitude by prioritizing the interests of the nation, the country and the public over the interests of individuals, groups and sectarian groupings. Therefore, regardless of his group or ethnicity and conviction, a regional head must behave wisely, prudently, honestly, fairly and neutrally.

6. Accountability of a regional head.

In performing the tasks and obligations of a regional administration, the Governor shall be accountable to the provincial legislative assembly, while in his position as a representative of the government, the Governor shall be accountable to the president. In the meantime, in implementing regional autonomy in regencies and municipalities, regents or mayors shall be accountable to regency legislative assembly/municipality legislative assembly and shall be obligated to give a report to the president through the minister of home affairs in the framework of fostering and supervision.

7. Personnel

Regarding the policy on personnel in this law, the policy adopted shall be one that bolster the development of regional autonomy so that the policy on personnel in the region as implemented by an autonomous region shall conform to its needs, in terms of both installation, placement, transfer and mutation and discharge pursuant to the laws. Inter-regency and inter-municipality mutation within a provincial region shall be regulated by the governor. Inter-provincial mutation and/or inter-regency and inter-municipality or between a provincial region and a regency and a municipality shall be based on the agreement of the said autonomous region.

B. Regional
(To be continued)

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RECTIFICATION

The following is the entire Chapter VII of Law No. 22/1999 dated May 7, 1999 on regional administration, which is inadvertently missing from Business News No.6364/6365 page 11A.

CHAPTER VII
REGIONAL CIVIL SERVICE

Article 75

Norms, standards and procedure for the installation, transfer, discharge and the stipulation on pension, salaries, allowances, welfare, rights and obligations as well as the legal positions of civilian civil servants in the region and regional civilian civil servants shall be stipulated by the law.

Article 76

The regional shall enjoy the authority to install, transfer, discharge, stipulate the pension, salaries, allowances and welfare of the personnel as well as their education and training in conformity with the need and capacity of the region as stipulated by a regional regulation on the basis of the laws.

Article 77

(1) The government of a province shall exercise supervision over the implementation of personnel administration and career of employees in its territory shall be in keeping with the laws.

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REGIONAL ADMINISTRATION
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6369 pages 6A-9A)

8. Regional finance.

- (1) To implement wide-ranging, concrete and responsible regional autonomy, the authority and ability to dig up a region's financial source itself shall be required, with the support of the financial equilibrium between the central and regional governments and between provinces and regencies/municipalities as the prerequisite to the system of regional administration.
- (2) In the framework of implementing a regional autonomy the financial authority inherent in every administrative authority shall constitute a regional authority.

9. Rural administration

- (1) A village, on the basis of this law, shall be a village or what is referred to by another name as a unit of legal community with an original structure based on the right of origin which is special in nature, as meant in the elucidation of Article 18 of the Constitution of 1945. The basis of this thought in the regulation on rural administration shall be diversity, participation, original autonomy, democratization and community empowerment.
- (2) The implementation of rural administration shall constitute a sub-system of a system of administration implementation so that a village shall be an authority to regulate and take care of the interests of its community. A village head shall be accountable to a Rural Representative Agency and convey a report on the implementation of the task to the regent.
- (3) A village may conduct a legal act, either the public law or the civil law, own wealth, property and buildings and may be sued and file a lawsuit in the court of law. To this end, a village head shall, with the approval of the Rural Representative Agency, have an authority to conduct a legal act and establish mutually beneficial agreements.
- (4) As the realization of democracy, a Rural Representative Agency or what shall be referred to by another name in accordance with the culture prevailing in the said village shall be established and shall function as a legislative institution and shall exercise supervision, in this case, over rural regulations, the rural budget of revenues and expenditures and decisions of village heads.
- (5) Other rural social institutions shall be set up in a village in accordance with the need of the village. The said institutions shall constitute partners of the rural government in the framework of the empowerment of a rural community.
- (6) A village shall have a financing source in the form of rural revenues, aid from the government and regional governments, other legal revenues, donations from a third party and loans made by the village.
- (7) On the basis of the right of origin of the village concerned, a village head shall be authorized to settle cases/disputes involving his villagers.
- (8) In an effort to promote and speed up services to the community with urban characteristics, a village administration shall be set up as a unit of village administration within a regency and/or a municipality.

