

Authority of the Batam City Local Government and the Batam City Free Trade and Free Port Agency in the Business Licensing Process Through the Online Single Submission Risk Based Approach Based on Legal Certainty

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Abstract. *The Unitary State of the Republic of Indonesia is a state based on law. This concept is stated in Article 1 Paragraph (3) of the 1945 Constitution of the Republic of Indonesia which reads: The State of Indonesia is a state of law. The consequence of this article is that every action, whether it is the action of a citizen or the action of a state administrator (government), must be based on law and must not conflict with the applicable positive law (ius constitutum). The approach method used in this study is empirical juridical. According to Abdul Kadir Muhamad, empirical juridical research is: "research conducted by examining secondary data first and then continued by conducting research on primary data in the field". In legal research, law is seen as a norm or das sollen, because legal research is an approach that refers to applicable laws and regulations. The OSS RBA system created as a form of E-Government in Batam City aims to provide convenience to the public in accessing licensing documents on the OSS RBA system to issue permits independently through digital use and to facilitate officers in providing licensing services to the public. However, in the implementation of OSS RBA in Batam City so far, there have been various obstacles and problems that have caused the implementation of OSS RBA in Batam City as a system that helps the public issue licensing documents to not be implemented effectively enough. This study uses a descriptive qualitative approach to describe and analyze the implementation of OSS RBA in Batam City. Based on field data and literature review, several main findings were obtained*

Keywords: *Authority of Local Government; Business Licensing Process; Free Trade and Free Ports.*

1. Introduction

The Unitary State of the Republic of Indonesia is a state based on law. This concept is stated in Article 1 Paragraph (3) of the 1945 Constitution of the Republic of Indonesia which reads: The State of Indonesia is a state of law. The consequence of this article is that every action,

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whether it is the action of a citizen or the action of a state administrator (government), must be based on law and must not conflict with the applicable positive law (ius constitutum). The concept of a state of law is a state system that is regulated based on applicable law that is just and is structured in a constitution, where all people in the state, both those who are governed and those who govern, must be subject to the same law, so that everyone who is the same is treated equally and everyone who is different is treated differently on the basis of rational differentiation, regardless of differences in skin color, race, gender, religion, region and belief, government authority is limited based on a principle of distribution of power, so that the government does not act arbitrarily and does not violate the rights of the people, therefore the people are given a role according to their abilities and roles democratically. A state of law is identical to the concept of a welfare state and a welfare state can only be achieved by enforcing the supremacy of law and sustainable development carried out by the government.¹

In improving the welfare of the Indonesian State, digital economic performance is needed, in this case the Online Single Submission Risk Based Approach (OSS RBA) is one form of digital economic reform created by the Indonesian Government. The implementation of the Online Single Submission Risk Based Approach (OSS RBA) is also one of the government's ways to realize investment optimization in Indonesia by simplifying administrative bureaucracy and to provide quality and optimal public services. In realizing its implementation in society, the Indonesian government is committed so that licensing services can be carried out easily, quickly and accurately. Seeing this phenomenon, this study aims to determine the implementation of the Online Single Submission Risk Based Approach (OSS RBA) in realizing investment optimization in Batam City with a qualitative descriptive approach and the SWOT analysis method aims to analyze the strengths (Strengths), weaknesses (Weaknesses), opportunities (Opportunities), and threats (Threats) of the implementation of the Online Single Submission Risk Based Approach System in an effort to optimize investment in Batam City. Through a qualitative approach, this study examines the perceptions and experiences of stakeholders and the key factors that influence the success or failure of the implementation *Online Single Submission Risk Based Approach* (OSS RBA).

Online Single Submission Risk Based Approach (OSS RBA) which is also interpreted as Risk-Based Business Licensing is a Business Licensing managed and organized by the Ministry of Investment/Investment Coordinating Board of the Republic of Indonesia, which is an implementation and mandate of Law Number 11 of 2020 concerning Job Creation. *Online single Submission Risk Based Approach* (OSS RBA) is an electronically integrated Business Licensing System for processing business permits by business actors who meet the criteria, including, in the form of business entities or individuals with micro, small, medium or large business scales, Domestic Investment (PMDN) or Foreign Investment (PMA).

With the Online Single Submission *Risk Based Approach* (OSS RBA) can facilitate the management of various business permits (related to location, environment, and buildings), as well as operational permits for business operational activities at the central or regional level. Then, Online Single Submission *Risk Based Approach* (OSS RBA) useful to facilitate

¹<https://mkn.usu.ac.id/images/11.pdf>

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business actors to connect with all stakeholders and obtain permits safely, quickly and in real time. Then, another benefit is to facilitate business actors in reporting and solving licensing problems in one door or one platform. In addition *Online single Submission Risk Based Approach* (OSS RBA) is also useful in providing facilities for business actors to store licensing data in one business identity which is also called the Business Identification Number (NIB). In OSS RBA, the basis for Issuing a License is the Level | Risk of the Activity and the Business Scale of the activity.

