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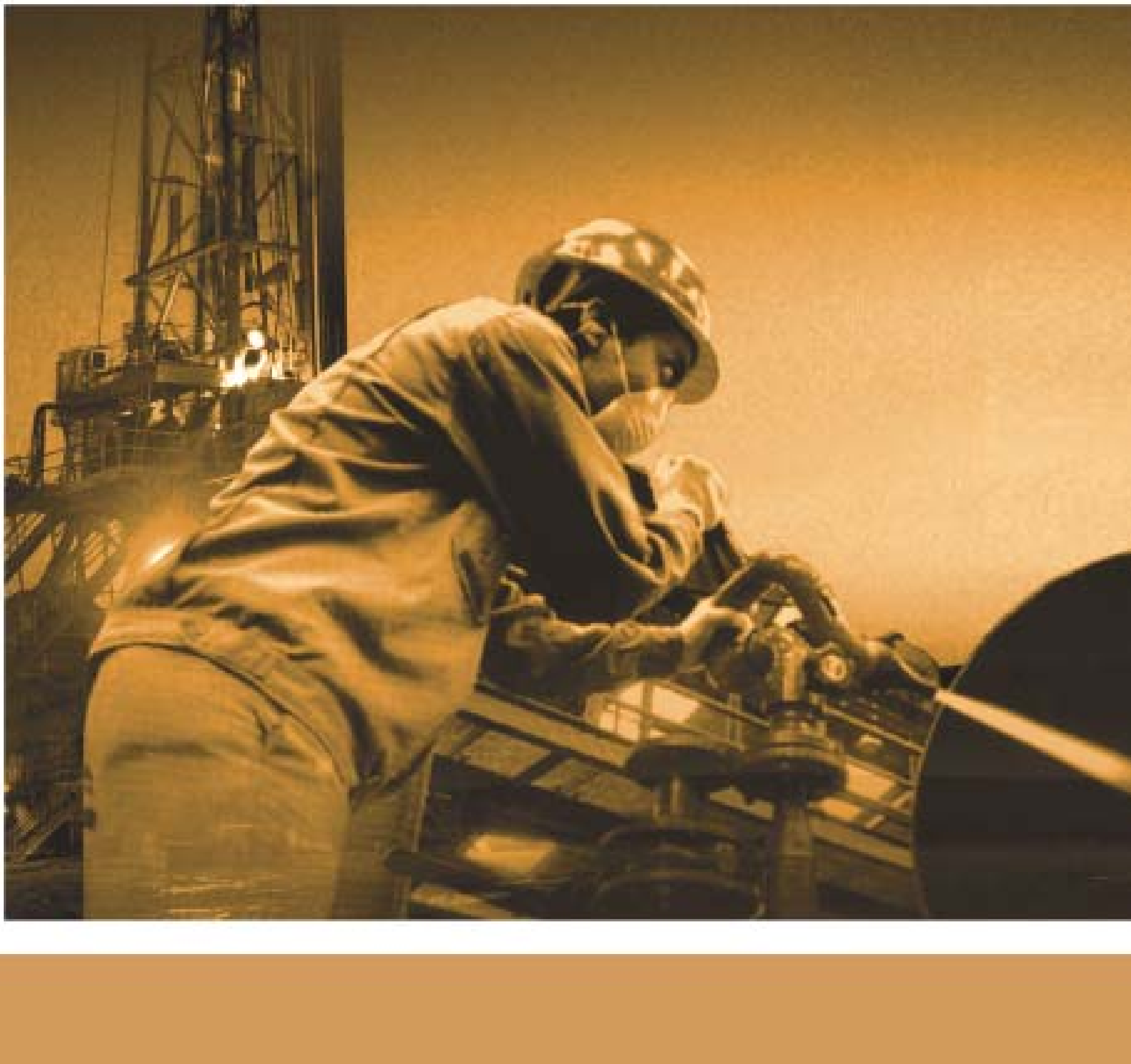
International Labour Organization
Sectoral Activities Programme

Report on the Proceedings of the National Tripartite Meeting on the Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries

29-30 Oktober 2007, Puncak, Indonesia



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Report on the Proceedings of the National Tripartite Meeting on Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries

29-30 October 2007, Puncak, Indonesia

ILO
Note on the Proceedings
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1. Conclusions of the National Tripartite Meeting on Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries,

29-30 October 2007, Puncak, Indonesia

The National Tripartite Meeting on Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries,

Having met in Puncak, Indonesia from 29 to 30 October 2007;

Adopts this thirtieth day of October 2007 the following conclusions:

General considerations

The Meeting notes that social dialogue is more than regular dialogue among Government, employers and workers. Social dialogue will bring opportunities for Government, employers and workers in the oil and gas industries.

Good wages and working conditions, collective bargaining, training, occupational safety and health, and contract work (employment for a fixed term) are concerns for the oil and gas industries in Indonesia. Dealing with these issues effectively will lead to improved industrial relations in the oil and gas industries.

Elements of good industrial relations

Primary elements of good industrial relations in the oil and gas industries in Indonesia may include:

- communication between employers and workers on a regular basis, as an effective instrument to deepen mutual trust between the parties, enabling them to enter into collective agreements;
- observance of labour laws and regulations;
- improvement of skills and competences;
- adequate wages and benefits with increased transparency in the wage system;
- equal position and equal power on negotiation; and
- development funds to benefit workers.

The role of the Government

The role of the Government of Indonesia is important in fully implementing labour laws, as a prerequisite to promoting social dialogue in the oil and gas industries.

The Government will promote social dialogue in the oil and gas industries by:

- disseminating labour laws and legal information to oil and gas companies and workers and their representative organizations;
- conducting training and technical guidance for social partners in the oil and gas industries; and
- organizing open and interactive dialogue with social partners in the oil and gas industries.

Noting that the Government of Indonesia has been disseminating information on labour laws to the industries and people of Indonesia, the Meeting requests the Government of Indonesia to widely disseminate information on laws, decrees and all other regulations concerning the oil and gas industries, particularly in the areas of industrial relations, to the oil and gas industries through all possible media, including its official government web page, at no cost to workers or the public.

Working conditions

The oil and gas industries in Indonesia believe that it is their responsibility to disseminate accurate information on the company, wages (where possible), and working conditions of oil and gas workers and contract workers.

The oil and gas industries are accountable for disseminating correct data and information concerning, *inter alia,* wages, working conditions, the number of accidents, occupational safety and health, and the use of contract work in the industries.

In this context, the oil and gas industries in Indonesia will work together with the ILO to conduct a field survey, gathering information on employment practices, wages and working conditions, and industrial relations issues in the oil and gas industries, including outsourcing and contract workers' issues, for the purpose of promoting social dialogue with their workers and stakeholders.

Compliance with international and national laws and regulations

Labour laws and regulations in Indonesia are created in line with ILO standards. The oil and gas industries must comply with the labour laws and regulations of the land. Employers, workers and their representative organizations must comply with them in good faith. The capacities of employers and workers are an important element for compliance with laws. To this end, tripartite training programmes to deepen understanding of such laws should be organized at the central and regional levels in the oil industries in Indonesia.

In order to comply with labour laws and regulations, employers, in particular human resources management professionals, and workers in the oil and gas industries must be adequately trained in how those laws and regulations should be implemented.