10. Fostering and supervision

What is referred to as fostering shall be stressed on facilitation of efforts to empower an autonomous region, while supervision shall be stressed on repressive supervision in order to provide more freedom to an autonomous region in making a decision and in giving a role to a regional legislative assembly in realizing its functions as an agency exercising supervision over the implementation of regional autonomy. Therefore, a regional regulation stipulated by an autonomous region shall not require prior ratification by an authorized official.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sub-article (1)

Sufficiently clear.

Sub-article (2)

Referred to as an administrative area shall be an administrative area pursuant to the Constitution of 1945.

Article 3

Sufficiently clear.

Article 4

Sub-article (1)

Sufficiently clear.

Sub-article (2)

Referred to as not having any hierarchical relations with each other shall be that a province shall not oversee districts and municipalities but that in the practice of administrative execution there shall be coordination, cooperation and/or partnership relations with districts and municipalities in their respective positions as administrative regions. A governor as the government's representative shall establish relations characterized by fostering and supervision with districts and municipalities.

Article 5

Article 5

Sub-article (1)

Sufficiently clear.

Sub-article (2)

To determine the said boundaries, every law about the establishment of a region shall be completed with a map which can accurately show the geographical location of the said region and the same shall also apply in the case of a change in the boundaries of a region.

Sub-article (3)

Referred to as being stipulated by a government regulation shall be that it shall be based on a proposal of a regional government with the approval of the DPRD.

Sub-article (4)

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Sub-article (1)

Referred to as monetary and fiscal areas shall be macro-economic policies. Particularly in the religious area, part of the activities may be assigned by the government to the region as an effort to promote regional participation in fostering religious life.

Sub-article (2)

Sufficiently clear.

Article 8

In exercising the authority of the government which is handed over and or delegated to the region/governor, the region/governor shall have the authority to manage it starting from financing, licensing, planning, implementation and evaluation in accordance with the standard, norm and policy of the government.

Article 9

Sub-article (1)

The authority in the administrative area which is cross-regency and cross-municipality shall be, for example, the authority in public works, communications, forestry and estates. Referred to as the authority in certain administrative areas shall be:

- a. planning and control of regional development on a macro basis;
- b. training in a certain area, allocation of potential human resources and researches encompassing provincial areas;
- c. management of regional ports;
- d. environmental control;
- e. trade and cultural/tourism promotion;
- f. handling of communicable diseases and plant pests; and
- g. planning of the spatial layout of a province.

Sub-article (2)

Referred to as this authority shall be the authority of a regency and a municipality handled by a province after a statement has been made by a regency and a municipality.

Sub-article (3)

Sufficiently clear.

Article 10

Sub-article (1)

Referred to as national resources shall be natural resources, man-made resources and human resources available in a region.

Sub-article (2)

Specially with respect to traditional fishing, this shall not be confined by the sea territory.

Sub-articles (3) and (4)

Sufficiently clear.

Article 11

Sub-article (1)

With the enforcement of this law, basically the entire authority now rests with regencies and municipalities. Therefore, the handing over of authority need not be actively undertaken but should be undertaken through the government's recognition.

Sub-article (2)

Irrespective of the significance of the initiative of a region in implementing its autonomy, to avoid a vacuum in the provision of basic services to the community, regencies and municipalities shall be obligated to exercise authority in certain administrative areas pursuant to this article, in accordance with the condition of the respective agencies.

The authority which shall, by way of obligation, be exercised by regencies and municipalities cannot be transferred to a province.

Specially with respect to the authority of a municipality, this shall be adjusted to urban needs, among others, fire extinguishers, cleanliness, parks and urban spatial layout.

Articles 12 up to 15

Sufficiently clear.

Article 16

Sub-article (1)

Sufficiently clear.

Sub-article (2)

In its position as a regional legislative assembly DPRD shall not constitute part of a regional administration.

Article 17

Sufficiently clear.

Article 18

Sub-article (1)

Letter a

Sufficiently clear.

Letter b

The election of members of the People's Consultative Assembly (MPR) from the category of regional representatives shall be undertaken only by a provincial DPRD.

Letters c up to h

Sufficiently clear.

Sub-article (2)

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sub-article (1)

Referred to as state officials and government officials shall be officials within the working environment of the DPRD concerned.

Sub-articles (2) and (3)

Sufficiently clear.

