

INCOME SECURITY AND STRATEGIES FOR EXTENTION OF COVERAGE

REPUBLIK OF INDONESIA

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INTRODUCTION

- Article 28 H, Subsection 2, Year 1945 State Constitution, clearly states that each individual is entitled to work and to receive payment for it, and he should also get a fair and just treatment in his work environment.
- Article 28 H, Subsection 3, Year 1945 State Constitution, clearly states that each individual is entitled to social security that enhances his welfare as a human being.

ACT NO. 3, YEAR 1992 ON EMPLOYEES' SOCIAL SECURITY

- That aimed to provide protection for all workers in formal as well as in informal sector.
- *Social security means* the protection for the employee in the form of cash benefit, for partial replacement of the loss or the reduction of income, and services, as a result of circumstances suffered by the employee due to employment accident, sickness, maternity, childbirth, old age and death

Social security scheme provide certainty on the continuity of the flow of the family's earning in the event of partial or total loss of income. It holds several aspects among others are:

- a. To provide the basic protection for meeting the minimum necessities of life to the employees and their families
- b. As an appreciation to employees who have contributed their physical and mental energy to the enterprise where they work,

PROGRAM COVERAGE

1. Employment accident benefits
2. Death benefits
3. Old age benefits
4. Health care benefits

PROGRAM, CONTRIBUTION, AND BENEFITS OF SOCIAL SECURITY (IMPLEMENTED IN FORMAL ECONOMY)

NO	PROGRAMME	CONTRIBUTION 1 MONTH	BENEFITS
1.	Employment Accident Benefits	0.24 % - 1.74 %	Includes compensation for transportation cost, medical check-up, medicine, medical care and rehabilitation.
2.	Death Benefits	0.30 %	Lump sum money is given to the family of the deceased, funeral expenses paid, and monthly financial assistance is given to the family for 2 years.
3.	Old Age Benefits	5.70 % : Worker/Labourer: 2% Employer : 3,7 %	When a worker/labourer retires at the age of 55 years or after having been a member for 5 years, he may get pension money. It consists of lump sum or monthly financial assistance.
4.	Health Care Benefits	3 % (single) 6 % (married)	Health benefits is in the form of services and health care improvement, prevention and cure of disease, and recovery of illness such as : a.Out-patient; b.In-patient; c.Pregnancy check-up and childbirth delivery; d.Diagnostic check-up; e.Special Service;; f.Emergency assistance.

CHARACTERISTICS OF INFORMAL ECONOMY

1. Micro scale activities
2. Simple Technology
3. Produce goods or services generally low quality
4. Mobile establishment
5. Irregular working hours
6. Low productivity, low and temporary income,

SOCIAL SECURITY IN INFORMAL ECONOMY

NO	PROGRAMME	FORMAL EC.	CONTRIBUTION (% OF MONTHLY INCOME)	BENEFITS
1.	Employment Accident Benefits	0.24-1.74	1 %	Same as workers in formal sector
2.	Death Benefits	0.30	0.30 %	Same as workers in formal sector
3.	Old Benefits	Age 5.7	2 %	Same as workers in formal sector
4.	Health Benefits	Care 3% 6%	3 % (single) 6 % (married)	Same as workers in formal sector

TERMINATION OF EMPLOYMENT IS IN ACCORDANCE ACT. NO. 13, YEAR 2003

- Employers, workers/labourers, labour unions, and the government, should endeavour not to come to the point of employment termination.
- In the event of an unavoidable termination of employment, therefore the employer and the labour union must discuss the case of the worker/labourer to be dismissed, and if the worker/labourer who is to be dismissed is not a member of the labour union, the employer must discuss it personally with him first.
- In case of a deadlock in the discussion, the worker/labourer to be dismissed can claim his rights as stipulated in Act No. 13, Year 2003 concerning manpower rules and regulations, and Act No 2 Year 2004 for industrial dispute settlement.

TENTATIVE POLICY : EMPLOYMENT TERMINATION FUND

I. BACKGROUND

- ❖ Article 28 H, Subsection 2, Year 1945 State Constitution, clearly states that each individual is entitled to work and to receive payment for it, and he should also get a fair and just treatment in his work environment.
- ❖ Article 28 H, Subsection 3, Year 1945 State Constitution, clearly states that each individual is entitled to social security that enhances his welfare as a human being.

II. UNDERSTANDING

Employment Termination Fund is derived from several companies that contribute to it and it is a separate entity that has nothing to do with the management of the companies. A dismissed worker is entitled to severance pay, a sum of money as a reward for service rendered during his or her term of employment, compensation pay in accordance with Manpower Act No. 13, Year 2003, and in this respect, the Employment Termination Fund is responsible for it.

III. PURPOSE

1. To give a legal entity to Employment Termination Fund from the legal aspect
2. To assure the workers of their pay and the availability of funds in the event of employment termination
3. To create a friendly and conducive work environment

IMPLEMENTATION OF NATIONAL SOCIAL SECURITY SYSTEM

BACKGROUND:

- a. To enhance the social welfare and security of the worker as a human being, as stipulated in Article 28 H, Subsection 3, Year 1945 State Constitution
- b. To protect all levels of society
- c. To increase the number of participants
- d. To enhance the benefits of social security
- e. To improve the benefits of participating in National Social Security System
- f. To assure social justice
- g. To implement it gradually

I. UNDERSTANDING, COVERAGE, AND PROGRAMME:

- 1. National Social Security System aims at giving protection and social welfare to all levels of society in Indonesia.
- 2. National Social Security System comprises:
 - a. Health Care Benefits
 - b. Employment Accident Benefits
 - c. Old Age Benefits
 - d. Pension Scheme and
 - e. Death Benefits

CONTINUE....

III. PRINCIPLES OF NATIONAL SOCIAL SECURITY SYSTEM:

- a. Cooperation
- b. Non Profit Making
- c. Transparency
- d. Caution
- e. Accountability
- f. Portability
- g. Compulsory participation

IV. CURRENT STATE OF NATIONAL SOCIAL SECURITY SYSTEM

1. Act No. 40, Year 2004 regarding National Social Security System came into effect on 19 October 2004
2. National Social Security System will be effective for 5 years starting from 18 October 2009.

VI. CONCLUSION

- The Employees' Social Security Scheme in Indonesia has been in effect for quite some time, and it gives protection to the worker, as stipulated in Article 28 H, Subsection 3, Year 1945 State Constitution.
- Manpower Rule concerning the Employees' Social Security Scheme, Act No. 3, Year 1992 clearly states that social security should be given to both the formal and informal sector.
- In the course of giving manpower protection to workers before, during, and after work, the government will arrange employment termination fund in the hope of giving workers their rights, should employment termination happens and it, undoubtedly, will lessen the burden of companies who contributed to the social security fund.
- The government hopes that Article No. 40, Year 2004 concerning National Social Security System, that will be effective in October 2009, will give protection and social welfare to all levels of society in Indonesia.