Areas with a need for training and capacity-building

The oil and gas industries are the most globalized industries. Globalization requires oil and gas workers in Indonesia to have internationally accredited qualifications. With help of the ILO, the oil and gas industries in Indonesia will examine means of providing Indonesian workers with adequate training on a continuing basis.

The Meeting noted that there is a need to deepen understanding and practical knowledge of international standards, codes of practice (including the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the MNE Declaration) and voluntary initiatives (such as global framework agreements (GFAs) and Responsible Care), in order to cope with industrial relations issues emerging at multinational oil companies. Existing bipartite institutes would provide a good platform for achieving these objectives.

In order to increase the efficiency of local labour offices in Indonesia, participants need to consider means of strengthening the capacity of labour administration, in particular labour inspection.

Workers and employers and their representative organizations need to improve their negotiation skills and knowledge of labour laws and regulations.

The role of the Government is vital in capacity-building in the oil and gas industries. Areas with a need for capacity-building programmes may include:

- guidance courses for learning about new laws (including examining the possibility of subsidizing courses and materials);
- training to improve industrial disputes settlement laws and processes;
- training on international labour standards and their application in the oil and gas industries;
- training for workers' skills and increasing company productivity; and
- training for expatriate workers in the oil and gas industries, such as cultural training.

Globalization and the oil and gas industries

A competitive global oil and gas business environment makes the use of outsourcing and contract work inevitable in this sector.

Outsourcing and contract work are concerns for the oil and gas industries in Indonesia because the institutionalized use of these atypical employment contracts may harm the reputation of the industries and prevent a talented workforce from entering the industries, which is needed to keep the industries competitive and profitable.

With assistance of the ILO, the Government of Indonesia and social partners in the oil and gas industries will seek means of addressing the problems and emerging issues surrounding contract work in the oil and gas industries.

A recent emerging issue in the area of atypical employment is in-sourcing on the premises of oil and gas companies.

In the light of globalization, the Government of Indonesia and social partners in the oil and gas industries should address, with assistance from the ILO and international oil companies where appropriate, problems and issues resulting from globalization, in particular issues relating to expatriate workers.

Social dialogue in the oil and gas industries

The Meeting supports the ILO's view that social dialogue is an effective means for addressing all workplace issues, and is also a cost-effective method for resolving disputes in the oil and gas industries. Social dialogue offers an economical way of resolving disputes between employers and workers, preventing cases from proceeding to the judicial process, which would be a time-consuming process and involve cost burdens for both parties.

Existing bipartite and tripartite social dialogue frameworks (including dialogue forums required by law) in the oil and gas industries in Indonesia will be strengthened, based on good communication with the employers and workers concerned and focused groups which share common interests.

With the assistance of the ILO, tripartite social dialogue in the oil and gas industries should be promoted. In consultation with the Ministry of Manpower and Transmigration (*Depnakertrans*), the ILO shall regularly conduct tripartite meetings, workshops and/or other types of tripartite activity, inviting representatives of international oil companies, in order to follow up the conclusions of this Meeting and promote social dialogue in the industries.

2. Report of the discussion at the National Tripartite Meeting for Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries in Indonesia, Puncak, Indonesia, 29 to 30 October 2007

Background

In collaboration with the ILO's Jakarta Office, the Sectoral Activities Programme of the ILO held the National Tripartite Meeting for Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries in Indonesia in Puncak, Indonesia from 29 to 30 October 2007.

The ILO had prepared Working Paper No. 254 entitled "Promoting good industrial relations in the oil and gas industries in Indonesia" in Indonesian and English for discussion at the meeting.

Mr. Yasuhiko Kamakura, Industrial Specialist in the Sectoral Activities Branch (SECTOR) at the ILO in Geneva, outlined the objectives of the Meeting. The purposes of the Meeting were to analyse the current situation with regard to industrial relations in the oil and gas industries; to discuss how industrial relations could be improved for the benefit of all parties; and to consider how social dialogue and tripartism could achieve those objectives.

Opening session

The Meeting was opened by Mr. Alan Boulton, Director of ILO Jakarta. Mr. Boulton highlighted the many issues and disputes in the oil and gas industries, which concerned, among other things, wages, occupational safety and health (OSH), workers' skills, training, changes to industrial relations practices, changes to oil and gas industry regulations, and structure and marketing. The oil and gas industries in Indonesia had experienced many challenges in numerous areas and those challenges had affected industrial relations in the industries. That being the case, it was necessary to discuss what the important issues in the oil and gas industries were, what challenges were being faced, and what could be done to respond to such challenges in the future. Tripartism was the best means of addressing those difficult challenges. In order to promote good industrial relations, several requirements must be fulfilled. First, there should be good practice in the application of fundamental ILO standards concerning labour relations, working conditions, communications and workers' participation. In particular, good communication was the cornerstone of tripartite social dialogue. Putting good industrial relations into practice on a daily basis was a very difficult process and required changes to be made to the process of communication and negotiation.

Presentation of an overview of the oil and gas industries

A presentation was made to the meeting by Mr. Kamakura, giving an overview of the oil and gas industries and recent developments with regard to working conditions in those industries.

The vulnerability of crude oil prices had affected both the industry itself and the people who worked in it. The petroleum refining sector was estimated to employ some 1.5 million workers worldwide. The number of workers in the oil refining industry had gradually increased over time, from 1.2 million in 1980 to over 1.4 million in 2000. The increase was mainly attributable to an increase in oil refining facilities, particularly in Asia. Employment in Asia had increased from 220,000 people in 1980 to 960,000 people in 2000, with nearly 750,000 jobs created in Asia alone. Many jobs had been created in the oil and gas industries in Indonesia. The total number of oil and gas production and non-production workers had increased from 34,822 in 2001 to 38,228 in 2005, representing an increase of around 10 per cent in the last five years. Central and Eastern European countries, on the other hand, had lost more than 150,000 workers over the past 20 years.

Wages and working conditions were essential elements in industrial relations, and oil workers generally enjoyed good pay. That seemed, however, to be a result of long and hard working hours. For example, the weekly contractual working time for oil extraction workers in the United Kingdom in 2003 averaged 50.86 hours per week, which was higher than that of workers in the manufacturing sector (37.9 hours) and significantly higher than the overall UK average (34.56 hours). Taking into account overtime work, oil extraction workers worked nearly 56 hours a week, compared to a UK average of 37.15 hours. Moreover, the average number of days of paid leave per year equalled only the national average of 33.5 days, and oil extraction workers worked, on average, almost 64 weekend days on public holidays per year.

The fundamental principles espoused by the ILO acted as a roadmap towards better industrial relations. Several ILO Conventions and Recommendations addressed key issues of industrial relations, such as the right to organize and collective bargaining, collective agreements, voluntary reconciliation and arbitration, and grievances. The ILO was concerned by failures to guarantee such basic rights, and recent events had shown that its concern remained valid. Some governments, even in advanced economies, had imposed restrictions on those basic rights and restraints on workers' collective actions. The exercise of the right to free and voluntary negotiation was another important component in collective bargaining. Restrictions to freedom of association could not, in principle, be imposed in the oil and gas industries. The ILO's established principle was that, while hospitals, electricity and water supplies, telephones and air traffic control were considered essential services, the oil industry was one of many explicitly judged not to constitute an essential service, with the proviso that, although the sector as a whole did not constitute an essential service, restrictions on the right to strike could be imposed to the extent of requiring the performance of the minimum services strictly necessary in order not to compromise the life, personal safety or health of the whole or part of the population.