In the implementation of OSS RBA In Batam City, there is a dualism of institutions and different authorities, namely the Batam City Government and the Batam Free Trade Zone and Free Port Authority (BP KPBPB Batam), where the Batam City Government in exercising its authority related to business licensing is based on Government Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing where in the attachment there are types of permits that are the authority of the Ministry/Institution (K/L), Provincial Government, City/Regency Government and Government Regulation number 6 of 2021 concerning Implementation of Business Licensing in the Region. While the Batam Free Trade Zone and Free Port Authority (BP KPBPB Batam) in exercising its authority based on Government Regulation Number 41 of 2021 concerning Implementation Area Trading Free And Harbor Free.

PP Number 5 of 2021 regulates Business Licensing based on the level of Risk and scale of business activities. The implementation of Risk-Based Business Licensing includes:

1. Risk-Based Business Licensing Regulations;
2. Norms, standards, procedures and criteria for Risk-Based Business Licensing;
3. Risk-Based Business Licensing through the Online Single Submission Risk Based Approach (OSS RBA) System service
4. Procedures for Risk-Based Business Licensing Supervision;
5. Evaluation and reform of Risk-Based Business Licensing policies;
6. Risk-Based Business Licensing Funding;
7. Resolution of problems and obstacles in Risk-Based Business Licensing; and
8. sanctions.²

PP Number 41 of 2021 regulates institutions Batam Free Trade Zone and Free Port Authority (BP KPBPB Batam) related:

1. Institution of Free Trade Zone and Free Port (KPBPB)
2. Licensing services,
3. Development and utilization of assets,
4. Facilities and convenience,
5. Development and management of Free Trade Zones and Free Ports (KPBPB)
6. Sanctions
7. Implementation of Customs, Taxation and Excise Provisions

²<https://peraturan.bpk.go.id/Details/161835/pp-no-5-tahun-2021>

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8. Procedures for the receipt and release of goods

Institutional Batam Free Trade Zone and Free Port Authority (BP KPBPB Batam) consists of the Area Council and the Business Agency. The Area Council is a council formed to determine general policies, foster, supervise, and coordinate the activities of the Free Trade Zone and Free Port Business Agency. Meanwhile, the Business Agency is a body formed to carry out the management, development, and construction of the Free Trade Zone and Free Port. The Business Agency is authorized to issue all Business Licenses for entrepreneurs who establish and run businesses in the Free Trade Zone and Free Port in order to develop activities in the economic sector and determine the types and quantities of Consumer Goods and issue import permits.³

Where business activities in the Free Port and Free Trade area are provided with various facilities and conveniences such as entry and exit of goods, customs, taxation, excise, immigration.

To be able to access Online Single Submission *Risk Based Approach (OSS RBA)*, several requirements that must be owned by business actors, namely NIK and NPWP which are inputted in the user-ID creation process. Specifically for business actors in the form of business entities, the Population Identification Number (NIK) of the Person in Charge of the Business Entity and NPWP of the Business Entity, SK Business Entity and others, categories of business entities in the form of PT, CV, Foundations, Cooperatives, Firms, and Civil Partnerships are required to complete the process of legalizing the business entity at the Ministry of Law and Human Rights through AHU Online, before accessing Online Single Submission *Risk Based Approach (OSS RBA)*. Not only that, for business actors or business entities in the form of Perum, Perumda, other legal entities owned by the state, Public Service Agencies or Broadcasting Institutions are required to prepare a legal basis for the establishment of a Business Entity.⁴

Licensing is a policy instrument of the Central Government and Regional Governments (Pemda) to control negative externalities that may arise from social or economic activities. Licensing is also an instrument for legal protection of ownership or implementation of business activities. As a control instrument, licensing requires clear rationality and is stated in the form of government policy as a reference. Without rationality and clear policy design, licensing will lose its meaning as an instrument to defend interests over actions based on individual actions.⁵

Along with the development of the digital-based era, licensing has also undergone a revolutionary evolution with the implementation of an electronic licensing system to facilitate licensing management. This is expected to provide convenience to business actors to be more enthusiastic in managing licensing, so that with the increasing number of business actors managing permits, it will be easier for government supervision efforts so that a business activity does not cause negative effects on society and the environment. For this reason, the government has issued an electronic-based licensing registration system called *Online Single Submission Risk Based Approach (OSS RBA)*. Electronically Integrated

³<https://peraturan.bpk.go.id/Details/161958/pp-no-41-tahun-2021>

⁴<https://surakarta.go.id/?p=26104>

⁵Adrian Sutedi 2010. Licensing Law in the Public Service Sector. Sinar Grafika. Jakarta. page v.

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Business Licensing or *Online Single Submission Risk Based Approach* (OSS RBA) is a Business License issued by the OSS Institution for and on behalf of the Minister, Head of Institution, Governor, or Regent/Mayor to Business Actors through an integrated electronic system as regulated in Government Regulation Number 05 of 2021 concerning the Implementation of Risk-Based Business Licensing, where *Online Single Submission Risk Based Approach* (OSS RBA) is a policy aimed at accelerating and improving the national economy through the growth of the business world that facilitates Business Actors, both individuals and non-individuals. In managing the legality of their businesses by cutting down on convoluted bureaucracy.

