INDONESIA
JOHN W. DANIEL SARAGIHY – MINISTRY OF MANPOWER AND TRANSMIGRATION REPUBLIC OF INDONESIA
ANTHONY HILMAN – INDONESIA EMPLOYERS’ ASSOCIATION (APINDO)
AZAHARI FIKRI ROSIDI – TRADE UNION OF BANK MANDIRI
CURRENT SITUATION ON SELECTED DATA ON INDUSTRIAL RELATIONS INSTRUMENT

<table>
<thead>
<tr>
<th>NO</th>
<th>INDUSTRIAL RELATION TOOLS</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>LABOUR FORCE</td>
<td>172.5 million</td>
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<td>2.</td>
<td>COMPANY</td>
<td>226.617</td>
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<td>3.</td>
<td>COMPANY REGULATION</td>
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<td>4.</td>
<td>BIPARTITE COOPERATION BODY</td>
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<td>5.</td>
<td>COLLECTIVE AGREEMENT</td>
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<td>6.</td>
<td>TRIPARTITE COUNCILS</td>
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<td>A. PROVINCE</td>
<td>33</td>
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<tr>
<td></td>
<td>B. REGIONAL/CITY</td>
<td>252</td>
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<td>7.</td>
<td>WORKERS’ SOCIAL SECURITY</td>
<td>10.705.883</td>
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<td>NO</td>
<td>INDUSTRIAL RELATION TOOLS</td>
<td>TOTAL</td>
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<tr>
<td>8</td>
<td>CONFEDERATION</td>
<td>6</td>
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<tr>
<td>9</td>
<td>FEDERATION</td>
<td>91</td>
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<tr>
<td>10</td>
<td>TRADE UNION WITHIN COMPANY</td>
<td>11,852</td>
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<td>11</td>
<td>NATIONAL TRADE UNION WITHIN STATE OWN ENTERPRISES</td>
<td>170</td>
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<tr>
<td>12</td>
<td>MEMBERSHIP OR WORKERS</td>
<td>3,414,455</td>
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</table>


PRINCIPLES OF INDUSTRIAL RELATIONS (REFORMATION ERA)

- Respect for Human Rights
- Democratization at workplace
- Involvement of private section in decisions making process.
Medium Term Development Plan 2010 -2014

Priority of programmes:

1. Reformation in bureaucracy and management
2. Education
3. Health
4. Alleviation of poverty
5. Food resilience
6. Infrastructure
7. **Investment and Business**
8. Energy
9. Living environment and natural disaster
10. Under-developed areas, developed areas, remote areas, and post conflict areas
11. Culture, creativity, and technological innovation
MAJOR LABOUR LAWS

- Act No. 3 of Year 1992 concerning Labour Social Security
- Act No.21 of Year 2000 concerning Trade Union/Labour Union
- Act No. 13 of Year 2003 concerning Manpower
- Act No. 2 of Year 2004 concerning Labour Dispute Settlement
- Act No. 24 of Year 2011 concerning Executive Board for Social Security
1. Effective decentralization implementation;

2. Accountability of roles and functions of trade union/labor union;

3. Government accountability (in the area of Industrial Relation);

4. Public participation in policy making.
Issues in Industrial Relations

I. WORK RELATIONS
   Workers on contract basis
   - Job security
   - Discrimination
   Workers Outsourced
   - Job security
   - Discrimination

II. WAGES
   Minimum wage
   Principles:
   - Safety net
   - 62.05% of labour force in the informal sector
   - Act No.13 of Year 2003 prevails for all
   - Micro and small enterprises ability
III. SOCIAL SECURITY

(i) Labour Social Security Programme (Act No.3 of Year 1992)
- 4 programmes ( 
  □ Work Accident Corporate Program
  □ Death Corporate Program
  □ Old age Corporate Program
  □ Health care Corporate Program

(ii) National Social Security Programme (Act No.40 of Year 2004)
- 5 (five) programmes
  - Co.sharing

(iii) Provider of Social Security (Act No.24 of Year 2011)

IV. TERMINATION OF WORK

(i) Difficulties in Termination of Work
   It needs a verdict from the Industrial Relations Court
(ii) Ineffective Disciplinary Action/Punishment
Rights and duties should be carried out until a court verdict is issued by the Industrial Relations Court

V. COMPENSATION FOR TERMINATION OF WORK
Amount of compensation received by workers terminated is considered too big (lumpsum and material loses to be refunded, )
Result:
Employers use a system of contract basis or outsourcing

