

REGULATION OF THE MINISTER OF MANPOWER OF  
THE REPUBLIC OF INDONESIA  
NUMBER 15 OF 2018  
ON  
MINIMUM WAGE

BY THE BLESSINGS OF ALMIGHTY GOD

MINISTER OF MANPOWER OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 44 section (3), Article 48, and Article 50 of Government Regulation Number 78 of 2015 on Wages, it is necessary to issue Regulation of the Minister of Manpower on Minimum Wage;

Observing :

1. 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);
2. Law Number 39 of 2008 on State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);
3. Law Number 23 of 2014 on Local Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended by Law Number 2 of 2015 on Enactment of Government Regulation in Lieu of Law Number 2 of 2014 on Amendment to Law Number 23 of

- 2014 on Local Government Into Law (State Gazette of the Republic of Indonesia of 2015 Number 24, Supplement to the State Gazette of the Republic of Indonesia Number 5657);
4. Government Regulation Number 78 of 2015 on Wages (State Gazette of the Republic of Indonesia of 2015 Number 237, Supplement to the State Gazette of the Republic of Indonesia Number 5747);
  5. Presidential Decree Number 107 of 2004 on Wage Council;
  6. Presidential Regulation Number 18 of 2015 on Ministry of Manpower (State Gazette of the Republic of Indonesia of 2015 Number 19);
  7. Regulation of the Minister of Manpower Number 8 of 2015 on Procedures to Prepare Formation of Draft Law, Draft Government Regulation and Draft Presidential Regulation and the Formation of Draft Ministerial Regulation in the Ministry of Manpower (State Bulletin of the Republic of Indonesia of 2015 Number 411);
  8. Regulation of the Minister of Manpower Number 13 of 2015 on Organization and Work Procedures of Ministry of Manpower (State Bulletin of the Republic of Indonesia of 2015 Number 622) as amended by Regulation of the Minister of Manpower Number 8 of 2018 on Amendment to Regulation of the Minister of Manpower Number 13 of 2015 on Organization and Work Procedures of Ministry of Manpower (State Bulletin of the Republic of Indonesia of 2018 Number 750);

HAS DECIDED:

To issue : REGULATION OF THE MINISTER OF MANPOWER ON MINIMUM WAGE.

## CHAPTER I

### GENERAL PROVISIONS

#### Article 1

In this Ministerial Regulation:

1. Minimum Wage means the lowest monthly wage in the form of wage without allowance or basic wage including the fixed

allowance that is determined by the governor as a safety net.

2. Decent Living Needs (Kebutuhan Hidup Layak), hereinafter referred to as KHL, mean the standard of needs for a single Worker/Labourer in order to get a decent living physically for 1 (one) month.
3. Provincial Minimum Wage (Upah Minimum Provinsi), hereinafter referred to as UMP, means the Minimum Wage that is applicable to all regencies/municipalities within 1 (one) province.
4. Regency/Municipal Minimum Wage (Upah Minimum Kabupaten/Kota), hereinafter referred to as UMK, means the Minimum Wage that is applicable to 1 (one) regency/municipal.
5. Provincial Sectoral Minimum Wage (Upah Minimum Sektoral Provinsi), hereinafter referred to as UMSP, means the Minimum Wage that is applicable to certain sector within 1 (one) province.
6. Regency/Municipal Sectoral Minimum Wage (Upah Minimum Sektoral Kabupaten/Kota), hereinafter referred to as UMSK, means the Minimum Wage that is applicable to certain sectors within 1 (one) regency/municipality.
7. Sectoral means the business field category along with its classification according to the Indonesian Standard Business Field Classification/Klasifikasi Baku Lapangan usaha Indonesia (KBLI).
8. Leading Sector means a group of companies in 1 (one) sector that meets the criteria of being able to pay a higher Minimum Wage than UMP or UMK.
9. Worker/Labourer means every person who works and receives wages or other forms of compensation.
10. Employer means:
  - a. an individual, a partnership, or a legal entity that runs its own company;
  - b. an individual, a partnership, or a legal entity that independently runs its a non-self-owned company;
  - c. an individual, a partnership, or a legal entity located in Indonesia and representing a company as referred to in

point a and b that is domiciled outside of the territory of Indonesia.