2. Research Methods

The approach method used in this study is empirical juridical. According to Abdul Kadir Muhamad, empirical juridical research is: "research conducted by examining secondary data first and then continued by conducting research on primary data in the field".⁶In legal research, law is seen as a norm or *das sollen*, because legal research is an approach that refers to applicable laws and regulations.⁷

3. Results and Discussion

3.1. The authority of the Batam City Regional Government and the Batam City Free Trade and Free Port Authority in the business licensing process through the Online Single Submission Risk Based Approach is currently in order to ensure legal certainty.

Online single Submission Risk based Approach (OSS RBA) is a one-stop portal for business licensing with the aim of facilitating the licensing process for investors that includes the authority of the district/city, provincial, Ministry/Institution (K/L), KPBPB, and Ministry of Investment levels. Including the assessment of business actor compliance, one of which is through the online Investment Activity Report (LKPM) which is a report on the development of Investment realization and problems faced by Business Actors which must be made and submitted periodically with an online system.

1. Authority in Business Licensing Management in Batam City

In Batam City, the authority for business licensing is divided between the Batam Free Trade Zone and Free Port Authority (BP KPBPB) and the Batam City Government (Pemko), where Batam's status is as a Free Trade Zone and Free Port (FTZ). In addition, the Risk-Based Online Single Submission (OSS) system also plays a role in managing business licensing nationally.

The implementation of OSS RBA in Batam refers to:

1. Law Number 11 of 2020 concerning Job Creation, which was then issued as Government Regulation in Lieu of Law (Perppu) Number 2 of 2022 concerning Job Creation and was stipulated as Law Number 6 of 2023 concerning Job Creation, which changes the licensing paradigm from permit-based to risk-based.

⁶Abdul Kadir Muhammad, *Law and Legal Research*. (Bandung: Citra Aditya, 2004), page 134

⁷Ronny Hanitijo Soemitro, *Legal Research Methodology and Jurimetrics*, (Jakarta: Ghalia Indonesia, 1990), page 20

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2. Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing, which stipulates the classification of business risks and appropriate licensing procedures.
3. Government Regulation Number 6 of 2021 concerning the Implementation of Business Licensing in the Regions
4. Government Regulation Number 41 of 2021 concerning the Implementation of Free Trade Zones and Free Ports, which regulates licensing in special areas such as Batam.
5. At the local level, the implementation of the Online Single Submission Risk Based Approach (OSS RBA) in Batam is regulated by:
 - a) Batam Mayor Regulation Number 5 of 2022, which regulates the implementation of risk-based business licensing electronically and integrated through the OSS System.
 - b) Regulation of the Head of the Batam Business Agency Number 24 and 25 of 2021, which stipulates that business actors who will carry out activities to import or export goods to and from the Batam Free Trade Zone and Free Port are required to have a Zone Business Permit.
 - c) Batam Business Agency developed Indonesia Batam Online Single Submission (IBOSS), an electronic licensing application system integrated with the National OSS, specifically for the Batam Free Trade and Free Port Area (KPBPB) area.

Based on Law No. 23 of 2014 concerning Regional Government, the Regional Government has the authority for concurrent government affairs, including:

- a) Local trade
- b) Cooperatives and SMEs
- c) Environment
- d) Spatial planning (outside the BP Batam area)
- e) Construction

The local government is responsible through the Batam City Investment and One-Stop Integrated Services Agency in providing business licensing services that are not within the Batam Free Trade and Free Port Area (KPBPB).

In order to obtain complete information, the author conducted an interview with one of the officials responsible for carrying out the licensing process at the Batam City Investment and One-Stop Integrated Service Office, namely Mrs. RESA MARLINDA as an Associate Expert Licensing Arranger by asking several questions, including:

- a. What are the main changes felt in the licensing service process?

The following are the main impacts of the implementation of OSS RBA on the business world in Indonesia:

Simplification of Licensing Process

1. OSS RBA groups businesses based on risk level: low, medium low, medium high, and high. Low-risk businesses only require a Business Identification Number (NIB) without the need for additional permits. This makes it very easy for MSMEs to start a business without complex regulatory obstacles.
2. Increasing Business Certainty

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With a risk-based system and integration between institutions, business actors can clearly know what permits are needed and the process.

This reduces uncertainty and potential conflicts with regulators.

3. Digitalization and Transparency

The licensing process, which was previously often manual and complicated, is now done online through the RBA OSS portal. This system increases transparency, time efficiency, and reduces informal costs.

4. Strengthening Supervision and Compliance

OSS RBA emphasizes that licensing is not the end of the process, but the beginning of compliance monitoring. Business actors must meet certain standards, certifications, or technical verifications depending on their business risks.

5. Encouragement for Investment and Ease of Doing Business

With simpler and faster procedures, the system is designed to attract investment, both domestic and foreign. Indonesia has risen in rankings in several ease of doing business indices after the implementation of this system.

6. Challenges in Initial Implementation

Lack of socialization, technical constraints, and adaptation from business actors and local governments are the initial obstacles. Some business actors experience confusion in understanding the risk classification and OSS RBA procedures.

b. In your opinion, what needs to be improved in the RBA OSS system in the future?