There were no simple solutions to the difficult problems arising from structural change but, with joint action among the social partners, the process of adjusting to such changes could be eased. Social dialogue, one of the core values of the ILO, offered a means of addressing those problems. It worked best on a basis of tripartism, bringing together Government, employers and workers. The term 'social dialogue' included all types of negotiation, consultation or exchange of information among representatives of governments, employers and workers on issues of common interest to the parties.

In conclusion, he stressed that the first step in finding solutions to problems was to recognize that problems existed. The second step was for Government, employers and workers to engage in social dialogue. The goal of the present Meeting was to take those steps so as to make progress towards improving industrial relations in the oil and gas industries in Indonesia.

Presentation of the background paper (Sectoral Activities Programme Working Paper No. 254)

Ms. Ratih Pratiwi Anwar of Gadjah Mada University in Yogyakarta, Indonesia introduced Working Paper No. 254 entitled "Promoting good industrial relations in the oil and gas industries in Indonesia", which presented a general review of the oil and gas industries in Indonesia over the last five years, covering working conditions in Indonesia's oil and gas industries, legal problems and issues relating to the protection of workers' rights in those industries, and the development of social dialogue in Indonesia.

The oil and gas industries still made a significant contribution to the Indonesian economy, although it had declined over the last five years. In 2005, the contribution of the oil and gas industries to government revenue had been 25 per cent. In the period from 2000 to 2005, the revenue generated by oil and gas exports had made up an annual average of 24 per cent of total export revenue. The oil and gas industries employed around 40,000 workers in 2005, and had created indirect employment far outweighing the direct employment they generated. In recent years, the Indonesian oil and gas industries had been confronted by the difficult issues of a rapidly ageing workforce and a lack of skilled workers. Numerous government policies on labour and the oil and gas industries had affected the industries, leading to a decline in investment, and several external factors, such as international labour markets and surges in mega-mergers and acquisitions on a global scale, had also had an impact on employment and working conditions for Indonesian oil and gas workers.

Working conditions in Indonesia's oil and gas industries required improvement in many respects. Of particular concern were wages of contract workers, relatively long working hours, work-related accidents, the need for training to enhance competence and to obtain international certification, and the need to mitigate the impact on collective labour agreements of the restructuring of oil and gas companies.

In order to protect the rights of workers in the oil and gas industries, Indonesia had ratified some ILO core Conventions. It had also passed three national laws pertaining to labour—Act No. 21 of 2000 concerning trade unions/labour unions, Act No. 13 of 2003 concerning manpower, and Act No. 2 of 2004 concerning labour dispute settlement—and issued regulations governing their implementation. Over the last five years, disputes and strikes in the oil and gas industries had been on the increase, with strikes generally involving a large number of workers and being of relatively long duration. Outside parties often intervened in disputes. Enhanced social dialogue was therefore needed to improve industrial relations in the country's oil and gas industries.

Tripartite and bipartite dialogue institutions functioned as a good social dialogue instrument at central, regional (provincial/district/city) and company levels. Such institutions played an important role in creating harmonious industrial relations in all sectors of the economy in Indonesia, including in the oil and gas industries. The role of tripartite and bipartite dialogue institutions had recently declined, even though the Government had made efforts to revitalize such institutions, in line with a decision taken in 2003. Given the declining role of such institutionalized dialogue mechanisms, every effort should be made to strengthen social dialogue in the oil and gas industries in Indonesia.

Comments on Working Paper No. 254

— A representative of the Government requested an explanation of the fact that certain statistics in the Working Paper suggested that there had been a decline in the number of industrial disputes which had been settled in a bipartite manner and that, as a result, the bipartite institutions were losing their role as a mechanism for resolving disputes. He questioned the validity of the sources of data cited in the Paper, and he requested that the data used be updated. Under section 3 of Act No. 2 of 2004 and Act No. 13 of 2003, labour disputes should be resolved at an early stage, immediately after they arose. The initial stage involved obligatory bipartite negotiation. However, if no agreement could be reached on a bipartite basis, the disputing parties or one of the parties should register the dispute with the local manpower office. The local manpower office should then give the disputing parties or one of the parties the option of resolving the dispute through an arbitrator, a conciliator or a mediator, depending on the nature of the dispute. That stage was referred to as the out-of-court settlement stage. If no out-of-court settlement could be reached, however, the disputing parties or one of the parties could ask the Industrial Relations Courts to settle the dispute.

A representative of the Government also stated that strike procedures were provided for under sections 137 to 145 of Act No. 13 of 2003. Section 139 prohibited strikes in companies providing essential services to the public or where they could endanger human lives. The explanatory note on section 139 of Act No. 13 of 2003, which dealt with companies providing essential services to the public and strikes by workers of such companies which could endanger human life, only made mention of guards in charge of sea, land and air traffic, together with fire-fighters, as groups prohibited from taking strike action. In Indonesia, the oil and gas industries were considered an essential service sector, in which the Government could impose restrictions on the right to strike.

The Working Paper gave the impression that the definition of outsourcing was the same as the definition of fixed-term employment contracts. The representative of the Government clarified that, under section 64 of Act No. 13 of 2003, part of a company's work could be performed by another company, provided that the work did not constitute 'core work'. The work could be performed under either a fixed-term employment contract or an employment contract for an indefinite period of time. If the work was performed under a fixed-term contract, the provisions of section 59.1 concerning the nature of the activity must be complied with. The spirit of section 59.2 was that, if a worker employed on a fixed-term contract was required to perform work of a permanent nature, his/her employment would automatically become permanent and the fixed-term contract would be replaced by an indefinite-term contract. The representative of the Government clarified that, under fixed-term employment contracts, no distinction was made between white-collar contract workers and blue-collar contract workers. The existence of an employment relationship between a worker and an employment service provider was stipulated in section 66 of Act No. 13 of 2003. Service providers were obliged to enter into an employment relationship with their workers. Oil and gas companies employed workers on both fixed-term and indefinite-term employment contracts.

— A representative of the Employers' group said that, although the standard of the Working Paper was sufficient, it was not comprehensive enough and should be supplemented by field surveys. In general, the Paper had provided a picture of what had happened in the oil and gas industries in Indonesia. However, several things should be corrected. For example, in the oil and gas industries, working hours over and above 40 per week were classed as overtime, in accordance with Ministry of Manpower and Transmigration regulations. In Indonesia, there were already clear regulations on working time and working hours in certain areas of the oil and gas sector. However, in terms of working time arrangements, there were certain practices in the oil and gas industries that deviated from regulations and were therefore illegal. Second, he highlighted labour practices obtaining in oil and gas exploration and production companies and contractor companies (support service contractor companies and labour provider/ supplier companies).

