

REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

NUMBER 51 OF 2023

ON

AMENDMENT TO GOVERNMENT REGULATION NUMBER 36 OF 2021

ON WAGES

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering :
- a. that to implement the provisions of Article 88C and Article 88D of Article 81 point 28 of Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law, it is necessary to amend the provisions on minimum Wage
 - b. that in order to maintain the Workers/Labourers purchasing power and national economic stability as well as considering the dynamics of development in industrial relation, the provisions on minimum Wage as regulated in Government Regulation Number 36 of 2021 on Wages are no longer in accordance with legal needs so that it is necessary to be amended;
 - c. that based on the considerations as referred to in point a and point b, it is necessary to issue a Government Regulation on Amendment to Government Regulation Number 36 of 2021 on Wages;

- Observing :
1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
 2. Law Number 13 of 2003 on Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279);
 3. Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);
 4. Government Regulation Number 36 of 2021 on Wages (State Gazette of the Republic of Indonesia of 2021 Number 46, Supplement to the State Gazette of the Republic of Indonesia Number 6648);

HAS DECIDED:

To Issue : GOVERNMENT REGULATION ON AMENDMENT TO GOVERNMENT REGULATION NUMBER 36 OF 2021 ON WAGES.

Article I

Several provisions in Government Regulation Number 36 of 2021 on Wage (State Gazette of the Republic of Indonesia of 2021 Number 46, Supplement to the State Gazette of the Republic of Indonesia Number 6648) are amended as follows:

1. Between section (1) and section (2) of Article 24 is inserted 1 (one) section, namely section (1a) so that Article 24 reads as follows:

Article 24

- (1) The minimum Wage as referred to in Article 23 section (1) is only applicable for Workers/Labourers with work period less than 1 (one) year at the Company concerned.

- (1a) Workers/ Labourers with less than 1 (one) year of work period as referred to in section (1) who have specific qualifications required for their position may be given Wage higher than the minimum Wage.
 - (2) Wages for Workers/Labourers with work period 1 (one) year or more are based on the Wage structure and scale.
2. Provisions of section (1) and section (3) of Article 25 are amended, and provisions of Article 25 section (4) and section (5) are deleted so that Article 25 reads as follows:

Article 25

- (1) Minimum Wage consists of:
 - a. provincial minimum Wage; and
 - b. regency/municipal minimum wage with certain conditions.
- (2) The minimum Wage as referred to in section (1) is determined based on economic and labour conditions.
- (3) Minimum wage determination is made for:
 - a. province or regency/municipality which has minimum Wage;
 - b. regency/municipality which has not have minimum Wage; or
 - c. province or regency/municipality which is the result of separation.
- (4) Deleted.
- (5) Deleted.

3. Provisions of Article 26 are amended to read as follows:

Article 26

- (1) Province or regency/municipality which has minimum Wage as referred to in Article 25 section (3) point a makes annual adjustment to minimum Wage value.
- (2) The adjustment to minimum wage value as referred to in section (1) is calculated using the formula to calculate minimum Wage by considering the variables of economic growth, inflation and certain indexes.
- (3) Certain indexes as referred to in section (2) symbolized with α is the variable that represents workers contribution to provincial or regency/municipal economic growth.
- (4) Calculation formula of minimum Wage as referred to in section (2) is as follow:

$$UM(t+1) = UM(t) + \text{Adjustment Value to } UM(t+1)$$

- (5) Minimum Wage value adjustment in calculation formula of minimum Wage as referred to in section (4) is calculated as follows:

$$\text{Adjustment value to } UM(t+1) = \{\text{Inflation} + [\text{PE} \times \alpha]\} \times UM(t)$$

- (6) The symbol α as referred to in section (5) is the variable placed within the range of 0.10 (zero point one zero) to 0.30 (zero point three zero).
- (7) The value of symbol α as referred to in section (6) is determined by provincial wage council of or regency/municipal wage council by considering:
 - a. employment rate; and
 - b. average or median Wage.
- (8) In addition to the consideration as referred to in section (7), the setting of the value of α may also consider other factors relevant to the manpower conditions.