Mrs. Resa Marlinda explained as follows:

1. The implementation of Business Licensing since the implementation of the Online Single Submission Risk Based Approach (OSS RBA), has become simpler, more integrated and faster, where the OSS RBA system has several things, namely:

a) **Faster and Easier Licensing Process:** OSS RBA allows business actors to process permits faster and easier, because this system has been integrated with related agencies.

b) **Reduction of Requirements:** OSS RBA reduces several items related to licensing, making it easier for entrepreneurs to process permits.

2. **Risk Classification:** The OSS RBA system divides business activities into four levels of risk, namely low, medium low, medium high, and high. The higher the risk, the more requirements that need to be met.

3. **Implementation of the "Trust But Verify" Principle:** The government believes that business actors will comply with the provisions, standards, and norms that have been set, but continues to conduct evaluations and supervision to ensure compliance.

4. **Supervision and Guidance:** OSS RBA enables the government to supervise and provide guidance to business actors, especially for high-risk business activities.

5. **Enhancing Investment Ecosystem:** OSS RBA can enhance the investment ecosystem by simplifying the licensing process and reducing costs, thereby attracting more investors.

6. **Ease of Access:** OSS RBA can be accessed online, so that business actors can take care of permits from anywhere and at any time.

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7. Integration with Other Systems: OSS RBA has been integrated with other systems, such as population, tax and other licensing systems, making it easier for business actors to take care of licensing.

b. What are the consequences of the dualism of institutions and authorities in the licensing process:

1) Overlapping authority: dualism of institutions can cause overlapping authority between one institution and another, which can lead to confusion and uncertainty in the licensing process.

2) Process delays: dualism of institutions can cause the licensing process to be slower, because coordination and communication between one institution and another is needed.

3) Legal uncertainty: dualism of institutions can cause legal uncertainty in the licensing process, due to differences in interpretation and application of regulations between one institution and another.

4) Service gap: dualism of institutions can cause a service gap between one institution and another, which can lead to dissatisfaction among the community.

c. What changes have been felt since the OSS RBA System was introduced?

1. Increasing the Efficiency and Transparency of OSS RBA enables transparent and structured supervision of business activities, and can be accounted for in accordance with the provisions of laws and regulations.

2. Business Risk Classification: OSS RBA divides business activities into four risk levels, namely low, medium low, medium high, and high, allowing the government to focus on more in-depth risk evaluation.

3. Issuance of Risk-Based Business Licenses: OSS RBA enables the issuance of risk-based business licenses, so that business actors can start and run their business activities more easily and quickly.

d. What are the challenges faced in implementing OSS RBA?

1. Technological infrastructure readiness: Batam City Government needs to ensure that the technological infrastructure used can support the OSS RBA system.

2. Integration with other systems: Batam City Government needs to ensure that the OSS RBA system can be integrated with other related systems, such as population and tax systems.

3. Changes in bureaucratic culture: The Batam City Government needs to make changes in bureaucratic culture to adapt a more modern and technology-based OSS RBA system.

4. Human resource skills: Batam City Government needs to ensure that existing human resources have adequate skills to operate the OSS RBA system.

5. Inter-agency coordination: Batam City Government needs to coordinate well with other related institutions to ensure that the OSS RBA system can run effectively.

6. Supervision and evaluation: Batam City Government needs to carry out effective supervision and evaluation to ensure that the OSS RBA system can run well and effectively.

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7. Increasing public awareness: The Batam City Government needs to increase public awareness about the OSS RBA system and its benefits for the community.).

e. What are the challenges faced in implementing OSS RBA?

1) Quality of technology infrastructure: needs to be improved to ensure that the RBA OSS system can run stably and effectively.

2) Integration with other systems: needs to be improved to ensure that the RBA OSS system can be integrated with other related systems, such as population and tax systems.

3) Data security: needs to be improved to ensure that data stored in the RBA OSS system is secure and cannot be accessed by unauthorized parties.

4) Responsive and fast: needs to be improved to ensure that the OSS RBA system can provide a fast and effective response to the needs of the community and business actors, this is a very high priority problem because there is no Helpdesk in the region, so that when business actors experience obstacles and problems with the Application or licensing, they must report directly to the national helpdesk, whose response is very slow in terms of resolving problems.

5) Customer service: needs to be improved to ensure that the public and business actors can get good and satisfactory service.

6) Effective supervision: needs to be improved to ensure that the RBA OSS system can run effectively and in accordance with applicable regulations.

7) Periodic evaluation: needs to be improved to ensure that the OSS RBA system can be evaluated periodically and necessary improvements made.

8) Education and training: need to be improved to ensure that the public and business actors can use the OSS RBA system effectively. What needs to be improved from the OSS RBA system in the future

In relation to the interview results related to the Online Single Submission Risk Based Approach (OSS RBA), it is clear that business actors really need a transparent, fast, and non-discriminatory licensing system to ensure a sense of fairness in doing business. However, there are still several challenges in realizing it.

How many benefits are felt in the implementation of OSS RBA for business actors, both small, medium and large business actors, can be in the form of:

1. Ease of Access to Licensing

a. With the system *Online single Submission Risk Based Approach (OSS RBA)*, the licensing process becomes faster and more efficient, so that small to large business actors can access permits more evenly.

b. Licensing submitted for the Online Single Submission Risk Based Approach (OSS RBA) is done online from anywhere and is integrated with other agencies.