Articles 21 up to 33

Sufficiently clear.

Article 34

Sub-article (1)

Referred to as the election of a regional head and a deputy regional head simultaneously shall be that a regional head candidate and a deputy regional head deputy shall be elected in pairs. This simultaneous election is aimed at guaranteeing that there shall be harmonious cooperation between a regional head and a deputy regional head.

Sub-articles (2) up to (5)

Sufficiently clear.

Article 36

Sub-article (1)

Sufficiently clear.

Sub-article (2)

Referred to as a plenary meeting shall be a special meeting convened for the election of a regional head.

Sub-article (3)

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sub-article (1)

The president shall be consulted about a governor candidate and a deputy governor candidate because they are the government's representatives in the region.

Sub-article (2)

A regent candidate and a deputy regent candidate as well as a mayor candidate and a deputy mayor candidate shall be notified to the governor as representatives of the government.

Articles 39 up to 41

Sufficiently clear.

Article 42

Sub-article (1)

Sufficiently clear.

Sub-article (2)

The oath-taking/promise-making and installation of a regional head may be conducted at a DPRD building or at another building and shall not be undertaken in a meeting of DPRD. The oath-taking/promise-making shall be conducted in accordance with the religions recognized by the government, namely

- a. it is begun with the saying of "By the grace of God" for Muslims;
- b. it is ended with the saying of "May God help me" for Protestant Christians/Catholics;
- c. it is begun with the saying of "Om atah paramawisesa" for Hinduists; and
- d. it is begun with the saying of "By the grace of Sanghyang Adi Buddha" for Buddhists.

Sub-articles (3)

Sub-articles (3) and (4)

Sufficiently clear.

Article 43

Letters a up to d

Sufficiently clear.

Letter e

In an effort to raise the welfare level of the people, a regional head shall be obligated to realize economic democracy by undertaking fostering and development of cooperatives, small-and-medium-scale enterprises, encompassing capitalization, marketing, technological development, production and processing as well as the fostering and development of human resources.

Letters f up to g

Sufficiently clear.

Articles 44 up to 47

Sufficiently clear.

Article 48

Letters a and c

The said prohibition is aimed at avoiding the likelihood of a conflict of interest on the part of a regional head in implementing his tasks of providing administrative services without discriminating the community members.

Letters b, c and d

The said prohibition is aimed at preventing the abuse of power, among other things, in the form of corruption, collusion and nepotism.

Articles 49 up to 52

Sufficiently clear.

Article 53

Sub-article (1)

A copy of a written notice about the termination of the term of office of a government shall be sent to the President, while a copy of a written notice about the termination of the term of office of a regent/mayor shall be sent to the governor.

Sub-articles (2) and (3)

Sufficiently clear.

Articles 54 and 55

Sufficiently clear.

Article 56

Sub-articles (1) and (2)

Sufficiently clear.

Sub-article (3)

The oath-taking/promise-making and installation of a regional head deputy may be conducted at a DPRD building or at another building and shall not be carried out in a DPRD meeting. The oath-taking/promise-making shall be conducted in accordance with the religions recognized by the government, namely:

- a. it is begun with the saying of "By the grace of God" for Muslims;
- b. it is ended with the saying of "May God help us" for Protestant Christians/Catholics;
- c. it is begun with the saying of "Om atah paramawisesa" for Hinduists; and
- d. it is begun with the saying of "By the grace of Sanghyang Adi Buddha" for Buddhists.

Sub-articles (4) up to (6)

Sufficiently clear.

Articles 57 up to 64

Sufficiently clear.

Article 65

Referred to as a technical institution shall be a research and development agency, a planning agency, a supervisory institution, an education and training agency, and so forth.

Article 66

Sufficiently clear.

Article 67

Sub-articles (1) and (2)

Sufficiently clear.

Sub-article (3)

A secretary to a municipality/regency shall give his consideration to the mayor/regent in the process of installing a village head.

Sub-article (4)

A district head may delegate some of his authority to a village head.

Sub-articles (5) and (6)

Sufficiently clear.

Article 68

Sufficiently clear.

Article 69

A regional regulation shall be signed only by a regional head and shall not be signed by the leadership of DPRD because DPRD shall not constitute part of a regional government.

Article 70

Referred to a other regional regulations shall be similar and the same regional regulations except in the case of changes.