— A representative of the Employers' group explained that the company played a role in managing human resources in the upstream oil and gas industries. Data in the Working Paper were different from those held by oil and gas companies in Indonesia. However, the Paper nevertheless provided information on industrial relations in the upstream sector. There were many constraints to managing industrial relations on the ground. BPMIGAS had worked in coordination with employers, the Government and trade unions. He emphasized the importance of ensuring a consistent approach to the application of laws and regulations by the Ministry of Manpower and Transmigration and the local manpower offices. Some statutory regulations concerning minimum wages had caused problems. His expectation was that, in the near future, there would be exchanges of information and communication among all stakeholders in the oil and gas industries.

— A representative of the Workers' group welcomed the Working Paper, which was very much needed because literature on the oil and gas industries was very difficult to obtain. Commenting on its content, he emphasized the importance of training to obtain certification and the need to improve vocational training institutions. Certification of competence must be dealt with seriously for human resources development and workers' welfare. In Cepu, Central Java, there was a certification institution for oil exploration but the institution's charges were very high. He therefore suggested that certification be provided free of charge. For comparison, in the Republic of Korea there was an employment insurance scheme providing training and unemployment allowances. The norm for daily working time in the oil industry was 12 hours. Working time was divided into three shifts, with two shifts on duty and one shift off duty onshore. Some types of work required workers to be on call 24 hours. Several working time models were used in the oil industry: 12 hours per day (two working shifts, two weeks on duty, one week off duty); 8 hours per day (three working shifts, three weeks on duty, one week off duty); and 24-hour stand-by (28 working days and 28 rest days). With regard to salaries of oil workers, the Paper stated that, in 2004, non-production workers in the oil and gas exploration and production sector had earned around Rp 11.3 million per month. However, not all workers in the oil and gas industries earned a salary of Rp 11 million. Many workers in small contractors received a lower salary, some earning only the minimum wage.

— A representative of the Workers' group agreed that it was difficult to obtain accurate data and information on the oil and gas industries. There were several technical difficulties which hampered good industrial relations. First, neo-liberalism, which would prevent the Government from intervening in business, could not be fully applied in Indonesia because human resources were still weak. Labour provider companies were allowed to operate in Indonesia under Act No. 13 of 2003 and companies must apply the same working conditions to both their own workers and to workers recruited via labour providers. It was not clear, however, whether those requirements applied also to wages. Second, the restructuring of oil and gas companies had led to many redundancies. Laid-off workers could be re-employed by the same company and perform work of a permanent nature under a fixed-term employment contract or through a labour provider company. Mergers and acquisitions could give rise to problems in the workplace because they had an impact on collective labour agreements and could result in termination of employment, and the ability of other industries to absorb oil and gas workers who had been retrenched and become unemployed was still poor. Third, the most difficult issue impeding industrial relations was poor coordination among ministries and between the central Government and local governments, as a result of which there was no consistency in the implementation of labour regulations. Fourth, the clarification regarding the fund allotted to workers' training had been questioned. Fifth, the existence of a large number of trade unions had led to competition between them. Trade unions were still disregarded. Sixth, tripartite and bipartite cooperation institutions appeared to be mere formalities. Those six factors made effective social dialogue and good industrial relations difficult to achieve. He emphasized the importance of the social partners being able to engage in decent dialogue. In order to establish and maintain good industrial relations among the social partners, the role of the Government was also important.

— A representative of the Government stated that, since the 1998 reforms, new regulations had been issued and there had been many changes to the labour situation in Indonesia. He agreed that good industrial relations were difficult to maintain because of the many internal and external factors which influenced them, such as regional autonomy and levels of education among workers, half of whom held only elementary school education. The Government had promoted the harmonization of labour laws through interactive dialogue, despite limited funds. Government, employers and workers must work together to find the best solution to establish the infrastructure needed for good industrial relations on a tripartite basis.

— A representative of the ILO commented that the Working Paper was only a starting point. A final version of the Paper would be issued based on discussion at the present Meeting and further contributions by participants. The Meeting might decide to establish a network to enhance industrial relations, in order to strengthen social dialogue in the oil and gas industries in Indonesia.

Point-by-point discussion

Point 1: Elements of good industrial relations in the oil and gas industries

- A representative of the Government said that frameworks for good industrial relations in the oil and gas industries were enshrined in section 103 of Act No. 13 of 2003, which outlined the following eight structures for industrial relations: workers' organizations; employers' organizations; bipartite cooperation institutions; tripartite cooperation institutions; company regulations; collective labour agreements; laws and regulations; and institutions for resolving labour disputes.

- A representative of the Employers' group said that the elements of good industrial relations included communication, legal clarity, skills and competence of stakeholders (particularly workers, employers and the Ministry of Manpower and Transmigration), adequate remuneration and benefits, and transparency. He emphasized the importance of transparency, especially with regard to the use of the fund for the development of Indonesian workers' skills, created by Ministry of Manpower and Transmigration Regulation No. PER.08/MEN/1998, as amended by Ministry of Manpower and Transmigration Decree No. 148/2001, and the social security fund. Meanwhile, lack of clarity concerning a draft government regulation on severance pay had led to unrest among workers. Another problem was the lack of experienced and skilled mediators. Some mediators had no knowledge about industrial relations.

- A representative of the Workers' group said that the elements of good industrial relations in the oil and gas industries were trust, transparency, equality in negotiation, mutual respect, and constant dialogue. He agreed with the Employers' group that communication, transparency, competence, remuneration and benefits were crucial elements. Providing workers with explanations concerning a company's financial and business situation would bring benefit to the company. He emphasized the importance of enhancing communication between employers and workers, especially with regard to company regulations. In general, the issues workers had raised over the last 10 years were still pertinent. A lack of regulatory clarity with regard to qualifications and certification of competence could affect wage levels. Labour disputes in the oil and gas industries were often related to lack of clarity concerning wages, which could be prevented by communication and explanations concerning internal company regulations. He proposed that communication with trade unions should take place on a regular basis in order to streamline communication between employers and workers. Lack of skills, competence and understanding of laws and regulations among trade union officials could present an obstacle to good industrial relations. He requested that the Government help trade unions to develop their skills.

- A representative of trade unions at oil and gas companies stated that some problems existed with regard to wages, in particular for workers employed on production sharing contracts for companies currently under the auspices of BPMIGAS. There was no standard salary scale in the state-owned oil and gas company Pertamina. As a State-owned company, its wage system should follow government regulations. There were two types of contract workers in the oil and gas industries: intellectual contract workers and non-intellectual contract workers. Non-intellectual contract workers were subcontract workers, often found in production and maintenance work, while intellectual contract workers were directors, engineers and technicians.

  To find a solution to the problems experienced by such contract workers, a question was asked as to what standards should be applied. It would be challenging to convene a regular meeting between employers, workers and trade unions. First, managers were like kings. Second, trade unions sometimes demanded things which went beyond their authority, such as the dismissal or demotion of senior managers. Third, labour disputes were always dealt with through a mediator from the Ministry of Manpower and Transmigration and there were no direct meetings between management and trade unions. Fourth, career assessment in the oil and gas industries was unclear. It comprised general assessments and specialist assessments. There were likes and dislikes in career assessment, which gave rise to jealousy among workers. As for company status, it was stated that, when Act No. 8 of 1971 concerning Pertamina had been in effect, all production sharing contract companies had come under Pertamina. However, after the enactment of Act No. 22 of 2001 concerning oil and gas industries, the status of production sharing contract companies which were part of Pertamina had become unclear in terms of their legal entity status and their grouping, based on the size of each company.