2. Legal Certainty and Regulatory Consistency

a. Business actors often face legal uncertainty due to differences in regulations between the Batam Free Trade Zone and Free Port Authority (BP KPBPB) and the Batam City Government (Pemko).

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b. Overlapping authority between the Batam Free Trade Zone and Free Port Authority (BP KPBPB) and the Batam City Government (Pemko)

c. Land management and building permits are often major obstacles.

3. Transparency and Corruption Prevention

a. Digitalization through OSS reduces brokering practices in licensing.

b. Efforts to Increase the Sense of Justice in Licensing in Batam

Several steps that can be taken to improve fairness for business actors in managing permits in Batam:

a. Policy alignment between the Free Trade Zone and Free Port Authority (BP KPBPB) and the Batam City Government to avoid overlapping authority.

b. Intense coordination between the Free Trade Zone and Free Port Authority (BP KPBPB) with the Batam City Government and with technical agencies in Batam City.

c. Increasing transparency and oversight of the OSS system, so that all business actors receive fair treatment without discrimination.

d. Elimination of bureaucratic obstacles through acceleration of licensing and simplification of administrative procedures.

e. Education and socialization for MSMEs, so that they can more easily understand and access business permits.

f. As a city with Free Trade Zone and Free Port status, it improves the quality of PTSP, provides protection and legal certainty for the community;

g. provide wider access to the community to obtain excellent services; and

h. increasing ease of doing business and regional competitiveness.

The Batam City Government is responsible for managing licensing for small and medium-scale businesses operating outside the Batam Free Trade and Free Port Area (KPBPB).

a. Business Identification Number (NIB) for MSMEs through the Online Single Submission (OSS) system.

b. Micro and Small Business Permit (IUMK) for businesses with small capital.

In addition, the Batam City Government has the authority in terms of Basic Requirements which are the Basic obligations for every Business Actor before processing Licensing to carry out activities, namely:

1. Regulating the use of urban space and environmental sustainability, including:

a. Approval of Suitability of Space Utilization Activities

b. Building Construction Permit (PBG) (formerly IMB) to ensure compliance with city spatial planning.

c. Environmental Permit, including Environmental Impact Analysis (AMDAL) for businesses that have the potential to impact the environment.

d. Business Establishment Permit outside the FTZ area or Batam Free Trade and Free Port area (KPBPB).

2. Regional Tax Licensing and Retribution

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The Batam City Government is also responsible for issuing permits related to regional taxes and levies, such as:

- a. Tourism Business License (hotels, restaurants, cafes and entertainment venues).
- b. Advertising and Advertising Permit for businesses that use promotional media in public spaces.
- c. Trade Business License (SIUP) for businesses outside the Batam Free Trade and Free Port Area (KPBPB).

3. Supervision and Business Development.

Apart from issuing permits, the Batam City Government also plays a role in:

- a. Monitor business compliance with regional regulations.
- b. Assisting MSMEs in the licensing process and business assistance.
- c. Conducting raids and taking action against businesses operating without a permit.

Li Claudia as the deputy head of BP Batam highlighted the overlapping regulations that have the potential to hinder investment flows in the strategic area. She emphasized that Batam as an FTZ area should have its own privileges in implementing policies. "As a Free Trade Zone, Batam should not be burdened with regulations that are contrary to the spirit of the FTZ. Many current policies actually add to the complexity of bureaucracy," she said. Li Claudia hopes that the central government can pay more serious attention to adjusting policies that support a conducive investment climate. This is also in line with President Prabowo's vision in accelerating economic growth through simplifying bureaucracy and strengthening regions as new centers of economic growth. "If regulations are adjusted to the needs of the region, we believe Batam can contribute greatly to national economic growth," she said. (DN)⁸

2. Overview of the implementation of OSS RBA in Batam

The implementation of the Online Single Submission Risk-Based Approach (OSS RBA) in Batam City aims to simplify the business licensing process with a risk-based approach, thereby encouraging investment and local economic growth. The following is a general overview of the implementation of OSS RBA in Batam City.

The Directorate of Integrated One-Stop Services is a business unit of the Batam Business Agency that manages licensing in Batam, including Land Licensing, Business Licensing, Goods Traffic Licensing, Advertising Point Licensing and others.⁹

The Batam Business Agency (BP) provides integrated licensing services electronically through the Online Single Submission (OSS) and Indonesia Batam Online Single Submission (IBOSS) systems. Licensing managed by PTSP is regulated in Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing and Government Regulation Number 41 of 2021 concerning the Implementation of Free Trade Zones and Free Ports.

The legal basis for business licensing of the Batam Business Agency is stated in Government Regulation No. 41 of 2021 concerning the implementation of the Batam Free Trade Zone

⁸ [Deputy Head of BP Batam Conveys FTZ Obstacles to President Prabowo - BP Batam](#) accessed on May 10, 2025

⁹ [About Ptsp - Directorate of Ptsp Bp Batam](#) accessed on May 10, 2025

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and Free Port. The Batam Business Agency has also issued several Perka to support the acceleration of the business licensing process, especially in Batam.¹⁰

In relation to this, BP Batam has established a Service Level Agreement (SLA) for each related work unit that issues permits as follows:

- a. Land: 15 working days
- b. Land preparation for 8 working days. While for the advertising point, utilities and utilization of ROW are carried out in 5 working days.
- c. Approval of entry of goods is carried out within 1 working day.
- d. Certificates related to port activities including loading and unloading, transportation of goods and lifting equipment are carried out within 2 hours.