- (9) If minimum Wage value adjustment as referred to in section (5) is smaller or equal to 0 (zero), the minimum Wage that will be determined is the same with the minimum Wage of the current year.
 - (10) The data used for calculation of minimum Wage value adjustment as referred to in section (5) is collected from an institution authorized in the field of statistics.
4. Between Article 26 and Article 27, 2 (two) articles is inserted, namely Article 26A and Article 26B so that they read as follows:

Article 26A

- (1) In the event of minimum Wage for the current year in certain region exceeds average household consumption divided by the average number of household members working in the province or regency/municipality, the minimum Wage value adjustment is calculated with the following formula:

$$\text{Adjustment Value to UM}(t+1) = PE \times \alpha \times \text{UM}(t)$$

- (2) Symbol α as referred to in section (1) is the variable placed within the range of 0.10 (zero point one zero) to 0.30 (zero point three zero).
- (3) The value of symbol α as referred to in section (2) is determined by provincial wage council or regency/municipal wage council by considering:
 - a. employment rate; and
 - b. average or median Wage.
- (4) Aside from the consideration referred to in section (3), the setting of the value of α may also consider other factors relevant to the labour market.
- (5) If economic growth as referred to in section (1) shows negative value, minimum wage value for the following

year is determined the same as minimum Wage value for the current year.

- (6) The data used to calculate for such calculation of minimum Wage value adjustment as referred to in section (1) are collected from an institution authorized in the field of statistics.

Article 26B

The results of minimum Wage value calculation that will be determined may be rounded up to one unit of rupiah.

5. Provisions of section (2), section (3) and section (4) of Article 27 are amended to read as follows:

Article 27

- (1) The governor is obligated to determine provincial minimum Wage annually.
- (2) The provincial minimum Wage determination as referred to in section (1) is made by minimum Wage value adjustment.
- (3) Calculation of provincial minimum Wage value adjustment is made based on the minimum wage calculation formula as referred to in Article 26 section (4) and calculation of minimum Wage value adjustment as referred to in Article 26 section (5).
- (4) In the event of provincial minimum Wage for the current year in certain region exceeds average household consumption divided by the average number of household members working in the province, the calculation of provincial minimum Wage value adjustment as referred to in section (3) is made in accordance with the provision of Article 26A section (1).

6. Provisions of Article 28 are amended to read as follows:

Article 28

- (1) The calculation of provincial minimum Wage value adjustment is made by provincial wage council.
- (2) The results of calculation of provincial minimum Wage value adjustment as referred to in section (1) is recommended to the governor through the office administering government affairs in the field of provincial manpower.
- (3) In the event that recommendation results by provincial wage council as referred to as section (2) is not in accordance with minimum Wage calculation formula, the governor determines provincial minimum Wage with the following provisions:
 - a. for the region which its provincial minimum Wage value has not exceeded average household consumption divided by the average number of household members working in the province, the provincial minimum Wage is determined based on minimum Wage calculation formula as referred to in Article 26 section (4) and calculation of minimum Wage value adjustment as referred to in Article 26 section (5); or
 - b. for the region which its provincial minimum Wage value exceeds average household consumption divided by the average number of household members working in the province, provincial minimum Wage is determined based on minimum wage calculation formula as referred to in Article 26 section (4) and calculation of minimum Wage value adjustment as referred to in Article 26A section (1).

7. Between Article 28 and Article 29, 1 (one) article is inserted, namely Article 28A, so that it reads as follows:

Article 28A

- (1) In the event of province as the result of separation:
- a. provincial minimum Wage that applies for the very first time uses the provincial minimum Wage that applies for the original province;
 - b. the determination for the first time provincial minimum Wage is made by the governor or the acting governor not later than 21 November of the current year; and
 - c. provincial minimum Wage value adjustment for the very first time is made by the governor or the acting governor not later than 21 November of the following year.
- (2) The determination of the very first time provincial minimum Wage as referred to in section (1) point b, is in the amount of original province's minimum Wage value.
8. Provisions of section (2) of Article 29 is amended to read as follows:

Article 29

- (1) Provincial minimum Wage is determined by a Governor Decision and is announced not later than 21 November of the current year.
- (2) In the event that the 21 November falls on Sunday, national holiday or official holiday, provincial minimum Wage is determined and announced by the Governor or acting governor 1 (one) day before Sunday, holiday or official holiday.

