

Wage Policy and the Trade Union Struggle in Indonesia

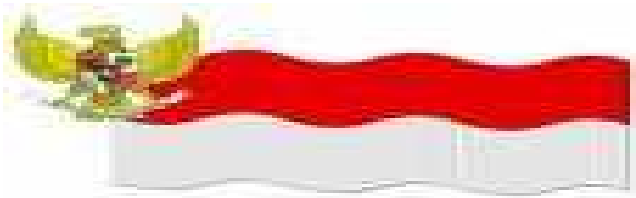


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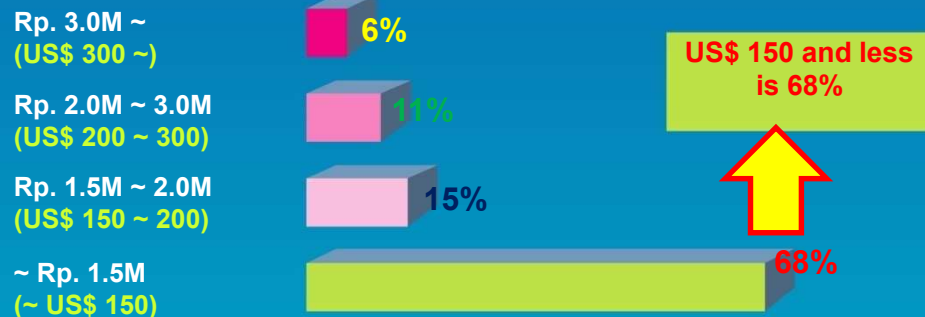
General Information about Indonesia

1. 4th largest in population: **244.775.796** (after China, India and USA)
2. Low electricity coverage (57.5%), households with 450W & less is 63%
3. Monthly households expenditure: US\$ 150 (or Rp 1.5 Million) & less occupies 68%



Monthly Household Expenditure (2012)

US\$ 1 = Rp. 10,000



Source: AC Nielsen 2011

Land

- 13,110 islands ;
- Big Island: Sumatra;Jawa;Kalimantan
- Sulawesi ;Bali ;Lombok;Irian
- Rich in natural resources, agriculture & marine products

Province

33

City /Regency

512

Races

- 300 races (Malay principal)
- Chinese: 6 million

Religion

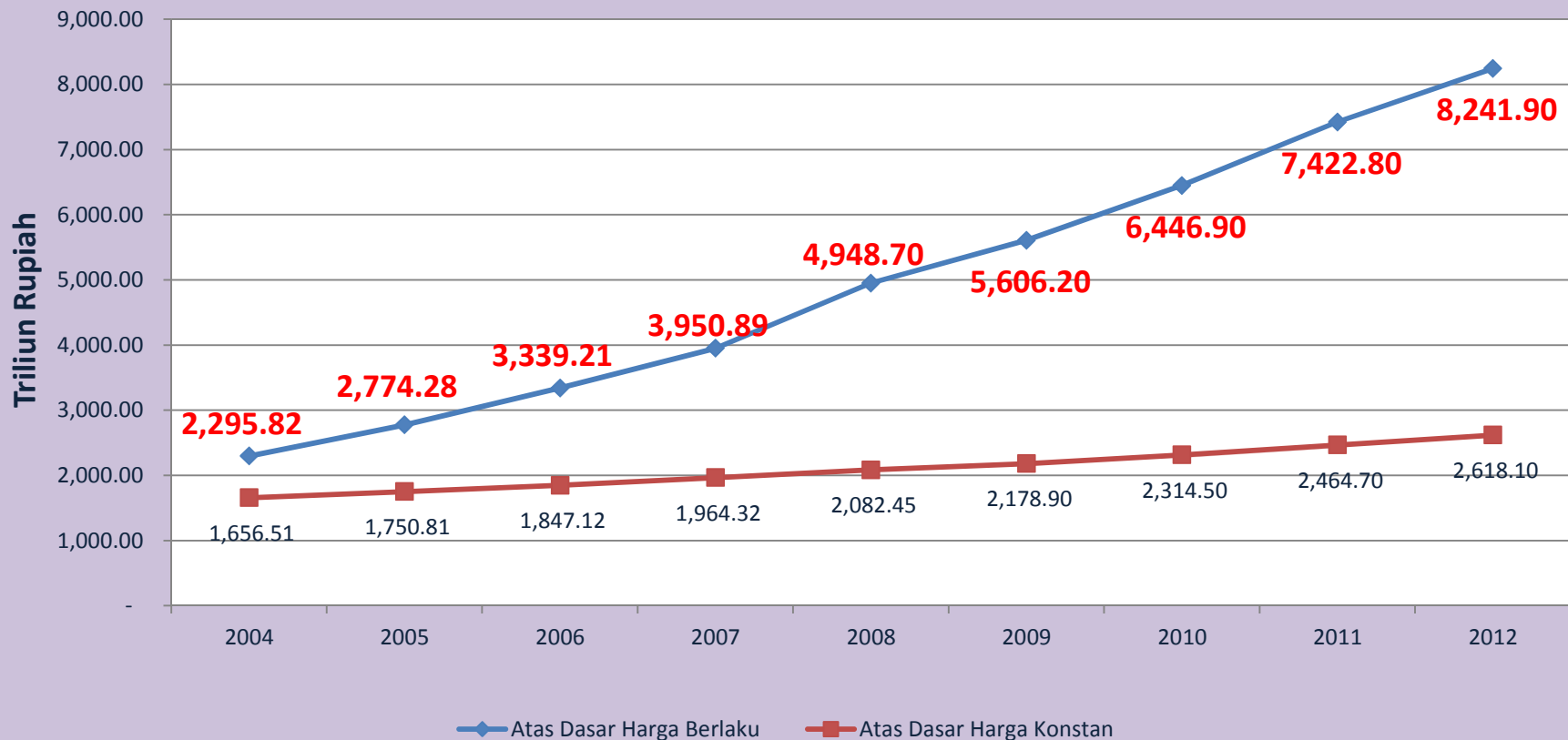
- Islam (85%)
- Christian (12%)
- Hindu, Buddhism (3 %)

