THE CONSTRUCTION DEVELOPMENT REFORM: SHARING & LEARNING

THE MPW INDONESIA DELEGATION
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THE PRESENTATION OUTLINE

• THE PURPOSE OF OUR VISIT
• THE CONSTRUCTION PROFILE
  – THE DEVELOPMENT REFORM
  – THE GDP CONTRIBUTION
  – THE MARKET
  – THE PLAYERS
  – THE POLICIES
• THE CONSTRUCTION POLICY DEVELOPMENT ISSUES
• THE FUTURE DIRECTION
THE PURPOSE OF OUR VISIT

- TO GET A COMPARATIVE ASSESSMENT FROM THE HONG KONG CONSTRUCTION INDUSTRY DEVELOPMENT REFORM
  - THE NATIONAL INTEREST,
  - THE DEVELOPMENT REFORM,
  - THE CHALLENGES AND RESPONSES,
  - THE FUTURE DIRECTION,
  - THE INSTITUTIONS SETTING,
  - THE POLICIES AND IMPLEMENTATION.

THE DEVELOPMENT REFORM

1999
1st CONSTRUCTION SERVICES REFORM

2003
1st GOVERNMENT PROCUREMENT REFORM

2005
1st PRIVATE SECTOR PARTICIPATION REFORM

2010
2nd GOVERNMENT PROCUREMENT REFORM

2011

REVISING LAWS ON CONSTRUCTION SERVICES,
REVIVING CONSTRUCTION POLICIES
THE GDP CONTRIBUTION AND MARKET

ITS CONTRIBUTION TO GDP
- 2008: 7.31%
- 2009: 7.10%
- 2010: 7.30%
- 2011: 8.00% (ESTIMATED)

ITS POTENTIAL MARKET
- USD 200 BILLION FOR THE NEXT 5 YEARS
- USD 20 BILLION GOVERNMENT SPENDING FOR BASIC INFRASTRUCTURE DEVELOPMENT IN 2011 FISCAL YEAR

THE INDONESIAN CONSTRUCTION

ITS PLAYERS
- 160,405 CONTRACTING COMPANIES,
- 7,359 ENGINEERING CONSULTING FIRMS,
- 110,000 PROFESSIONALS
- 5,300,000 WORKERS
THE INSTITUTIONS

- GOVERNMENT INSTITUTION
  • DIRECTORATE GENERAL FOR CONSTRUCTION DEVELOPMENT, MINISTRY OF PUBLIC WORKS,
  • INSTITUTE FOR GOVERNMENT PROCUREMENT POLICY

- NON-GOVERNMENT INSTITUTIONS
  • NATIONAL FORUM OF CONSTRUCTION SERVICES
  • 1 NATIONAL CONSTRUCTION SERVICES DEVELOPMENT BOARD,
  • 37 REGIONAL CONSTRUCTION SERVICES DEVELOPMENT BOARD,
  • 35 CONTRACTORS ASSOCIATIONS
  • 3 CONSULTING COMPANY ASSOCIATIONS
  • 41 PROFESSIONAL ASSOCIATIONS
  • 2 CONSTRUCTION WORKER ASSOCIATIONS
  • 1 REAL ESTATE DEVELOPER ASSOCIATIONS
THE CONSTRUCTION SERVICES DEVELOPMENT BOARD

• DUTY AND RESPONSIBILITY
  – RESEARCH & DEVELOPMENT
  – EDUCATION AND TRAINING
  – CERTIFICATION OF CONSTRUCTION PROFESSIONALS AND WORKERS
  – REGISTRATION OF CONTRACTORS AND CONSULTANTS
  – MEDIATION AND ARBITRATIONS

• THE NATIONAL BOARD
  – 8 PEOPLE FROM GOVERNMENT INSTITUTION
  – 8 PEOPLE FROM CONTRACTOR AND CONSULTANT ASSOCIATION,
  – 8 PEOPLE FROM UNIVERSITY AND PROMINENT EXPERT
  – 8 PEOPLE FROM PROFESSIONAL ASSOCIATIONS

THE CURRENT POLICIES

• LIBERALISATION ON TRADE IN SERVICE
  – 55:45 FOREIGN EQUITY PARTICIPATION FOR CONTRACTING COMPANY,
  – 49:51 FOREIGN EQUITY PARTICIPATION FOR CONSULTING COMPANY,
  – PARTICIPATION ON ASEAN MRA ON ENGINEERING AND ARCHITECTURE

• FOREIGN COMPANY PARTICIPATION IN THE GOVERNMENT PROCUREMENT
  – CONSTRUCTION WORKS FOR MORE THAN IDR 100 BILLIONS
  – CONSULTING WORKS FOR MORE THAN IDR 10 BILLIONS
THE CURRENT POLICIES

- **CERTIFICATION AND REGISTRATION**
  - CONTRACTORS AND CONSULTANTS
  - ENGINEERS AND ARCHITECTS
  - SKILL WORKERS
- **CERTIFICATION BY COMPANY AND PROFESSIONAL ASSOCIATIONS ACCREDITED BY CONSTRUCTION SERVICES DEVELOPMENT BOARD**
- **REGISTRATION BY CONSTRUCTION SERVICES DEVELOPMENT BOARD**

THE CONSTRUCTION DEVELOPMENT POLICY ISSUES

- **FREE MARKET VS COORDINATED COMPETITION**
  - PROCUREMENT EFFECTIVENESS
  - LIBERALISATION ON TRADE IN SERVICES - COMPETITIVENESS
  - PLAYING FIELD STRATIFICATION
- **IMPROVING QUALITY OF INFRASTRUCTURE**
  - QUALITY ASSURANCE,
  - CONSTRUCTION SAFETY,
  - SUSTAINABLE CONSTRUCTION,
  - CONSTRUCTION INNOVATION
- **THE CONSTRUCTION DEVELOPMENT**
  - THE PLAYERS ORGANISATION,
  - GOVERNMENT ROLE,
  - CONSTRUCTION DEVELOPMENT BOARD FORMAT,
  - CLASSIFICATION AND QUALIFICATION,
  - CERTIFICATION, REGISTRATION AND LICENSING,
  - CAPACITY BUILDING,
1. Lack of ethics
2. Marginal profit
3. High risk business
4. Unsafe system
5. Low productivity
6. Low quality
7. Uncompetitive
8. Inward looking
9. Lack of information
10. Lack of innovation
11. Lack of professional competence,
12. Unstructured market,
13. Unfair competition

1. Professionalism
2. Low risk business
3. Safe system
4. High productivity
5. Quality first
6. Competitive
7. Global looking
8. Intelligence
9. Technology driven
10. Best personnel
11. Value for money,
12. Efficient and innovative
13. Sustainability

THE FUTURE DIRECTION

1. Revising regulatory framework
2. Restructuring institutions

PRODUCTS

P3

INDONESIAN CONSTRUCTION 2030
THE FINEST BUILT ENVIRONMENT

P1

GOVERNANCE

P2

PROCESS

P3

PEOPLE

PROCESS

PRODUCTS

GETTING
• QUALITY FIRST,
• ADDED VALUE,
• ENVIRONMENTALLY FRIENDLY INFRASTRUCTURE

IMPROVING
• CAPACITY
• COMPETENCE
• COMPETITIVENESS
ALL CONSTRUCTION PLAYERS

PURSUING
• EFFICIENT,
• INNOVATIVE,
• FAIRNESS CONSTRUCTION DELIVERY SYSTEM

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