11. Company means:
  - a. every form of business, which is owned by an individual, a partnership, or a legal entity that is either privately or State-owned, that which employs Workers/Labourers by paying wages or other forms of compensation;
  - b. social entity and other entities that have a management and employ other people by paying wage or other forms of compensation.
12. Trade Union in Sector means an organization that is established from, by, and for Workers/Labourers in 1 (one) certain sector in accordance with KBLI that is free, open, independent, democratic, and responsible in order to fight for, defend and protect the rights and interests of Workers/Labourers as well as improve the welfare of Workers/Labourers and their families.
13. Employers' Association in Sector means an employers' organization whose members consist of Employers in 1 (one) certain sector in accordance with KBLI.
14. Provincial Office means the office administering government affairs in manpower sector in a province.
15. Minister means the minister administering government affairs in manpower sector.

## CHAPTER II

### MINIMUM WAGE CALCULATION FORMULA

#### Part One

#### General

#### Article 2

- (1) Minimum Wage is determined annually based on KHL and by taking into account productivity and economic growth.
- (2) Determination of Minimum Wage as referred to in section (1) is calculated by using the Minimum Wage calculation formula.

### Article 3

- (1) Minimum Wage calculation formula as referred to in Article 2 section (2) is current year Minimum Wage added by the multiplication result between current year Minimum Wage and the sum of current year national inflation rate and current year gross domestic product growth.
- (2) Minimum Wage calculation formula as referred to in section (1) is as follows:  
$$MW_n = MW_t + \{MW_t \times (\text{Inflation}_t + \% \Delta \text{GDP}_t)\}.$$
- (3) Minimum Wage calculation formula as referred to in section (2) has the following explanation:  
 $MW_n$  = Minimum Wage to be determined.  
 $MW_t$  = Current year Minimum Wage.  
 $\text{Inflation}_t$  = Inflation calculated from September of previous year to September of the current year.  
 $\Delta \text{GDP}_t$  = Gross domestic product growth that is calculated from the growth of gross domestic product that includes quarter III and IV of the previous year and quarter I and II of the current year.
- (4) Inflation as referred to in section (3) is be the year on year inflation.
- (5) Gross domestic product as referred to in section (3) is the constant price gross domestic product.
- (6) Current year national inflation rate and current year gross domestic product growth as referred to in section (1) use data and information from authorized agency in the field of statistics.

### Article 4

- (1) KHL as the basis of determining the Minimum Wage as referred to in Article 2 section (1) is in the calculation formula of Minimum Wage.
- (2) KHL as referred to in section (1) is the current year Minimum Wage added by multiplication between the current year Minimum Wage and the current year national inflation rate.

Part Two

Minimum Wage Calculation

After Review of Components and Types of Living Needs

Article 5

- (1) KHL consists of several components.
- (2) Components as referred to in section (1) consist of several types of living needs.
- (3) Components as referred to in section (1) and types of living needs as referred to in section (2) are reviewed every 5 (five) years.
- (4) Components and types of living needs from the result of review is determined by the Minister.

Article 6

- (1) Components and types of living needs from the result of review becomes the basis for calculation and determination of KHL review index.
- (2) Calculation and determination of KHL review index are done in accordance with the provisions of the legislation.

Article 7

- (1) Minimum Wage of the first year after the review of components and types of living needs, is determined:
  - a. equal to KHL review index; and
  - b. not calculated by using the calculation formula as referred to in Article 3 section (2).
- (2) Determination of Minimum Wage of the second year until the fifth year after the review of components and types of living needs, is calculated by using the Minimum Wage calculation formula as referred to in Article 3 section (2).

CHAPTER III  
PROVINCIAL MINIMUM WAGE AND/OR  
REGENCY/MUNICIPAL MINIMUM WAGE

Part One  
Provincial Minimum Wage

Article 8

- (1) Governor is obligated to determine UMP.
- (2) UMP determination is calculated by using the Minimum Wage calculation formula as referred to in Article 3 section (2).