— A representative of the ILO responded to the points made regarding wage systems and wage standards. In some oil producing countries, there was sector-based negotiation concerning levels of wages and working conditions. He cited the examples of European countries, where, as a result of sector-based negotiation, all oil and gas workers enjoyed the same working conditions. Concerning the definition of contract workers, he said that, in the oil and gas industries, some contract workers earned a high salary in service companies, while other contract workers were employed at a lower level and were low-skilled. The issue was therefore how to enhance the competence of contract workers and how to enable contract workers to obtain the same working conditions as permanent workers through collective labour agreements. In some countries, governments did not set any minimum working time, it being instead determined by collective labour agreements.

— A representative of the Employers' group described the structure of Indonesia's employers' organization, the Association of Indonesian Employers (APINDO), which brought together all employers in the country and which was strong and financially independent.

— A representative of the ILO stated that trade unions were interested in more tripartite meetings, training, and learning about laws, together with representatives of the Government and employers. On that point, the Government and employers held a similar stance. Bipartite dialogue appeared to be very active in the oil and gas industries but tripartite dialogue did not exist, perhaps because of the uniqueness of the oil and gas industries, which were dominated by the State. He asked the Meeting if it was necessary to establish a tripartite task force to promote tripartite dialogue.

Point 2: Specific issues for good industrial relations in the oil and gas industries in Indonesia

— A representative of the Government outlined several industrial relations issues in the oil and gas industries, referring to Act No. 13 of 2003. With regard to wages, under section 90 of Act No. 13 of 2003, companies were prohibited from paying wages which fell below the minimum wage. Section 92 of Act No. 13 of 2003 gave employers the authority to establish wage structures and scales, taking into consideration workers' position, length of service and competence. Employers also had the authority to review wages periodically, according to the company's financial situation. In line with section 6 of Act No. 13 of 2003, every worker had the right to equal treatment without discrimination by their employer.

With regard to working conditions, the Government had observed that, in practice, long working hours (approximately 50 hours per week) pertained in the oil and gas industries, whereas Act No. 13 of 2003 established a maximum working week of 40 hours. Overtime work exceeding the 40-hour limit was permitted under section 2 of Ministry of Manpower Decree No. Kep 234/MEN/2003, or under collective labour agreements made in accordance with section 116 of Act No. 13 of 2003, in respect of which technical provisions were contained in Ministry of Manpower Decree No. 48/MEN/2004.

The issue of OSH in the oil and gas industries was addressed by Act No. 1 of 1970 concerning OSH. Various measures had been introduced to improve OSH, such as the provision of training to promote OSH at company level and a safety award scheme known as the Zero Accident Awards. Fixed-term work was covered by section 59 of Act No. 13 of 2003 and its implementing regulation, Kepmenaker No. 100/MEN/IV2004. Both employers and workers in the oil and gas industries must abide by the applicable laws and regulations. To address such issues, it was necessary to have tripartite forums, meetings and discussions, and to activate the role of labour inspectors in preventative measures and enforcement.

— A representative of the Employers' group described several issues peculiar to industrial relations in the oil and gas industries, beginning with the implications of regional and industrial minimum wages for the industries. The National Wage Council was a tripartite body. Decisions on minimum wages had been decentralized, with district chiefs or mayors authorized to set them. He questioned whether it was possible for a governor to revoke decisions on minimum wages made by a district chief or mayor, and whether there existed the possibility of interference by the National Wage Council into decisions made by district chiefs or mayors. Labour laws should address employer–employee relations only, and there should be no interference in company business. Purely business decisions made by oil and gas companies should be immune from government intervention; the same should apply to the use of contract workers, which should be accepted regardless of whether the work performed constituted the core business of oil and gas companies. Wages and working conditions of contract workers could be different from those of regular workers. If that were not the case, contract workers would automatically become regular employees of oil and gas companies.

The new regulations on fixed-term employment contract made no mention of severance pay. The lack of clarity as to whether workers employed on a fixed-term basis were entitled to severance pay had led some oil and gas companies to assume that there was no need to pay fixed-term workers severance pay. There was also a regulatory provision stating that a worker employed on a fixed-term employment contract could only have his contract extended once and, if the worker was re-hired, the employment contract should be renewed within 30 days of the expiration of the second contract. That provision caused inconvenience in the exploration sector, for example. Lastly, he stated that oil and gas companies placed emphasis on OSH. The challenge that companies faced was lack of safety awareness in the workplace.

— A representative of the Employers' group provided an additional explanation regarding core and non-core work. One of the provisions of Indonesia's labour laws was interpreted as meaning that regular or permanent work must not be outsourced. According to the legal office of the Ministry of Manpower and Transmigration, the definition of core and non-core work was to be established by employers themselves and endorsed by the local manpower office. In practice, there was no difference between contract workers and regular workers in terms of pay.

— A representative of the Employers' group said that, in general, OSH standards in the oil and gas industries in Indonesia were fairly good. However, OSH for contract workers was a problem. Only one oil and gas company had reported its core and non-core activities to its local manpower office. Compiling such reports was problematic because the dynamic and volatile nature of the oil and gas industry made it difficult to assess the flow of work accurately.

— A representative of the Employers' group stated that for every production sharing contract, BPMIGAS required foreign companies to comply with Indonesian laws. However, those laws differed from public laws and industrial laws which applied to the oil and gas industries.

— A representative of the Employers' group mentioned two sections of Act No. 13 of 2003 with respect to contracts and outsourcing. Section 50 of the Act dealt with the employment relationship. Section 59.1 stipulated the conditions under which fixed-term employment contracts could be used, while section 59.2 prohibited the use of fixed-term contracts for workers whose employment status was regular and permanent. Legal provisions regulated the types of work that could be outsourced. The distinction between core and non-core work therefore did not affect whether jobs became permanent. As for severance pay, Ministry of Manpower Decree No. 27/2000 only provided for severance pay to contract workers employed by contractor companies. As such, contract workers employed directly on production sharing contracts did not receive severance pay.

— According to a trade union representative, as far as wages were concerned, there were three matters that needed to be taken into account: (1) there was no official industry-wide standardized wage scale in the oil and gas industries; (2) there was a gap in wages between regular workers and contract workers; and (3) there was a very wide wage gap between Indonesian domestic workers and foreign workers, even where their experience and competence were equal. The problems that needed to be resolved with regard to working conditions in the oil and gas industries were: (1) the imbalance in terms of working conditions between workers engaged in onshore and offshore work: in general, offshore working conditions were better than onshore working conditions; (2) the fact that onsite inspection by oil and gas companies did not necessarily involve the participation of trade union representatives; (3) the fact that working conditions in contractors were a matter of concern; (4) differences in terms of social security between production sharing contract companies and Pertamina; and (5) the fact that training and certification of competence were not administered in a coherent manner. With regard to the fourth point, Pertamina offered pensions while production sharing contract companies gave severance pay. In general, the establishment of OSH committees in the oil and gas industries was fairly good. At Pertamina, there was a health maintenance benefit which could also be enjoyed by a worker's family members, but not all production sharing contract companies offered the same benefit.