- (3) The provincial minimum Wage as referred to in section (1) and section (2) applies as of 1 January of the following year.
- (4) The provision implementation as referred to in section (1) and section (2) is not contradictory to wage policy as referred to in Article 4.

9. Provisions of Article 30 are amended to read as follows:

Article 30

- (1) The Governor may determine regency/municipal minimum Wage.
- (2) The determination of regency/municipal minimum Wage as referred to in section (1) may be made for:
 - a. regency/municipality which has not have minimum Wage;
 - b. regency/municipality which has have minimum Wage;
 - c. regency/municipality which is the result of separation; or
 - d. regency/municipality which has have minimum Wage in the province as the result of separation.

10. Provisions of section (2) of Article 31 are amended to read as follows:

Article 31

- (1) Regency/municipal minimum Wage is determined after provincial minimum wage determination.
- (2) Regency/municipal minimum Wage determination as referred to in section (1) is made in the event that the result of regency/municipal minimum Wage calculation is higher than provincial minimum Wage.

11. 2 (two) articles are inserted between Article 31 and Article 32, namely Article 31A and Article 31B, so that they read as follows:

Article 31A

- (1) Regency/municipal minimum Wage determination which has not have minimum Wage as referred to in Article 30 section (2) point a must meet certain conditions.
- (2) The certain conditions as referred to in section (1) are:
 - a. the average economic growth of the regency/city concerned during the last 3 (three) years of available data for the same period, higher than the average provincial economic growth; or
 - b. the value of economic growth minus inflation of regency/city concerned for as long as the last 3 (three) years of available data for the same period, always positive, and higher than the provincial value.
- (3) In the event that certain conditions as referred to in section (2) are not met, therefore the governor cannot determine the minimum Wage for the corresponding regency/municipality.
- (4) The data on economic growth and inflation as referred to in section (2) is collected from an institution authorized in the field of statistics.

Article 31B

- (1) Minimum Wage calculation for regency/municipality which has not have regency/municipality minimum Wage as referred to in Article 30 section (2) point a uses the minimum Wage calculation formula.
- (2) Minimum Wage calculation formula as referred to in section (1) is based on economic and manpower conditions that indicate the following variables:

- a. purchasing power parity;
- b. employment rate; and
- c. median Wage.

(3) Data on purchasing power parity, employment rate and median Wage as referred to in section (2) is collected from an institution authorized in the field of statistics.

12. Provisions of section (1) point a of Article 32 are amended and provisions of Article 32 section (3) are deleted, so that Article 32 reads as follows:

Article 32

(1) Minimum Wage calculation for regency/municipality which has not have regency/municipal minimum Wage as referred to in Article 30 section (2) point a is made by the following phases:

a. calculating the relative value of regency/municipal minimum Wage to the provincial minimum Wage based on the ratio of purchasing power parity with the following formula:

$$UMK(F1) = \frac{\text{Regency/Municipal PPP}}{\text{Provincial PPP}} \times UMP(t)$$

b. calculating the relative value of regency/municipal minimum Wage to provincial minimum Wage based on the ratio of employment rate with the following formula:

$$UMK(F2) = \frac{(1 - \text{Regency/Municipal TPT})}{(1 - \text{Provincial TPT})} \times UMP(t)$$

c. calculating the relative value of regency/municipal minimum Wage to provincial minimum Wage based on the ratio of median Wage with the following formula:

$$UMK(F3) = \frac{\text{Regency/Municipal Median Wage}}{\text{Provincial Median Wage}} \times UMP(t)$$

- d. calculating the average of relative value of regency/municipal minimum Wage as referred to in point a, point b and point c with the following formula:

$$\text{UMK}(t+1) = \frac{\text{UMK}(F1)+\text{UMK}(F2)+\text{UMK}(F3)}{3}$$

- (2) The variables of purchasing power parity, employment rate and median Wage as referred to in section (1) are respectively calculated based on average value for the past 3 (three) years shown by the data available in the same period.
- (3) Deleted.