Article 71

Sub-article (1)

Coercion conducted by a regional government to enforce the law by virtue of this law shall be called "law enforcement coercion" or " law maintenance coercion".

This law enforcement coercion generally takes the form of taking or removing, preventing, undertaking or improving everything which has been made, established, run, neglected or abolished if they contradict the law.

Sub-article (2)

Sufficiently clear.

Article 72

Sufficiently clear.

Article 73

Sub-article (1)

The promulgation of regional regulations and decisions of a regional head which are in the nature of regulating things shall be conducted in a legal manner, as this shall constitute a necessity to ensure that the said regional regulations and regulations of a regional head shall have a legal force and be binding. Besides being intended to fulfill legal formality, the said promulgation is also undertaken in the framework of administrative transparency. A legal promulgation method shall be that it shall be published in the Regional Statute Book by the regional secretary. To make the enforcement of regional regulations and decisions of a regional head more effective, the said regulations and decisions must be popularized.

Sub-article (2)

Sufficiently clear.

Articles 74 and 75

Sufficiently clear.

Article 76

The transfer of employees in regencies/municipalities shall be conducted by regents/mayors; the transfer of employees between regencies/municipalities and/or between regencies/municipalities and provinces shall be undertaken by the governors after consulting regents/mayors and the transfer of employees between provinces or between provinces and the central government and the transfer of regional employees between regencies/municipalities and other regencies/municipalities in other provinces shall be stipulated by the government after consulting the regional heads.

Articles 77 and 78

Sufficiently clear.

Article 79

Letter a

Figures 1) up to (3)

Sufficiently clear.

Figure 4)

Other legal original revenues of the region shall be, among other things, the proceeds from the sales of regional assets and giro services.

Letters b and c

Sufficiently clear.

Letter d

Other legal original revenues of the region shall be, among other things, grants or receipts from provinces or other regencies/municipalities and other receipts pursuant to the laws.

Article 80

Sub-article (1)

Letter a

Referred to as receipts from natural resources shall be state's receipts originating in the management of natural resources, among others, in the general mining, natural oil and natural gas mining, forestry and fishery sectors.

Letters b and c

Sufficiently clear.

Sub-article (2)

Not included in the portion of the government from the receipts of the land and building tax and the fees for the acquisition of the title on land and buildings returned to the region.

Sub-articles (3) and (4)

Sufficiently clear.

Article 81

Sub-article (1)

Domestic loans shall originate in the government, commercial institutions and or the issuance of regional bonds with the government being notified prior to the establishment of the loans.

Those authorized to establish and bear regional loans shall be regional heads, and this shall be stipulated in a decision of a regional head approved by the DPRD.

In the decision of the regional head it must be mentioned the amount of the loan and the financial sources which shall be used to fulfill the obligation of repaying the loans.

Sub-article (2)

Sufficiently clear.

Sub-article (3)

The mechanism that loans from offshore sources must be approved by the government means that the government shall evaluate from various aspects whether or not the proposal of regional loans can be processed further. Therefore, further processing of the proposed regional loans shall indirectly reflect the government's approval of the said proposal.

Sub-article (4)

Sufficiently clear.

Article 82

Sub-article (1)

The region may stipulate taxes and levies in a regional regulation pursuant to the provisions of the law.

Sub-article (2)

The determination of the method of regional tax and levy collection, including reimbursement of or exemption from regional taxes and/or levies shall be undertaken with the provision stipulation in regional regulations being used as a guideline.

Article 83

Sub-article (1)

Referred to as a non-fiscal incentive shall be government aid in the form of facilities in the construction of infrastructures, the spread of strategic industrial sites, the spread of sites for national banking centers and so forth.

Sub-article (2)

Sufficiently clear.

Article 84

Sufficiently clear.

Article 85

Sub-article (1)

Sufficiently clear.

Sub-article (2)

Letters a and b

Sufficiently clear.

Letter c

Referred to as other legal measures shall be selling, pawning, granting, exchanging with something else of equal value and or transferring.