— Responding to questions about statutory minimum wages, a representative of the Government stated that the authority to set statutory minimum wages in Indonesia had been decentralized to regional governments. At regional level, regional wage survey councils made recommendations on minimum wage levels to regional governments based on the results of their surveys. The central Government did not interfere in regional government decisions on minimum wages. In short, the National Wage Council would not intervene in regional government decisions on minimum wages in any way.

— A representative of the Employers' group stated that employers were facing problems caused by regional differences in sectoral minimum wages. The lack of clarity in setting minimum wage levels was problematic for two reasons: the mechanism and the basis for setting minimum wages were not sufficiently clear; and the value of minimum wages could vary from one area to another.

— A representative of the Government replied that the concerns expressed by meeting participants, in particularly concerning the minimum wage system, would be referred to the relevant department of the Ministry of Manpower and Transmigration. With regard to outsourcing and contract work, the Government provided technical guidance to employers and employment providers in Balikpapan, Manado and Batam. Under Indonesian law, outsourcing was defined as the submission of work to another party. Employment service providers must have the status of a legal entity. If that requirement were not fulfilled, the employment agreement would become an employment agreement for an indefinite time. Work could be outsourced through an indefinite-term employment agreement or a fixed-term employment agreement, depending on the nature of the work. A fixed-term employment agreement was not the same as outsourcing: there were some differences between the two. Any employment agreement between an employer and a contractor must be registered with a local manpower office or the Directorate General of Industrial Relations Development.

— A representative of the Workers' group said that minimum wages were a safety net to protect workers' income. However, there had been a misunderstanding in the application of the concept and minimum wages had become the standard wages in the oil and gas industries. OSH in the oil and gas industries was a highly important issue and vigorous efforts should be made to improve OSH. Responsibility for

OSH in the oil and gas industries rested with the Ministry of Energy and Mineral Resources and the Ministry of Manpower and Transmigration; labour inspectors were therefore drawn from those two Ministries. Trade unions should participate in inspections of plants and companies.

— A representative from the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) noted that minimum wages in Indonesia had become standard wages. In the Republic of Korea, for instance, in the Hyundai Group, wages differed based on age and education. The institutionalization of contract work was a global trend reflecting the need for a flexible labour market. He emphasized that pay for contract workers and regular workers for the same job should be equal. The solution to the problem lay in the principle of equal pay for equal work. In order to achieve that goal, the role of social dialogue was very important.

— A representative of the Employers' group said that BPMIGAS had conducted an annual salary survey of all professionals in core and non-core work in the upstream oil and gas industries. Based on the results of its survey, BPMIGAS had developed a remuneration benchmark for all positions. Companies had used the results of the BPMIGAS survey to review salaries internally with a view to calculating labour-related costs. Companies presented labour costs and operational costs to BPMIGAS, together with their work programmes and company funds for analysis within the framework of the production sharing contract system. As far as the upstream oil and gas industries were concerned, BPMIGAS had full responsibility for approving costs but not for remuneration. BPMIGAS' sole responsibility was to ensure that oil and gas companies established wage systems based on wage surveys, competence, performance and skills. No similar survey had been conducted in the downstream sector or in oil and gas service companies, but a fairly wide gap existed between the downstream oil and gas and support service sector and the upstream oil and gas sector. BPMIGAS had also conducted a comparative study on wages involving other countries, to try and prevent the 'brain drain' from Indonesia. About 6,000 Indonesian oil and gas workers had moved to Qatar, and Indonesia's oil and gas industries had not succeeded in attracting talented people. Another issue was how to attract university graduates to enter the industries. He asked a representative from the ICEM to explain the situation in the Republic of Korea.

— A representative from the ICEM said that, in the Republic of Korea, wages were set depending on the education, performance and competence of individual workers. The question, however, was who determined the wages. Trade unions needed to be involved in jointly evaluating workers' competence, performance and skills. It was also necessary to invite trade unions to participate in determining working conditions for contract workers. In the Republic of Korea, management usually determined wages and working conditions unilaterally, in a non-transparent manner. Management knew how much workers earned but workers never knew how much directors or company owners earned.

— A representative of the Employers' group stated that, in Indonesia, performance appraisal and salary reviews were generally carried out by management. A small number of companies discussed wages with trade unions, but the law did not require companies to do so. The Government did not provide for trade unions to be involved in determining wages. Wage negotiations between employers and workers took place only once, when workers joined a company for the first time. Currently, human resources management in some companies in the upstream oil and gas industries was more transparent that in others. In addition to outsourcing, a new phenomenon called 'in-sourcing' had been observed, meaning that a company employed contract workers who used to work for the company. Once in-sourcing occurred, former contract workers received higher wages, creating unrest among other contract workers. He asked whether a similar phenomenon had occurred in the Republic of Korea.

— A representative of the ICEM responded that in-sourcing had also occurred in the Republic of Korea. In 2006, legislation on irregular workers had been enacted in order to protect and improve the working conditions of contract workers. After the law had come into effect, companies were obliged to treat contract workers like permanent workers. If companies employed two different types of workers, they must treat them equally. Workers who had previously been contract workers no longer worked on the basis of fixed-term employment contracts. They had become permanent workers but with a different job or position in the same company, receiving the same allowance and benefits as permanent workers. The involvement of trade unions in determining wages was provided for by law. A company could share information concerning its finances and performance with trade unions. Trade unions had a very significant role. The Government's role was also of great importance in promoting social dialogue.

Point 3: Improving bipartite and tripartite social dialogue institutions

— A representative of the Employers' group stated that, in order to improve bipartite and tripartite institutions, the following were needed: (1) good communication between workers and employers; (2) focus groups, in which the parties involved in bipartite and tripartite communication should be more focused in their discussion; (3) negotiation skills and communication skills; and (4) understanding of labour laws and company regulations.

— A representative of the Workers' group said that there was currently no tripartite cooperation institution to serve as a social dialogue structure from the central level to the local level in the oil and gas industries. In general, tripartite cooperation institutions only discussed wages, laws and regulations. Tripartite cooperation institutions needed to promote particularly in the oil and gas industries. In addition, many companies had not been registered as having bipartite cooperation institutions. Even where such institutions were present, many did not function as there were supposed to.

— A representative of the Government presented the results of a survey conducted by the Ministry of Manpower and Transmigration on industrial relations in Indonesia, on the basis of which a book entitled *Hubungan Industrial di Era Baru* [Industrial Relations in a New Era] had been published. The primary findings of the survey included the following: (1) there was a lack of awareness of the need to establish bipartite cooperation institutions at company level; (2) trade unions thought that bipartite cooperation institutions would take over the rights and powers of trade unions; (3) trade unions considered bipartite cooperation institutions as their competitors or as company tools to suppress workers' rights; and (4) employers thought that bipartite cooperation institutions merely increased their administrative burdens. According to the survey, some findings on tripartite cooperation institutions included the following: (1) the system of representation in tripartite cooperation institutions was often misunderstood by trade unions; (2) tripartite cooperation institutions needed more support from trade unions; and (3) trade unions thought that the Government was obliged to implement fully and completely all recommendations made by tripartite cooperation institutions. He said that the proposal by trade unions that tripartite cooperation institutions in the oil and gas industries might need to be established would be considered.