13. Provisions of Article 33 are amended to read as follows:

Article 33

- (1) Calculation of regency/municipal minimum Wage is made by regency/municipal wage council based on the formula as referred to in Article 32.
- (2) The results of regency/municipal minimum Wage calculation as referred to in section (1) are delivered to the regent/mayor.
- (3) In the event that the results of regency/municipal minimum Wage calculation are equal or lower than provincial minimum Wage, therefore the regent/mayor cannot recommend regency/municipal minimum Wage value to the governor.
- (4) In the event that the results of regency/municipal minimum Wage calculation are higher than provincial minimum Wage, the regent/mayor recommends the results of regency/municipal minimum Wage calculation through the office administering government affairs in the field of provincial manpower.
- (5) The governor determines regency/municipal minimum Wage based on the recommendation by the regent/mayor as referred to in section (4).

- (6) In the event that the regent/mayor's recommendation as referred to in section (4) is not in accordance with minimum Wage calculation formula, therefore the governor cannot determine regency/municipal minimum Wage.

14. Provisions of Article 34 are amended to read as follows:

Article 34

- (1) Regency/municipal minimum Wage determination which has have minimum wage as referred to in Article 30 section (2) point b is made with minimum Wage value adjustment.
- (2) Calculation of regency/municipal minimum Wage value adjustment is made in accordance with minimum Wage calculation formula as referred to in Article 26 section (4) and minimum Wage value adjustment calculation as referred to in Article 26 section (5).
- (3) In the event that minimum Wage for the current year in certain region exceeds average household consumption divided by the average number of household members working in the regency/municipality, the minimum Wage value adjustment for regency/municipality as referred to in section (2) is made in accordance with the provision of Article 26A section (1).
- (4) Calculation of regency/municipal minimum Wage value adjustment is made by regency/municipal wage council.
- (5) The results of calculation of regency/municipal minimum Wage value adjustment as referred to in section (2) and section (3) are delivered to the regent/mayor to be recommended to the governor through an office administering government affairs in the field of provincial manpower.

15. Between Article 34 and Article 35, 3 (three) articles are inserted, namely Article 34A, Article 34B and Article 34C, so that they read as follows:

Article 34A

- (1) The governor requires the advice and consideration from provincial wage council in determining the regency/municipal minimum Wage as recommended by the regent/mayor as referred to in Article 34 section (5).
- (2) In the event that regency/municipal minimum Wage recommended by the regent/mayor is not in accordance with minimum Wage calculation formula, governor:
 - a. determines regency/municipal minimum Wage which the value is in accordance with regency/municipal minimum Wage value for the current year; or
 - b. determines regency/municipal minimum Wage:
 - 1) for the region which its regency/municipal minimum Wage value for the current year has not exceeded average household consumption divided by the average number of household members working in the regency/municipality, regency/municipal minimum Wage is determined based on minimum Wage calculation formula as referred to in Article 26 section (4) and minimum Wage value adjustment calculation as referred to in Article 26 section (5); or
 - 2) for the region which its regency/municipal minimum Wage value for the current year exceeds average household consumption divided by the average number of household members working in the regency/municipality, regency/municipal minimum Wage is determined based on minimum Wage calculation formula as referred to in Article 26 section (4) and minimum Wage value adjustment calculation as referred to in Article 26A section (1).

Article 34B

Minimum Wage for regency/municipality as the result of separation as referred to in Article 30 section (2) point c, for the first time is applied for:

- a. original regency/municipal minimum Wage; or
- b. provincial minimum wage, in the event there is no original regency/municipal minimum Wage.