Articles 86 up to 90

Sufficiently clear

Article 91
(To be continued)

Rectification

In Law No. 22/1999 dated May 7, 1999 on Regional Administrations published in Business News No. 6361/6362 dated September 15, 1999 pages 1A - 5A, Article 19 should have read Article 20 while Article 19, which has been inadvertently omitted, will be as follows:

Article 19

(1) DPRD shall enjoy the right:

- a. to ask a governor/regent and municipality head for his accountability report;
- b. to ask the regional administration for some information;
- c. to undertake an investigation;
- d. to introduce changes in the draft regional regulations;
- e. to put forward statements of opinion;
- f. to put forward draft regional regulations;
- g. to stipulate the budget of DPRD; and
- h. to stipulate the Regulation for Conduct of DPRD.

(2) The exercise of the rights as meant in sub-article (1) shall be regulated in the Regulation for Conduct of DPRD.

We apologize for the inconvenience caused.

The editor

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BN. 6370/6371/6-10-1999

REGIONAL ADMINISTRATIONS
(Law of the Republic of Indonesia No. 22/1999 dated May 7, 1999)
(Continued from Business News No. 6370/6371 pages 8A-13A)

Article 91

Sub-article (1)

Referred to as a joint institution shall be an institution set up jointly by border-sharing regency/municipality governments in the framework of promoting services to the community.

Sub-articles (2) and (3)

Sufficiently clear.

Article 92

Sub-article (1)

A regional government needs to facilitate the establishment of an urban forum to create the synergy involving a regional government, the community and private circles.

Sub-article (2)

Referred to as community empowerment shall be involvement in planning, execution and ownership.

Sub-article (3)

Sufficiently clear.

Article 93

Sub-article (1)

The term village is adjusted to the socio-cultural condition of the local community such as "nagari", "kampong", "huta", "bori" and "marga".

Referred to as origin shall be as meant in Article 18 of the Constitution of 1945 and its elucidation.

Sub-article (2)

In the establishment, abolition and/or merger of villages, it is necessary to consider the extent of the area, the size of the population, the socio-cultural aspects, the village potential and so forth.

Article 94

The term of Rural Representative Agency may be adjusted to the socio-cultural condition of the local rural community.

The establishment of a village government and a Rural Representative Agency shall be undertaken by the community.

Article 95

Sub-article (1)

The term village head may be adjusted to the socio-cultural condition of the local village.

Sub-articles (2) and (3)

Sufficiently clear.

Article 96

A regency may stipulate the term of office of a village head in accordance with to the local socio-cultural aspects.

Article 97

Sufficiently clear.

Article 98

Sub-article (1)

Sufficiently clear.

Sub-article (2)

The saying of an oath/pledge by a village head shall be conducted in accordance with the religions recognized by the government, namely:

- a. to be commenced with the saying of "By the Grace of God" for Muslims;
- b. to be ended with the saying of "May God help me." for Protestant Christians/Catholics;
- c. to be commenced with the saying of "Om atah paramawisesa" for Hinduists; and
- d. to be commenced with the saying of "By the Grace of Sanghyang Adi Buddha" for Buddhists.

Sub-article (3)

Sufficiently clear.

Article 99

Sufficiently clear.

Article 100

A rural government shall be entitled to reject the implementation of the task of assistance not coupled with financing, facilities and infrastructures and human resources.

Article 101

Letters a up to d

Sufficiently clear.

Letter e

To amicably settle community disputes in a village, a village head may be assisted by a rural customary institution. All disputes already amicably settled by the village head shall be binding to the disputing parties.

Letter f

Sufficiently clear.

Article 102

Letter a

Sufficiently clear.

Letter b

Letter b

The report of a village head shall be conveyed to a regent with a copy to the district head.

Article 103

sub-article (1)

Letters a up to c

Sufficiently clear.

Letter d

To avoid vacuum in the execution of a village administration, a village head whose term of office has ended shall continue to implement his tasks as a village head until the installation of a new village head.

Letter e

Sufficiently clear.

Sub-article (2)

Sufficiently clear.

Article 104

The supervisory function of a Rural Representative Agency shall encompass supervision over the implementation of rural regulations, a rural budget of revenues and expenditures and decisions of a village head.

Article 105

Sub-articles (1) and (2)

Sufficiently clear.

Sub-article (3)

Rural regulations do not need the ratification of a regent but must, by way of obligation, be conveyed to him at the latest two weeks after its stipulation with a copy to be sent to a district head.

Sub-article (4)

Sufficiently clear.

Article 106

Sufficiently clear.