VI. FREEDOM OF ASSOCIATION
Act No.21 of Year 2000, Act No.13 of Year 2003, and other regulations concerning Human Rights is as follows

Number of Trade Unions/Labour Unions
- **6 Confederations of Trade Unions/Labour Unions**
  (KSPSI,KSPI,KSBSI,KASBI, KSBDSI , KSN)
- Total number of Trade Unions/Labour Unions at plant level: 11.852 units
- Total number of member : 3.435.403 workers
Representation of Workers


- Minister of Manpower and Transmigration Decision No.16 of Year 2011 concerning Representation of Workers (Implementation of Constitutional Court Decision Nomor 115/PUU-VII/2009)
GENERAL PRINCIPLES

1. Act No.3 of Year 1992 concerning Workers’ Social Security

- Compulsory for companies employed 10 workers and above

- Coverage Programmes:
  - Old Age Benefits Scheme
  - Employment Accident Benefits Scheme
  - Death Benefits Scheme
  - Health Care Benefits Scheme
ISSUES ON SOCIAL SECURITY
(ACT NO. 3 OF YEARS 1992)

- Opting outer system in health care benefit scheme
- Non contributory system for workers except old age benefit
2. Act No.21 of Year 2000

- Freedom of Association
  - Every worker/labourer has right to form and become a member of trade union/labor union
  - A trade Union is formed by at least 10 (ten) workers/laborers
  - A federation of trade union/labour union is formed by at least 5 (five) trade unions/labour Unions
  - A Confederation of trade unions/labour unions is formed by at least 3 (three) federations of trade unions/labour unions
Issues on Freedom Association

- Mushrooming of Unions.
- Ineffectiveness of dual stewardship organizations
3. Act No.13 of Year 2003 concerning Manpower

- Partnership relationship:
  - Bipartite Cooperation Body (compulsory for those companies that employed 50 workers over)
  - Tripartite Cooperation Body (National, Provincial, and Regency/municipal level)

- Terms of Employment:
  - **Working hours**:
    - 7 hours/day and 40 hours/week for 6 workdays/week
    - 8 hours/day and 40 hours/week for 5 workdays/week
  - **Weekly rest**: 1 day after 6 workdays/week or 2 days after 5 workdays/week
- **Annual rest**: 12 workdays after working 12 months consecutively
- **A long leave of rest of no less than 2 months after completing 6 years of service.**

- **Terms of Employment**
  - Maternity rest: female workers are entitled to a 1,5 months period before the time that is estimated to give birth and another 1,5 months thereafter;
  - Miscarriage: 1,5 months of a period of rest as stated in the medical statement
Issues on Concerning Manpower
(Act No. 13 of years 2003)

- Foreign Workers’
- Work Agreement for a Specified time
- Workers’ Strike
- Outsourcing
- Long Period of Rest
- Termination of employment
- Social Security and Minimum Wages
WORKERS’ PROTECTION
WORKING CONTRACT

- Permanent working contract:
  - Probation period
  - in the case of termination of employment compensation is mostly required

- Temporary working contract:
  - Maximum 2 (two) years and can be extended for 1 (one) year
  - Renewed for maximum 2 (two) years
WAGES POLICY

Minimum wages is the lowest monthly wage consisting of basic wage and fixed allowance

- Safety Net / Minimum Wages
  - Decided by Governor based on recommendation of Provincial
  - Review annually
  - Based on living needs
  - Applied to: single workers and workers with service period up to one year

- Negotiated Wages
  - Bipartite Agreement (Company Regulation or Collective Labour Agreement/CLA)
Factors have to be considered:

1. Need of Decent living (Kebutuhan Hidup Layak)
2. Macro Productivity
3. Economic growth
4. Labour Market Conditions
5. Marginal Employment
Mechanism of Minimum Wages

1. Setting-up of Survey Team (Wage Council/Districts/Cities/Tripartite)
2. Survey Team must agreed on:
   A. Place
   B. Time of Survey
   C. Responden
   D. Determination of specification (type and quality)
3. Survey results
4. Minimum Wage Council and Mayors are send their recommendation to Governors
5. Governors determine minimum wage
GROWTH OF MINIMUM WAGE IN NATIONAL LEVEL