Article 34C

Minimum wage for regency/municipality which has have minimum Wage in province as the result of separation as referred to in Article 30 section (2) point d, for the first time applies regency/municipal minimum Wage before provincial separation.

16. Provision of Article 35 section (1) is deleted and section (3) and section (5) of Article 35 are amended, so that Article 35 reads as follows:

Article 35

- (1) Deleted.
- (2) Regency/municipal minimum Wage is determined by a Governor Decision and is announced not later than 30 November of the current year.
- (3) In the event of the 30 November falls on Sunday, national holiday or official holiday, regency/municipal minimum Wage is determined and announced by the governor or acting governor 1 (one) day before Sunday, national holiday or official holiday.
- (4) The regency/municipal minimum Wage as referred to in section (2) and section (3) applies as of 1 January of the following year.

- (5) The provision implementation as referred to in section (2) and section (3) is not contradictory to wage policy as referred to in Article 4.

17. After point c of section (2) of Article 71 is added 1 (one) point namely point d, and after point b of section (3) of Article 71 is added 1 (one) point namely point c to read as follows:

Article 71

- (1) National wage council has duty to provide advice and considerations to Central Government in order to:
 - a. formulation of wage policy; and
 - b. arrangement and development of wage system.
- (2) Provincial wage council has duty to provide advice and considerations to the governor in order to:
 - a. determination of provincial minimum Wage;
 - b. determination of regency/municipal minimum Wage for the proposing regency/municipality;
 - c. material preparation for wage system development formulation; and
 - d. implementation of minimum Wage as well as Wage structure and scale in the companies at provincial level.
- (3) Regency/municipal wage council has duty to provide advice and considerations to the regent/mayor in order to:
 - a. regency/municipal minimum Wage proposal;
 - b. material preparation for wage system development formulation; and
 - c. implementation of minimum Wage as well as wage structure and level in the companies at regency/municipality level.

18. Between CHAPTER XIII and CHAPTER XIV, 1 (one) chapter is inserted namely CHAPTER XIII A, so that it reads as follows:

CHAPTER XIII A

MISCELLANEOUS PROVISIONS

19. Between Article 81 and Article 82, 3 (three) articles are inserted, namely Article 81A, Article 81B, and Article 81C, so that they read as follows:

Article 81A

- (1) Nusantara Capital minimum Wage is determined by Chairperson of the Nusantara Capital Authority after determining the relocation of National Capital.
- (2) Nusantara Capital minimum Wage as referred to in section (1) is determined by a Decision of Chairperson of the Nusantara Capital Authority and is announced not later than 21 November of the current year.
- (3) Nusantara Capital minimum Wage as referred to in section (2) applies as of 1 January of the following year.
- (4) After determination of Nusantara Capital minimum Wage as referred to in section (2), the determination of Nusantara Capital minimum Wage for the following year is made with minimum Wage value adjustment.

Article 81B

- (1) Chairperson of the Nusantara Capital Authority, in determining and adjusting Nusantara Capital minimum Wage may coordinate with the ministry administering government affairs in the field of manpower and/or with government of East Kalimantan Province.
- (2) The coordination as referred to in section (1) is made in the event of the unavailability of:

- a. data that will be used for minimum Wage determination and adjustment; and/or
 - b. institutions required for minimum Wage determination and adjustment.
- (3) Data and institutions as referred to in section (2) are required to be available at the latest of 3 (three) years starting from the determination of National Capital relocation.
- (4) In the event that data and institutions as referred to in section (2) are already available, Nusantara Capital minimum Wage adjustment is made in accordance with the provisions on provincial minimum Wage determination as regulated in this Government Regulation.

Article 81C

After the determination of National Capital relocation and before Nusantara Capital minimum Wage is applied as referred to in Article 81A, for the first time the minimum Wage applicable in Nusantara Capital is in accordance with North Penajam Paser Regency and Kutai Kartanegara Regency minimum Wage as determined by the Governor of East Kalimantan Province.