As stated in PP No. 41 of 2021, BP Batam is given the authority to issue 67 types of permits from 8 sectors, namely:

- Transportation in the port sector,
- Health,
- Trading,
- Industry,
- Water resources,
- waste and environment,
- Forestry,
- Energy and
- mineral, marine and fisheries resources.

The Batam Free Trade Zone and Free Port Authority (BP KPBPB) has integrated the regional licensing system with the national Online Single Submission Risk Based Approach (OSS RBA) through the Indonesia Batam Online Single Submission (IBOSS) platform. IBOSS functions as a business licensing application system connected to the national OSS, especially for the Batam Free Trade and Free Port Area (KPBPB). The goal is to simplify the licensing process for investors and business actors in the area.

3. Authority of the Batam Authority (BP)

The enactment of Government Regulation Number 41 of 2021 concerning the Implementation of Free Trade Zones and Free Ports (PP 41/2021) and Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing which are implementing regulations of Law Number 11 of 2020 concerning Job Creation bring changes to the regulation of business licensing.

As the manager of the Batam Free Trade Zone and Free Port, the Batam Business Agency has the main authority in licensing related to land management and free trade facilities. Some of its authorities include:

1) Land and Infrastructure Permits

¹⁰ [BP Batam Has Implemented OSS-RBA - Metropolis](#) accessed on May 10, 2025

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a. Granting of Land Management Rights (HPL) and Building Use Rights (HGB) in FTZ or KPBPB areas

b. Licensing related to the use of strategic infrastructure, such as ports, airports and industrial areas.

2) Industrial and Investment Licensing

a) Industrial Business Permit (IUI) and Industrial Operational Permit in the FTZ Area.

b) Recommendations for licensing foreign investments that receive free trade area incentives.

c) Management of Special Economic Zones (KEK) in Batam.

d) Management of Free Trade Zone (FTZ) Facilities

e) Import Duty and Value Added Tax (VAT) exemption incentives for goods entering Batam.

f) Supervision of free trade licensing to comply with FTZ regulations.

Although many aspects of business licensing in Batam are managed by the Batam Business Agency, the Batam City Government still has a strategic role in:

a. Aligning regional licensing regulations with national policies and the Batam Business Agency.

b. Resolving licensing conflicts between the City Government and the Batam Business Agency, especially regarding land and business development.

c. Optimizing the OSS system to make it more accessible to small and medium businesses.

In the implementation of Non-Licensing Licensing services, the relevant Service is required to prepare and implement:¹¹

- service standards; and
- standard operating procedures.

The Standard Service Components as referred to in Article 17 letter a at least include:

- a. Legal basis.
- b. Condition;
- c. Systems, mechanisms and procedures;
- d. Completion period;
- e. Fees/rates;
- f. Service products;
- g. Facilities, infrastructure and/or means;
- h. Executor competence;
- i. Internal supervision;
- j. Handling complaints, suggestions and input;

¹¹Article 17 Batam Mayor Regulation Number 40 of 2020 concerning Delegation of Licensing Authority to the Head of the Batam City Investment and One-Stop Integrated Service Office and the Implementation of One-Stop Integrated Services

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- k. Number of implementers; service guarantee that provides certainty that services are implemented in accordance with service standards;
- l. Guarantee of security and safety of services in the form of a commitment] to provide a sense of security, freedom from danger and risk of doubt; and
- m. Evaluation of the implementer's performance.

All types of Licensing and Non-Licensing as referred to in Article 5 paragraph (1) must be served electronically (online), either through the OSS system, PTSP Online or other integrated electronic-based service systems that have been and will be provided by the Central Government, in accordance with laws and regulations. Except for services that cannot yet be accommodated in the electronic system.¹²

The One-Stop Integrated Service (PTSP) provides facilities to Micro, Small and Medium Enterprises in terms of information services related to business licensing and assistance in accessing the OSS and/or PTSP Online pages in order to obtain a Business License.¹³

3.2. Obstacles faced by the Batam City Regional Government and the Batam City Free Trade and Free Port Agency in the business licensing process through the Online Single Submission Risk Based Approach (OSS RBA) and how it impacts entrepreneurs and the community in managing permits to be able to carry out their business activities.

Obstacles to the implementation of the Online Single Submission Risk Based Approach (OSS RBA) in Batam City, as identified in various sources, include several aspects:

4. System and Technical Weaknesses:

- Application Disruption: The OSS RBA system often experiences errors, which hampers the licensing service process because repairs can only be carried out by the central government.
- Not yet optimal: In general, the implementation of the OSS program is considered not yet fully optimal.
- Data Integration: OSS applications do not yet have a system²⁶⁶integration and good data storage, and does not yet have a quality control system for document validation.