Article 9

- (1) UMP calculation by using the Minimum Wage calculation formula is done by the provincial wage council.
- (2) UMP is calculated after the national inflation rate and gross domestic product growth value have been informed by the authorized agency in the field of statistics to the Minister and the Minister informs the governor.
- (3) Result of UMP calculation as referred to in section (1) is informed to the governor through the Provincial Office.
- (4) UMP is determined and announced to the governor on 1 November through a governor decision.
- (5) In the event that the 1 November falls on a Sunday or a national holiday or national day off, UMP is determined and announced by the governor 1 (one) day before Sunday or the national holiday or national day off.
- (6) UMP as referred to in section (4) and section (5) is applicable from the 1 January of the subsequent year.

Part Two  
Regency/Municipal Minimum Wage

Article 10

- (1) Governor may determine UMK.
- (2) UMK is determined after the determination of UMP.

- (3) UMK as referred to in section (2) must be determined higher than UMP.
- (4) UMK is calculated by using the Minimum Wage calculation formula as referred to in Article 3 section (2).

#### Article 11

- (1) UMK calculation by using the Minimum Wage calculation formula is done by the regency/municipal wage council.
- (2) UMK calculation is done after the national inflation rate and gross domestic product value have been informed by the authorized agency in the field of the statistics to the Minister and the Minister informs to the governor.
- (3) Result of UMP calculation as referred to in section (1) is informed to the regent/mayor to be recommended to the governor through the Provincial Office.
- (4) Governor may ask for the suggestion and consideration of provincial wage council concerning the UMK calculation result as referred to in section (3).
- (5) UMK is determined and announced by the governor at the latest on 21 November through a governor decision.
- (6) UMK as referred to in section (4) is applicable from 1 January of the subsequent year.

### CHAPTER IV

#### PROVINCIAL SECTORAL MINIMUM WAGE AND/OR REGENCY/MUNICIPAL SECTORAL MINIMUM WAGE

##### Part One

##### General

#### Article 12

- (1) Governor may determine UMSP and/or UMSK.
- (2) UMSP and/or UMSK is determined based on the agreement between Employers' Association in Sector and Trade Union in Sector of the concerned sector.
- (3) Nominal of UMSP and/or UMSK is determined as follows:



- a. UMSP must be higher than UMP;
  - b. UMSK must be higher than UMK.
- (4) UMSP and/or UMSK are applicable since its determination by the governor.

Part Two  
Provincial Sectoral Minimum Wage

Article 13

- (1) Determination of UMSP is started with a review on Leading Sector by the provincial wage council.
- (2) Determining whether a sector is included in Leading Sectors, is conducted through a review on these variables:
  - a. business category in accordance with 5 (five) digits KBLI;
  - b. Companies with big business scale;
  - c. value-added growth; and
  - d. labour productivity.
- (3) Provisions on Companies with big business scale as referred to in section (2) point b are in accordance with the legislation in micro, small, and medium enterprises sector.
- (4) Based on the review as referred to in section (2), provincial wage council determines whether there is a Leading Sector or not.
- (5) In the event that there is a Leading Sector, provincial wage council submits the review result to the Employers' Association in Sector and Trade Union in Sector of the concerned sector to negotiate:
  - a. Companies that are included in the concerned Leading Sector category; and
  - b. UMSP nominal.
- (6) In the event that there is no Leading Sector, the governor cannot determine UMSP.

Article 14

- (1) In the event that the negotiation as referred to in Article 13 section (4) reaches an agreement, the Employers'

Association in Sector and Trade Union in Sector of the concerned sector submit the agreement to the governor through Provincial Office to be determined as UMSP.

- (2) In the event that the negotiation does not result in an agreement, the governor cannot determine the UMSP.
- (3) In the event that the negotiation does not result in an agreement, then:
  - a. for regions that do not yet have determination of the previous year UMSP, the current year UMP is applicable;
  - b. for regions that already have the determination of the previous year UMSP:
    1. the previous year UMSP is applicable if its nominal is higher than the current year UMP; or
    2. the current year UMP is applicable if the previous year UMSP is lower than the current year UMP.

### Part Three

#### Regency/Municipal Sectoral Minimum Wage

##### Article 15

- (1) Determination of UMSK is started with a review on Leading Sector by the regency/municipal wage council.
- (2) Determining whether a sector is included in Leading Sectors, is conducted through a review on these variables:
  - a. business category in accordance with 5 (five) digits KBLI;
  - b. Companies with big business scale;
  - c. value-added growth; and
  - d. labour productivity.
- (3) Provisions on Companies with big business scale as referred to in section (2) point b are in accordance with the legislation in micro, small, and medium enterprises sector.
- (4) Based on the review as referred to in section (2), regency/municipal wage council determines whether there is a Leading Sector or not.