Article II

This Government Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation in the State Gazette of the Republic of Indonesia.

Issued in Jakarta

on 10 November 2023

PRESIDENT OF THE REPUBLIC
OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta

on 10 November 2023

MINISTER OF THE STATE SECRETARIAT
OF THE REPUBLIC OF INDONESIA,

signed

PRATIKNO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2023 NUMBER 146

Jakarta, 30 September 2024

Has been translated as an Official Translation
on behalf of the Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION AD INTERIM,



ASEP N. MULYANA

ELUCIDATION
OF
REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 51 OF 2023
ON
AMENDMENT TO GOVERNMENT REGULATION NUMBER 36 OF 2021 ON
WAGES

I. GENERAL

The government determines wage policies, which one of the objectives is to create harmonious, dynamic and fair industrial relations. The wage policy includes, among other things, the policy of annually minimum Wage determination by the governor and the policy of formulating and implementing Wage structure and scale in the Company.

The promulgation of Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law, had amended several wage provisions, particularly those related to the minimum Wage. The major change to minimum Wage provisions concerns the formula used to calculate the minimum Wage. Law Number 6 of 2023 regulates that the formula for calculating the minimum Wage considering the variables of economic growth, inflation and certain indexes. Such three variables are intended to maintain the purchasing power of Workers/ Labourers and on the other hand also provide opportunities for the business world to remain competitive.

The enforcement of the minimum Wage is regulated, that basically it applies to Workers/ Labourers with less than 1 (one) year of service at the corresponding company. However, this provision is not intended to close the opportunity for Workers/ Labourers with less than 1 (one) year of service who have specific qualifications required for a job/position, to earn Wage higher than the minimum Wage.

Apart from the aforesaid, in current development and in line with the formation of new regions due to separation, including the formation of Nusantara Capital as well as to accommodate regions that have not applied a minimum Wage and thus will determine a minimum Wage, it is necessary to formulate a legislation that will serve as legal standing for government policies in performing calculation, setting and implementation of minimum Wages for such regions.

Wage policies that have been established by the government, for their implementation, need to be supported by regional wage council, either related to minimum Wage as well as Wage structure and scale. Therefore, the effort to strengthen regional wage council by increasing their authority is crucial, not only related to minimum Wage but also regarding the implementation of Wage structure and scale.

Based on the aforesaid matters, it is necessary to make amendments to several provisions in Government Regulation Number 36 of 2021 on Wage. The objectives of amendment to Government Regulation are directed at: 1) provide rewards for Workers/ Labourers for their contribution to economic growth in the related region; 2) maintain the purchasing power of Workers/ Labourers who can eventually afford goods and services produced by the Businessperson; 3) provide certainty of an increase to minimum Wage for the Company, so that sustainability of employment can be guaranteed for Workers/ Labourers; and 4) create a competitive business climate to accelerate economic growth. In relation to such objectives, the scope of amendments to Government Regulation Number 36 of 2021 includes changes to the provisions regarding minimum Wage calculation formula, minimum Wage setting and enforcement, as well as strengthening the role of regional wage council.

II. ARTICLE BY ARTICLE

Article I

Point 1

Article 24

Section (1)

Sufficiently clear.

Section (1a)

The term “specific qualifications” means, among others, education, competence and work experience that are required to perform the work or position, and/or other requirements required by the Company.

Section (2)

Sufficiently clear.

Point 2

Article 25

Sufficiently clear.

Point 3

Article 26

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The term “UM(t+1)” means the minimum Wage that will be determined.

The term “UM(t)” means the minimum Wage of the current year.

The term “Adjustment Value to UM(t+1)” means minimum Wage adjustment value that will be determined.

Section (5)

The term “inflation” means provincial inflation calculated from changes in the consumer price index for the period of September of the current year against the consumer price index for the period of September of the previous year (in percent).