1. Regulations and Authorities:

- Division of Authority: Problems related to the division of authority between agencies cause licensing applications to become inactive or unresolved.
- Regional Implementing Regulation (Perda): Issuance of Building Construction Permits (PBG), which used to be IMB, is hampered because Perda at the district/city and provincial levels have not been fully implemented.

2. Coordination and Institutions:

¹²Article 22Batam Mayor Regulation Number 40 of 2020 concerning Delegation of Licensing Authority to the Head of the Batam City Investment and One-Stop Integrated Service Office and the Implementation of One-Stop Integrated Services

¹³Article 23Batam Mayor Regulation Number 40 of 2020 concerning Delegation of Licensing Authority to the Head of the Batam City Investment and One-Stop Integrated Service Office and the Implementation of One-Stop Integrated Services

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- Many Related Agencies: The involvement of many Ministries/Institutions (K/L) and Regional Apparatus Organizations (OPD), each of which has applications that are not yet integrated, is an obstacle.
- The Licensing Coordination Forum (FPR) has not yet been formed: The FPR, which should be a coordination forum, has not yet been formed.
- Delegation of Administrative Authority: Although DPMPTSP has received the OSS access rights account, administratively the authority delegation document has not been received.
- Unclear Authority of OPDs: There is no clear authority for OPDs involved in the OSS RBA system.

3. Understanding and Socialization:

- Lack of Understanding of Business Actors: Many business actors, especially those who do not understand technology, still have difficulty with the OSS RBA framework and have to visit the DPMPTSP office again.
- Absence of a Guidebook: There is no guidebook that can be used as a reference for business actors or implementing agencies.

4. Batam Specific Issues:

- Free Trade Zone and Free Port (FTP) Policy: LSD-related policies (possibly related to FTP status) are considered disruptive.
- NIK Not Yet Registered: The problem related to the Population Identification Number (NIK) of people who have not registered is also an obstacle.

Nevertheless, the central government and BP Batam have attempted to overcome this obstacle through technical guidance and interactive discussions with business actors to gather information and provide direct assistance related to the use of the OSS RBA system in Batam City.

To ensure the implementation of OSS RBA runs effectively, the Batam Business Agency (BP) actively holds various activities, such as:

- a. Interactive Discussion: BP Batam held an interactive discussion on the implementation of business licensing through OSS RBA, involving business actors and related agencies.
- b. HR Training: The training was held to improve the insight and competence of human resources in the One-Stop Integrated Service (PTSP) unit of BP Batam, in order to provide optimal licensing services to investors.
- c. Increased Investment, the implementation of OSS RBA in Batam shows positive results in increasing investment, especially Domestic Investment (PMDN). Data shows that in 2022, the number of Business Identification Numbers (NIB) issued was 11,259, and increased significantly to 201,331 in 2023. Likewise, the number of business licenses issued increased from 40,542 in 2022 to 100,933 in 2023.

5. Implementation of IBOSS in Batam City

The implementation of Indonesia Batam Online Single Submission (IBOSS) in Batam City is part of the public service reform in the field of business licensing. IBOSS is an electronic system developed by the Batam Business Agency (BP) as a derivative of the Online Single Submission Risk-Based Approach (OSS RBA) system that applies nationally. This system is

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specifically designed to answer the licensing needs in the Batam Free Trade and Free Port Area (KPBPB), which has its own characteristics in investment and industry governance.¹⁴

IBOSS functions to integrate all licensing services that were previously spread across various agencies, into one digital platform. With this system, business actors can apply for licensing online, including basic licensing, business licensing, and operational/commercial licensing (IOK), without having to move from agency to agency.¹⁵The IBOSS system is also connected to the central OSS RBA to ensure data consistency and licensing flows in accordance with national standards.

The implementation of IBOSS aims to: Increase the efficiency of licensing services in the Batam area; Increase transparency and accountability of the licensing process; Facilitate business actors to obtain permits quickly and clearly; Support efforts to improve the investment climate and regional competitiveness.

Implementation and Institutional Support BP Batam plays a central role in the management of IBOSS, including in terms of system integration, internal regulation adjustments, and HR training. IBOSS services are carried out through the Public Service Mall (MPP) and the One-Stop Integrated Service (PTSP) unit. In order to support the implementation of this system, BP Batam has trained PTSP officers to understand the procedures and service flows in the OSS RBA and IBOSS systems.¹⁶

Implementation Challenges

Although IBOSS generally provides convenience, the implementation of this system in the field still faces several challenges, such as:

- a. Limited human resources who do not fully understand the OSS RBA flow;
- b. Lack of integration of systems between agencies in the initial stages;
- c. Differences in understanding between service officers and business actors regarding risk classification and supporting documents.

BP Batam continues to socialize and gradually improve the system to overcome this challenge.

The implementation of IBOSS in Batam City is a strategic step in supporting the implementation of OSS RBA, with the aim of strengthening legal certainty, accelerating public services, and encouraging investment acceleration in areas with special zone status. The success of this system is highly dependent on technology integration, human resource readiness, and clarity of regulations that are applied consistently.

Despite progress, the implementation of OSS RBA in Batam still faces several challenges, such as:

- a. Technical Barriers: Several business actors experienced technical problems in using the OSS RBA system, which required immediate resolution by the relevant parties.