- (5) In the event that there is a Leading Sector, regency/municipal wage council submits the review result to the Employers' Association in Sector and Trade Union in Sector of the concerned sector to negotiate:
  - a. Companies that are included in the concerned Leading Sector category; and
  - b. UMSK nominal.
- (6) In the event that there is no Leading Sector, the governor cannot determine UMSK.

#### Article 16

- (1) In the event that the negotiation as referred to in Article 15 section (4) reaches an agreement, the Employers' Association in Sector and Trade Union in Sector of the concerned sector submits the agreement to the regent/mayor to be recommended to the governor through Provincial Office to be determined as UMSK.
- (2) In the event that the negotiation does not reach an agreement, the governor cannot determine the UMSK.
- (3) In the event that the negotiation does not reach an agreement, then:
  - a. for regions that do not yet have the determination of the previous year UMSK, the current year UMK is applicable;
  - b. for regions that already have the determination of the previous year UMSK:
    1. the previous year UMSK is applicable if its nominal is higher than the current year UMK; or
    2. the current year UMK is applicable, if its nominal of the previous year UMSK is lower than the current year UMK.

CHAPTER V  
MINIMUM WAGE IMPLEMENTATION

Article 17

- (1) Minimum Wage is only applicable to Workers/Labourers with employment period of less than 1 (one) year at the concerned Company.
- (2) Wage of Workers/Labourers with work period of 1 (one) or more years must be higher than the Minimum Wage.

Article 18

- (1) Minimum Wage is paid monthly to Workers/Labourers.
- (2) Based on the agreement between Workers/Labourers and the Entrepreneurs, Minimum Wage may be paid daily or weekly based on the calculation provision of monthly Minimum Wage.

Article 19

Wage of non-permanent Workers/Labourers is determined monthly and paid based on the number of attendance with the following calculation of daily wage:

- a. for Companies with 6 (six) work days a week, the monthly wage is divided by 25 (twenty-five);
- b. for Companies with 5 (five) work days a week, the monthly wage is divided by 21 (twenty-one).

Article 20

UMSP and/or UMSK is only applicable to Companies with big business scale.

Article 21

- (1) For a Company whose business includes more than 1 (one) sector, and there has been UMSP or UMSK of each sector, the applicable Minimum Wage is the UMSP or UMSK of each sector.
- (1) For a Company whose business includes more than 1 (one) sector and there is 1 (one) or more sectors that do not yet

have the determination of UMSP and/or UMSK, for the sector which does not yet have the determination of UMSP and/or UMSK, the current year UMP or UMK is applicable.

Article 22

- (2) In the implementation of UMSP or UMSK, if there is an indication that the Leading Sector is no longer leading, wage council conducts a review to prove whether that sector is still leading or not.
- (3) In the event that the result of review conducted by the wage council shows that the variables of Leading Sector are no longer fulfilled, then the wage council determines that the sector is not a Leading Sector.
- (4) In the event that a sector is no longer a Leading Sector, then the applicable Minimum Wage is the UMP or UMK.

CHAPTER VI

CLOSING PROVISIONS

Article 23

At the time this Ministerial Regulation comes into force, Regulation of the Minister of Manpower and Transmigration Number 7 of 2013 on Minimum Wage (State Bulletin of the Republic of Indonesia of 2013 Number 1239), is repealed and declared ineffective.

Article 24

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

In order that every person may know hereof, it is ordered to promulgate this Ministerial Regulation by its placement in the State Bulletin of the Republic of Indonesia.

Issued in Jakarta  
on 23 November 2018

MINISTER OF MANPOWER  
OF THE REPUBLIC OF INDONESIA,

signed

M. HANIF DHAKIRI

Promulgated in Jakarta  
on 23 November 2018

DIRECTOR GENERAL OF LEGISLATION  
OF MINISTRY OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA,

signed

WIDODO EKATJAHJANA

STATE BULLETIN OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 1549

Jakarta, 17 July 2019

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

DIRECTOR GENERAL OF LEGISLATION,