Article 107

Sub-article (1)

Sources of income owned and managed by a village cannot be taken over by the government or a regional government. The empowerment of village potentials in increasing rural revenues shall be conducted, among others, by establishing enterprises owned by villages, cooperation with a third party and the authority to obtain loans.

With respect to regional sources of income located in a village, both taxes and levies already collected by the regency, additional levies imposed by a regional government cannot be justified. Regional revenues from the said source must be given to the village concerned with the amount being proportionately and justly distributed. This provision is aimed at removing the expenses arising high-cost economy and other impacts.

Sub-article (2)

The activities to manage a rural budget of revenues and expenditures which stipulated every year shall encompass the drawing up of a budget, the implementation of financial administration and the amendment to the budget calculation.

Sub-articles (3) up to (5)

Sufficiently clear.

Article 108

Sufficiently clear.

Article 109

Sub-article (1)

Inter-village cooperation giving a burden to the community must be approved by the Rural Representative Agency.

Sub-article (2)

Sufficiently clear.

Article 110

A rural government not involved in the said activity shall be entitled to reject the said development.

Article 111

Sub-article (1)

Sufficiently clear.

Sub-article (2)

Referred to as origin shall be the origin of the establishment of the said village.

Article 112

Sub-article (1)

Referred to as facilitating shall be an effort to empower an autonomous region through the provision of guidelines, guidance, training, direction and supervision.

Sub-article (2)

Sufficiently clear.

Article 113

Sufficiently clear.

Article 114

Sub-articles (1) up to (3)

Sufficiently clear.

Sub-article (4)

The filing of an objection to the Supreme Court as the last legal effort shall be undertaken at the latest fifteen days after a decision on cancellation from the government is available.

Article 115

Article 115

Sub-article (1)

The mechanism for the establishment, abolition, merger and/or expansion of regions shall be conducted in the following manner:

- a. a region which shall be established, abolished, merged and/or expanded shall be proposed by a regional head with the approval of the regional legislative assembly to the government;
- b. the government shall assign the Regional Autonomy Advisory Council to conduct researches by taking into account the economic capability, regional potentials, socio-cultural and socio-political aspects, the size of population, the extent of the area and other considerations;
- c. the Regional Autonomy Advisory Council shall give its consideration for the formulation of a bill regulating the establishment, abolition, merger and/or expansion of an autonomous region.

Sub-article (2)

Referred to as an Association of Regional Governments shall be an organization set up by regional governments in the framework of cooperation among provincial governments, regency governments and/or municipality governments on the basis of a guideline issued by the government.

A regional legislative assembly shall elect 6 regional representatives of various kinds of expertise, particularly in the financial and administrative areas, with an independent attitude, comprising 2 persons to represent the province, 2 persons to represent a regency and 2 persons to represent a municipality with a term of office of two years respectively.

Sub-articles (3) up to (6)

Sufficiently clear.

Articles 116 up to 117

Sufficiently clear.

Article 118

Sub-article (1)

The granting of special autonomy to the province/first-level region of East Timor shall be based on a bilateral treaty between the Indonesian government and the Portuguese government under the supervision of the United Nations.

Referred to as being otherwise stipulated shall be Stipulation of the People's Consultative Assembly further regulating the status of the province/first-level region of East Timor.

Sub-article (2)

Sufficiently clear.

Articles 119 up to 121

Sufficiently clear.

Article 122

The recognition of the uniqueness of the special province of Aceh shall be based on the history of the national struggle for freedom while the substance of its uniqueness shall constitute the implementation of a religious life, customs and education with the role of ulema in the stipulation of regional policies being taken into account.

The recognition of the uniqueness of the special province of Yogyakarta shall be based on its origin and its role in the history of national struggle, while the substance of its uniqueness shall be the appointment of the governor with a candidate descended from the Sultan of Yogyakarta to be considered and a deputy governor with a candidate descended from Paku Alam to be considered, fulfilling the requirements pursuant to this law.

Articles 123 up to 131

Sufficiently clear.

Article 132

Sub-article (1)

Laws related to the enforcement of this law must already be completed at the latest within one year.

Sub-article (2)

The implementation of re-arrangement shall begin as from the stipulation of this law and must already be completed within 2 years.

Articles 133 and 134

Sufficiently clear.