— A representative of the Workers' group stated there was a need for dialogue concerning the desired form of tripartite cooperation institutions in the oil and gas industries. Responding to the results of the survey presented by a representative of the Government, he stressed the urgent need for tripartite cooperation institutions to be established in the oil and gas industries.

— A representative of the Employers' group expressed the view that the existence of trade unions made the role of bipartite cooperation institutions less clear. He felt that, because employers communicated frequently with workers and trade unions, the role of bipartite cooperation institutions did not have much significance in practice. He also stated that he had been unable to establish bipartite cooperation institutions in his company because of resistance from trade unions.

— A representative from the ICEM clarified the function of social dialogue. Social dialogue demonstrated that discussion was more effective if carried out collectively and openly between the parties concerned. Social dialogue could exist at any level, including at the central and company levels. Trade unions could play an important role at all levels, even within the framework of bipartite and tripartite cooperation institutions. The ICEM could help workers and trade unions to improve relations between employers and workers in dialogue by providing training and other technical assistance.

— A representative of the Employers' group gave a briefing on the Industrial Relations Court. Industrial Relations Court judges were drawn from three different sources. They were either career/professional judges, ad-hoc judges from APINDO or ad-hoc judges from among workers. In making their decision, judges referred to section 100 of Act No. 2 of 2004. Four factors must be considered: law, agreements, jurisprudence, and the principles of justice. When in court, however, it became apparent that the understanding of laws and regulations on the part of worker, employer and lawyer was often insufficient. In the oil and gas industries, a group called Group 2 was in charge of issues related to the settlement of industrial disputes. Concerning collective labour agreements, one company had no such agreement and the company's regulations were used in resolving disputes.

— A representative of the Workers' group said that no data were available on how much progress Industrial Relations Courts had made because they had been in place for less than a year. He doubted the competency of the Industrial Relations Court, which did not differ much from Regional Committees for the Settlement of Industrial Disputes or the Central Committee for the Settlement of Industrial Disputes in terms of time and costs. Moreover, it was more expensive and time-consuming to wait for a ruling if the dispute was dealt with by the Industrial Relations Court.

— A representative of the Employers' group said that Act No. 2 of 2004 identified four kinds of disputes, one of which was a dispute concerning rights. In handling disputes, a judge must always give both parties an equal opportunity to speak.

— A representative of the Workers' group highlighted problems which occurred when companies regulated working conditions on the basis of company regulations, rather than collective labour agreements. Many companies believed that they had the prerogative to decide workers' working conditions unilaterally by using company regulations, instead of negotiating with workers and trade unions.

— A representative of the Employers' group stated that company regulations were decided through negotiation among employers, trade unions and workers who did not belong to trade unions.

— A representative of the Employers' group said that social dialogue needed to be strengthened in the oil and gas industries in Indonesia, and should cover expatriate workers in particular. The Meeting presented an opportunity to improve social dialogue by establishing a focus group or special meeting for expatriate executives to share information and provide explanations and understanding of Indonesian law and industrial relations, in order to improve compliance with laws in Indonesia.

Point 4: Capacity-building for the Government and employers' and workers' organizations in order to improve industrial relations

— A representative of the Workers' group stated that, in order to enhance the development of good industrial relations, the Government should be required to provide training on labour to promote skills and industrial relations. It was necessary to establish standardization of occupational competence. The Government should be required to enhance the ability to implement laws. Employers were asked to promote the role of APINDO in the oil and gas industries because many oil and gas companies were not aware of its role. Workers should receive training on labour laws and the role of trade unions, and labour dispute resolution, so as to enhance their capacity, and should also receive training that would enable productivity to be increased.

— A representative of the Employers' group stated that, for the purpose of capacity building, the extensive dissemination of information on laws and statutory regulations to employers and workers was required, but that there were financial constraints. He supported the request made by an employers' representative to improve awareness among expatriate workers and employers of industrial relations and labour laws.

— A representative of the Government stated that there were financial constraints to the wide dissemination of information on labour laws and practices by the Ministry of Manpower and Transmigration. However, technical guidance and workshops organized by the Ministry of Manpower and Transmigration were offered to the public free of charge.

— A representative from the ICEM explained what activities it would carry out in Indonesia. In order to improve social dialogue in the chemicals, mining, oil and gas industries, ICEM would organize training programmes until the year 2008 for its affiliates on international standards such as the ILO principles, the OECD Guidelines on Multinational Enterprises, the United Nations Global Compact and international OSH standards. In addition to training, the ICEM would also hold a national conference on social dialogue and establish a network among trade unions in the oil and gas industries involving employers and workers at the international and national levels. Social dialogue was not just an instrument or a legally binding requirement; it also provided an opportunity for more dialogue to share knowledge and information.

— A representative of the Government stated that good industrial relations would have been successfully implemented when the optimal alignment between systems, institutional functions and industrial relations institutions had been achieved. The Government was obliged to create a good climate to enhance the role and function of industrial relations structures and promote social dialogue at all levels. The Government proposed the following: (1) the dissemination of information to the public concerning labour regulations and the laws governing industrial relations; (2) the provision of technical guidance to promote tripartite social dialogue; (3) interactive dialogue through the media, including television; and (4) analysis based on information obtained from the public and social partners.

— A representative of the Employers' group said that, in order to help the Government disseminate information on labour laws, employers had invited speakers from the Ministry of Manpower and Transmigration to come to their companies in order to provide workers and trade unions with information on labour laws.

— A representative of the Workers' group stressed that enforcing the law was key to ensuring workers' rights. Labour inspection was a legal requirement on employers. Companies must also check whether labour service provider companies complied with labour laws. In the oil and gas industries, company regulations provided only the minimum in terms of decent working conditions. Trade unions must provide workers with information about company regulations and workers must have access to regulations that stipulated the obligations and rights of both parties.

— A representative of the Workers' group stated that the Government should serve not only as a regulator but also as a provider of capacity-building programmes, including training, dissemination of information, facilitation, advocacy, protection of trade unions, and promotion of harmonious industrial relations.

— A representative of the Workers' group stated that coordination between related ministries, i.e. between the Ministry of Energy and Mineral Resources, the Ministry of Manpower and Transmigration and the Ministry of Home Affairs, was still weak and in need of improvement. Those related Ministries needed to work to the same agenda so as to prevent conflicts at lower levels in the administration of laws.

— A representative of the Workers' group stated that there had been violations of laws and regulations by multinational oil and gas companies. For example, in negotiating collective labour agreements, they were unwilling to recognize the existence of trade unions, afraid that such practice might be followed by other multinational companies. However, one multinational company allowed five trade unions to exist at the same workplace. Awareness of the importance of communication and social dialogue between employers and workers was still low. Tripartite meetings in the oil and gas industries were important because of the complexity of the industries. Tripartite constituents could help to address issues of wages, productivity and other difficult problems.

Point 5: The role of the Government and employers' and workers' organizations in enhancing compliance with laws and regulations pertaining to fundamental workers' rights in the oil and gas industries

— A representative of the Government stated that the Government's role in enhancing compliance with laws was provided for in section 102 of Act No. 13 of 2003. It was responsible for establishing policies, providing good services, undertaking labour inspection in the proper manner and taking action against the violation of labour laws.