The term “PE” means economic growth (*Indonesian: Pertumbuhan Ekonomi*) consists of:

- a. for province, PE is calculated from the changes in gross regional domestic product at constant provincial prices in the first quarter, second quarter, third quarter of the current year, and fourth quarter in the previous year against the province's gross regional domestic product at constant prices in the first quarter, second quarter, third quarter of the previous year, and fourth quarter in the previous 2 (two) years (in percent).
- b. for regency/municipality, PE is calculated from changes in gross regional domestic product at constant prices for regency/municipality in the previous year against gross regional domestic product at constant prices for regency/municipality in the previous 2 (two) years (in percent).

Section (6)

Sufficiently clear.

Section (7)

Point a

The term " employment rate" means calculation of the reduction of 1 (one) in the open unemployment rate within a province or regency/municipality, calculated based on the survey on national labour force in August for the very latest of the past 3 (three) years of the available data.

Point b

The term "average Wage" means the average wage of Workers/ Labourers apart from state administrators in province or regency/municipality, calculated based on the survey on national labour force in August for the very latest of the past 3 (three) years of the available data. "median Wage" means the median wage of workers/laborers apart from the state administrators in the province or regency/municipality, calculated based on the survey on national labour force in August for the very latest of the past 3 (three) years of the available data.

Section (8)

Sufficiently clear.

Section (9)

Sufficiently clear.

Section (10)

Sufficiently clear.

Point 4

Article 26A

Section (1)

The term "Average household consumption" means the multiplication of the average per capita consumption per month and the average number of household members calculated based on the national socio-economic survey in March each year.

The term "average number of household members working in the province or regency/municipality" means the average number of people per household working at the provincial or regency/municipality level as calculated based on the national socio-economic survey in March each year.

In this provision, the average household consumption and the average number of household members working in the province are used to calculate provincial minimum Wage.

In this provision, the average household consumption and the average number of household members working in the province are used to calculate regency/municipal minimum Wage.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 26B

In this provision, the sum is rounded up to one unit of Rupiah, for example:

- a. Rp2,950,935.56 (two million nine hundred fifty thousand nine hundred thirty-five rupiah and fifty-six cents) is rounded up to Rp 2,950,936 (two million nine hundred fifty thousand nine hundred and thirty-five rupiah).
- b. Rp 2,950,935.12 (two million nine hundred fifty thousand nine hundred thirty-five rupiah and twelve cents) is rounded up to Rp 2,950,936 (two million nine hundred fifty thousand nine hundred and thirty-five rupiah).

Point 5

Article 27

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The term "average household consumption" means the multiplication of the average per capita consumption per month and the average number of household members at the provincial level calculated based on the national socio-economic survey in march each year.

The term "average number of household members working in the province" means the average number of people per household working at the

provincial level as calculated based on the national socio-economic survey in march each year.

In this provision, the average household consumption and the average number of household members working in the province are used to calculate provincial minimum Wage.

Point 6

Article 28

Sufficiently clear.

Point 7

Article 28A

Sufficiently clear.

Point 8

Article 29

Sufficiently clear.

Point 9

Article 30

Section (1)

Sufficiently clear.

Section (2)

Point a

The term "regency/municipality which has not have minimum Wage" means regency/municipality which has never set a minimum Wage regency/municipality that within the previous years have set a minimum Wage but in the following year did not set a minimum wage due to not meeting the certain requirements, however,

in the current year the relevant regency/municipality meets the requirements for setting a minimum Wage.

Point b

Sufficiently clear.

Point c

The term “regency/municipality which is the result of separation” means the regency/municipality that is re-districted in accordance with the provisions of legislation.

Point d

The term “regency/municipality which has have minimum Wage in the province as the result of separation” means regency/municipality which has have regency/municipal minimum Wage in its original province, and administratively incorporated into the province which is the result of separation.

Point 10

Article 31

Sufficiently clear.

Point 11

Article 31A

Sufficiently clear.

Article 31B

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term " employment rate" means calculation of the reduction of 1 (one) in the open unemployment rate within a province or regency/municipality, calculated based on the survey on national labour force in August for the very latest of the past 3 (three) years of the available data.