<table>
<thead>
<tr>
<th>NO</th>
<th>YEAR</th>
<th>IN NATIONAL LEVEL (AVERAGE)</th>
<th>%</th>
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<tr>
<td>1.</td>
<td>2008</td>
<td>Rp. 745.709,22</td>
<td>10,77%</td>
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<td>2.</td>
<td>2009</td>
<td>Rp. 841.529,55</td>
<td>11,29%</td>
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<td>3.</td>
<td>2010</td>
<td>Rp. 908.824,52</td>
<td>8,19%</td>
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<td>4.</td>
<td>2011</td>
<td>Rp. 988.829,39</td>
<td>8,69%</td>
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<td>5.</td>
<td>2012</td>
<td>Rp. 1.121.459,57</td>
<td>10,27%</td>
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Issues on Minimum Wage

- Incomplete members of Wage Council
- Poor representativeness member of Wage Council
4. Act No.2 of Year 2004

Basic Principle:

a. It applies to employers and workers as individual or as a group (Trade Unions)

b. It encourages bipartite settlement

c. Modes of settlement :
   - Litigation process : through “Special Court” in General Court and Supreme Court
   - Adjudication process : through arbitration

d. Both the above processes should be preceded by bipartite negotiation or mediation

e. Special Court consist of Ad-Hoc Judge from representative of Employers’ organization and Trade Unions, as well as a career judge.
INDUSTRIAL RELATIONS DISPUTE SETTLEMENT

- BIPARTITE
- MEDIATION
- CONCILIATION
- ARBITRATION
- INDUSTRIAL COURT
- SUPREME COURT
OUTSOURCING


- Director General of Industrial Relations and Workers Social Security Circulation Letter No. 31 of Year 2012 concerning Implementation of Constitutional Court Decision
SOCIAL SECURITY SCHEME
NATIONAL SOCIAL SECURITY SYSTEM

Coverage Programmes:
- Death Benefits Scheme
- Employment Accident Benefits Scheme
- Old Age Benefits Scheme
- Health Care Benefits Scheme
- Pension Benefits Scheme

National Social Security Council, consist of:
- 5 persons from Government
- 6 persons from Expert
- 2 persons from Employer
- 2 persons from Workers’ Organization
BACKGROUND

- National Social Security Board has function to provide security for decent basic need to its member and their family

- The enactment of the National Social Security Act aims at to synchronize multiple forms of social protection in Indonesia, so as to provide broader protection for the community
TRANSFORMATION OF SOCIAL SECURITY
EXECUTIVE BOARD

1 JANUARY 2014

EXECUTIVE BOARD
FOR HEALTH INSURANCE

HEALTH INSURANCE
(PT. ASKES)

WORKERS’ SOCIAL SECURITY
(PT. JAMSOSTEK)

EXECUTIVE BOARD
FOR MANPOWER
(ACCIDENT, DEAD, OLD AGE, PENSION)

1 JULY 2015

EXECUTIVE BOARD
FOR MANPOWER
(ACCIDENT, DEAD, OLD AGE, PENSION)

2029

RETIREMENT SAVINGS/PENSION
(PT. TASPEN)

( PENSION, OLD AGE)

ARMED FORCES INSURANCE
(PT. ASABRI)

( PENSION, OLD AGE)
Implementing regulation of Act No.24 of 2011:

- Government Regulation (8)
- Presidential Regulation (7)
- Presidential Decision (1)

Current implementing regulations:
1. Presidential Regulation No.44 of Year 2008 concerning Organization and Procedures, Appointment, Replacement and Dismissal of National Social Security Board Membership
2. Presidential Regulation No.110/M of Year 2008 concerning Membership of National Social Security Board
Work Plan of Health Insurance Program

- Government has prepared a roadmap for health insurance
- The roadmap has been discussed with the Ministry of Welfare of the Republic of Indonesia and submitted to vice president
- Coordination with other ministries to finalize and implement a roadmap
MAJOR ACHIEVEMENTS

- Strengthening bipartism at workplace
- Strong social dialogue in tripartism particularly in discussing and implementing law and regulation on industrial relation
- Strengthening the effectiveness of consultation and coordination among the central government and regional government
- Better understanding among stakeholders
- Improving participation among stakeholders in the national and international events
PROBLEMS AND OBSTACLES

- There is still differential in the aims of harmonious industrial relation in the workplace due to differential interest between employer and worker.
- Capacity building of human resources are still needed continuously.
- There is still differential perception on understanding the effectiveness of law and regulation.
SUGGESTION FOR SOLUTION

- Gaining the lesson learned from any other countries which has similarly the condition of Indonesia
- Benchmarking of industrial relations
- Improving capacity building within stakeholders
- Restructuring the sense of nationalism by continuously hand in hand to build national characters
- Having the effective technical assistance from the international networking which has already established