— A representative of the Employers' group stated that, to enhance compliance with laws and regulations, his group suggested the following: (1) establishing a structured pattern for the development of law; (2) establishing tripartite social dialogue on legal developments in Indonesia on a regular basis; (3) reviewing and removing local government regulations which were incompatible with labour legislation; and (4) amending any overlap in the hierarchy of laws.

— A representative of the Workers' group stated that, in order to enhance compliance with laws and regulations, it was necessary to inform the public about applicable laws and regulations, to provide training and education, to hold meetings to resolve problems, and to synergize central and local policies.

— A representative of the Workers' group added that there were some obstacles to the application of regulations. For example, some regulations did not work well. There was a lack of ability and understanding with regard to economic development, as well as labour regulation development at regional level in Indonesia. Those obstacles should be overcome through: (1) training, public information or refresher courses; (2) improving access by the Ministry of Manpower and Transmigration to district/city offices; (3) intensifying public information initiatives and holding more frequent meetings among ministries at central and regional levels, at inter-ministerial level, and at local, national and international levels; and (4) holding inter-sectoral meetings to find solutions to similar issues. It was necessary to improve the functioning of bipartite institutions as a consultation forum and to find a common deal. It was necessary to develop the human resources, funding, organizational structures and mechanisms of bipartite cooperation institutions.

— A representative of the Employers' group stated that employers wanted to settle all problems in a simple and easy way. Their experience showed that the involvement of trade union in a worker's case would complicate the process, by comparison with dealing directly with the worker to resolve the case.

- A representative of the ILO asked whether any law required the parties to negotiate severance pay with workers and/or their trade unions.

— A representative of the Employers' group replied that severance pay was offered in accordance with the law. In the provision of severance pay, companies preferred to deal directly with the workers concerned. As for industrial relations in the oil and gas industries, he stated that employers would try to respect all regulations, including regulations on industrial relations. Reform of the labour laws was under way and would provide a good opportunity for all parties to become familiar with the relevant legislation.

— A representative of the Workers' group stated that Act No. 13 of 2003 made it possible for employers to talk directly to workers who did not belong to a trade union. That was one of the weak points of the existing laws which prevented employers and workers from enjoying good industrial relations.

— A representative of the Government explained that there had been a paradigm shift on industrial relations in Indonesia. After the 1998 reforms, the Government had reduced its role, as reflected in the birth of Act No. 21 of 2000 concerning trade unions/labour unions, Act No. 13 of 2003 concerning manpower, and Act No. 2 of 2004 concerning labour dispute settlement. The role of trade unions in the preparation of the law on labour dispute settlement had been very important. However, there had been a reduction in the Government's role in settling disputes. Under Act No. 2 of 2004, labour disputes should be referred first to compulsory out-of-court bipartite negotiation. If bipartite negotiation failed, the case would be referred to a conciliator or arbitrator. Section 102 of Act No. 13 of 2003 established the roles of the Government, employers and workers. The role of the Government was to make policies, to provide services and to carry out inspections. The role of trade unions was to establish a partnership with the employer to improve productivity for the progress of the company. The role of employers' organizations was to develop businesses to expand job opportunities and enhance the welfare of workers. The Government should also disseminate information to the public to increase understanding of the implications of laws and policies. The fact that labour inspectors and regional autonomy did not fall under the same command of the central Government presented a constraint. Indonesia had good laws and regulations but they were not yet being properly implemented. The present Meeting had helped enhance understanding of the rights and obligations of tripartite constituents in Indonesia.

— A representative of the Employers' group explained the factors affecting the improvement of industrial relations in the oil and gas industries. First, it was necessary to have good statutory provisions. Second, if regulations were implemented throughout the industry, what could employers and trade unions offer? Employers could contribute in two ways: by having political will or good will; and by exercising their good will in practice. For example, employers had the ability to ensure that workers' permits were put in place properly, to conduct training, to pay adequate compensation, and so on. The same applied to trade unions. Where there was an intention to form a partnership, the ability to establish a good partnership needed to be taken into account. However, some groups of employers and workers were not willing. The question then arose of what the Government and existing regulations could do to deal with those who were not willing, for example, imposing penalties on them.

Closing session

A representative of the Workers' group stated that, despite being non-representative, the Meeting had nevertheless enhanced participants' perspectives. Enhanced knowledge and competence among workers were demanded in the oil and gas industries.

A representative of the Workers' group stated that meetings such as the present one revealed the problems and good practices of industrial relations. The present Meeting had also shown that laws were not being implemented. The Government's website was very useful, but access to ministerial regulations was not easy. An opportunity to learn about laws and regulations would be helpful to trade unions.

A representative of the Government said that the Meeting would serve as a starting point. The ILO Working Paper had many shortcomings, but corrections would be made to improve it. Regional autonomy had an impact on industrial relations in Indonesia and further help from the ILO to improve industrial relations in the country was requested.

3. List of participants at the National Tripartite Meeting for Promoting Good Industrial Relations and Social Dialogue in the Oil and Gas Industries in Indonesia,

Puncak, Indonesia, 29 to 30 October 2007

Mr. Samesto Nitisastro, Human Resources and Administration Manager, PT Century Dinamik Drilling

Ms. Retna Pratiwi, Division of legal affairs and international cooperation, Depnakertrans (Ministry of manpower and transmigration)

Mr. Mochamad Alimuddin, Kasubdit Pencegahan PHI, Depnakertrans

Mr. Kuat Guntoro, Head workers organization section, Depnakertrans

Ms. Siti Junaedah AR, Kasubdit Perjanjian Kerja, Depnakertrans

Mr. Doddy Irawan, Manager Human Resources Services, Human Resources, IndoAsia Business Unit, Chevron

Mr. Yustinus Martyr Bukit, Chairman, PT Halliburton Indonesia Workers' Union

Dr. Hasan Saman, Advisor of Oil, gas and Mine Workings, Worker Union Federation of United-owned Enterprises

Mr. Sutari, Kasubid Perselisihan Hub. Industrial, Disnaker Prov. Kalimantan

Mr. Bambang Rudianto, Ketua Pengurus Komisariat FPE-SBSI, PT Fajar Bumi Sakti

Ms. Nikasi Ginting, Chairperson, Mining and Energy Federation

Mr. Bambang Surjono, General Secretary, FSP KEP

Mr. Sjaiful DP, Chairman, FSP KEP

Mr. Slamet Hari Mulyadi, Litbang, SP, FORKKAM, SP FORKKAM/CNOOC SES Ltd.

Ms. Twenty Febiana, Head of Industrial Relations, CNOOC SES Ltd.

Mr. F. Hari Prabowo, Coordinator Industrial Relations, CHEVRON

Mr. Koessoebagio, Industrial Relations Counsellor, Chevron – Riau

Mr. Bachtiar Said, Industrial Relation Manager, PT Thiess Contractors Indonesia (APINDO)

Mr. Hendrik Sumolang, Industrial Relations Mediator, Sudinakertrans Kodya Jakarta Utara

Mr. Gerhard M. Rumeser, Country Human Resources Manager, BP

Mr. Indra Gunawan, Industrial Relation and Welfare Manager, BPMIGAS

Mr. Ari Kartika Dewa, Head of Department Industrial Relations and Administration, Total E&P Indonesia

Mr. Dudy Hidayat, Judge, VICO Indonesia Supreme Court

Mr. Yoon Hyo-Won, Project Consultant, International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)