Point c

The term "median Wage" means the median Wage of Workers/ Labourers apart from the state administrators in the province or regency/municipality, calculated based on the survey on national labour force in August for the very latest of the past 3 (three) years of the available data.

Section (3)

Sufficiently clear.

Point 12

Article 32

Section (1)

Point a

The term "UMK(F1)" means regency/municipal minimum Wage value by taking into account the factor of purchasing power parity. UMK itself is the abbreviation of Regency/Municipal

Minimum Wage (*Indonesian: Upah Minimum Kabupaten/Kota*).

The term “Regency/Municipal PPP” means the average of purchasing power parity for the last 3 (three) years in the corresponding regency/municipality. PPP itself is the abbreviation of Purchasing Power Parity.

The term “Provincial PPP” means the average of purchasing power parity for the last 3 (three) years in the corresponding province.

The term “UMP(t)” means provincial minimum Wage for the current year. UMP itself is the abbreviation of Provincial Minimum Wage (*Indonesian: Upah Minimum Provinsi*).

Point b

The term “UMK(F2)” means regency/municipal minimum Wage value by taking into account the employment rate.

The term “Regency/Municipal 1-TPT” means the average employment rate for the last 3 (three) years in the corresponding regency/municipality. TPT itself is the abbreviation of Open Unemployment Rate (*Indonesian: Tingkat Pengangguran Terbuka*).

The term “Provincial 1-TPT” means the average labors employment rate for the last 3 (three) years in the corresponding province.

The term “UMP(t)” means provincial minimum Wage for the current year.

Point c

The term “UMK(F3)” means regency/municipal minimum Wage value by taking into account the factor of median Wage of Workers/ Labourers apart from the state administrators.

The term “Regency/Municipal Median Wage” means the average of median wage of Workers/ Labourers apart from the state administrators for the last 3 (three) years in the corresponding regency/municipality.

The term “Provincial Median Wage” means the average median wage of Workers/ Labourers apart from the state administrators for the last 3 (three) years in the corresponding province.

The term “UMP(t)” means provincial minimum Wage for the current year.

Point d

The term “UMK(t+1)” means regency/municipal minimum Wage value that will be determined.

The term “UMK(F1)” means regency/municipal minimum Wage value by taking into account the factor of purchasing power parity.

The term “UMK(F2)” means regency/municipal minimum Wage value by taking into account the factor of employment rate.

The term “UMK(F3)” means regency/municipal minimum Wage value by taking into account the factor of median wage of workers/laborers apart from the state administrators.

Section (2)

Sufficiently clear.

Section (3)

Deleted.

Point 13

Point 33

Sufficiently clear.

Point 14

Article 34

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “average household consumption” means the multiplication of the average per capita consumption per month and the average number of household members at the provincial level calculated based on the national socio-economic survey in March each year.

The term “average number of household members working in the regency/municipality” means the average number of people per household working at the regency/municipality level as calculated based on the national socio-economic survey in March each year.

In this provision, the average household consumption and the average number of household members working in the regency/municipality are used to calculate regency/municipal minimum Wage.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Point 15

Article 34A

Sufficiently clear.

Article 34B

Sufficiently clear.

Article 34C

Sufficiently clear.

Point 16

Article 35

Sufficiently clear.

Point 17

Article 71

Section (1)

In order to provide advice and consideration to the government, national wage council may undertake various activities such as study, analysis, coordination and cooperation with related parties.

Section (2)

In order to provide advice and consideration to the Governor, provincial wage council may undertake various activities such as study, analysis, coordination and cooperation with related parties.

Section (3)

In order to provide advice and consideration to the Regent/Mayor, regency/municipal wage council may undertake various activities such as study, analysis, coordination and cooperation with related parties.

Point 18

Sufficiently clear.

Point 19

Article 81A

Sufficiently clear.

Article 81B

Sufficiently clear.

Article 81C

Sufficiently clear.

Article II

Sufficiently clear.