¹⁴Batam Business Agency. "BP Batam Launches IBOSS: Integrated System for Business Licensing in Batam." <https://bpb Batam.go.id>

¹⁵Ministry of Investment/BKPM. "General Guidelines for the Implementation of OSS RBA in the Regions." Jakarta, 2022.

¹⁶BP Batam. "BP Batam Holds OSS RBA Training for PTSP HR." 2023. Retrieved from <https://bpb Batam.go.id>

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b. Service Effectiveness: Even though the online system has been implemented, the effectiveness of licensing services still needs to be improved to ensure optimal licensing convenience for business actors.

Overall, the implementation of OSS RBA in Batam City shows positive developments in simplifying the licensing process and increasing investment. However, improvement efforts continue to be made to overcome various obstacles and improve the quality of licensing services in the future.

Batam has the privilege of being a Free Trade Zone and Free Port (FTZ) which makes the management of business permits different from other regions in Indonesia. Several parties authorized in business permits in Batam are the Batam City Government and the Batam Business Agency (BP)

(Free Trade Zone/FTZ), the licensing authority in Batam is not only held by the Batam Business Agency (BP), but also by the Batam City Government (Pemko). Pemko Batam plays an important role in supporting business actors, especially in licensing aspects related to regional regulations, micro, small, and medium enterprises (MSMEs), and city spatial planning.

Minister of Investment/Head of Investment Coordinating Board (Minister of Investment/Head of BKPM), Bahlil Lahadalia. Bahlil said that OSS RBA is not perfect, and there are at least two issues that are obstacles in licensing OSS RBA.¹⁷

The two issues in question are the first related to the Building Construction Approval (PBG). Basically, PBG replaces the function of the Building Construction Permit (IMB) in the OSS RBA. However, PBG can only be issued if the regional government (Pemda), both provincial and city, has issued regulations related to PBG.

Until now, the intended regulation has not been available in the region. To overcome this, Bahlil said that the government consisting of the Minister of Investment/Head of BKPM, Minister of PU, Minister of Home Affairs (Mendagri) and Minister of Finance (Menkeu) decided to issue a joint letter as a collection instrument because it concerns PAD.

"Regarding OSS RBA, we must honestly say that it is not yet perfect. There are two biggest problems, namely the first PBG. This PBG is actually IMB, changed to PBG. IMB will be issued if there is a Regional Regulation in the city district and province. But now the regional regulation has not been implemented. To overcome this, there is a joint letter between the Minister of PU, Minister of Home Affairs, Minister of Finance and Minister of Investment as an instrument to be able to provide levies because this concerns their PAD (regions). So now it is possible," said Bahlil, at the Road to G20 event.

Second is related to the Detailed Spatial Plan (RDTR) and the Regional Spatial Plan (RTRW). So far, Bahlil said that only RDTR/RTRW of 40 districts/cities have been integrated with OSS RBA. This obstacle is a serious problem for the smooth running of OSS RBA licensing.

There are several other obstacles in the process of managing business permits. systems in several ministries are still not integrated with OSS, making it difficult for local governments to access them. In fact, the initial idea was for OSS to use a system that integrates all systems in the ministry into one.

¹⁷ *Two Issues Become Obstacles in OSS RBA Licensing* accessed on May 10, 2025

4. Conclusion

The OSS RBA system created as a form of E-Government in Batam City aims to provide convenience to the public in accessing licensing documents on the OSS RBA system to issue permits independently through digital use and to facilitate officers in providing licensing services to the public. However, in the implementation of OSS RBA in Batam City so far, there have been various obstacles and problems that have caused the implementation of OSS RBA in Batam City as a system that helps the public issue licensing documents to not be implemented effectively enough. This study uses a descriptive qualitative approach to describe and analyze the implementation of OSS RBA in Batam City. Based on field data and literature review, several main findings were obtained: 1. The implementation of OSS RBA in Batam City shows progress in licensing service reform, marked by digitalization and risk classification that accelerates the licensing process. OSS RBA has been operationalized by DPMPTSP, although it is not yet fully optimal. 2. The impact on public services is dualistic: on the one hand, it increases efficiency, accountability, and transparency; on the other hand, technical obstacles such as system disruptions, unpreparedness of the apparatus, and lack of system literacy at the community level are still found. 3. For business actors, especially MSMEs, OSS RBA opens up faster and cheaper licensing access, but difficulties in using the system, limited technical support, and minimal assistance are real obstacles experienced. 4. Coordination between institutions has not been running effectively, especially in the synchronization of central and regional regulations, as well as the integration of licensing data systems. This has an impact on the inconsistency of information received by business actors and service officials. 5. Based on the policy implementation theory (Merilee Grindle), the success of a policy is greatly influenced by the content of the policy and the context of its implementation. In this case, the content of the OSS RBA policy is good normatively, but has not been fully supported by the readiness of the implementers and supporting structures in the regions. 6. Potential for Ambiguity and Confusion: The existence of two institutions authorized to issue permits (Pemko Batam and BP Batam) has the potential to create ambiguity for business actors. They may be confused about which institution is authorized for a particular type of permit, especially for businesses that overlap with the authority of both.

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