Economic Indicators (2012)*

- GDP: US\$ 867.56billion
- GDP growth: 6.49%
- GDP per capita: US\$ 3.469
- Inflation: 4.5%

Source: BPS 2012, PLN (Indonesia Power)

ECONOMIC INDONESIA TREND & GDP YEAR 2004 – 2012



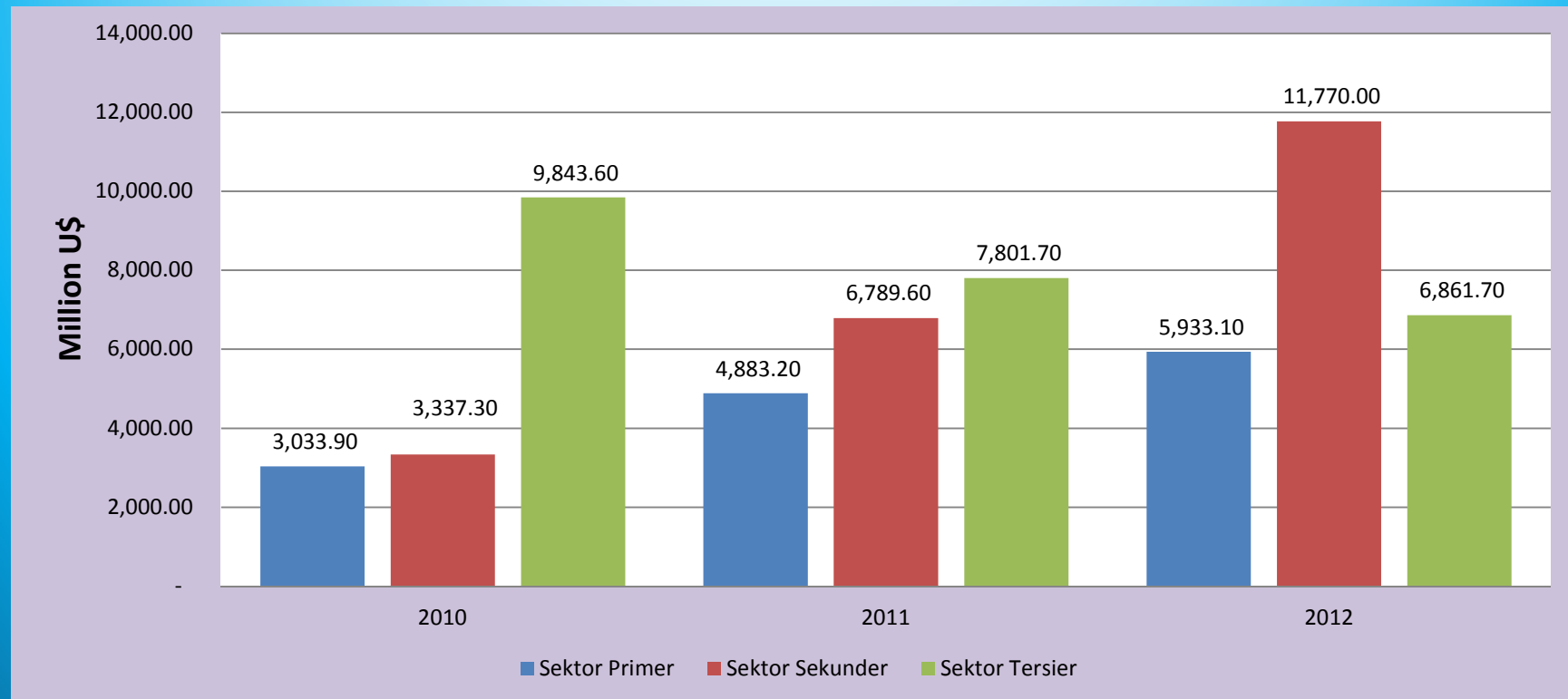
- ❖ Indonesia Economic Growth at 2012 around 6,4 % no 2 after China .
- ❖ GDP Indonesia 2012 No 16 in the world (target in 2030; Rp 30.000 Trillyun no 10 in the world)
- ❖ Indonesia joint with a G20
- ❖ Indonesia only one country at ASEAN joint with G20
- ❖ Economic Indonesia Strongest in ASEAN

13 FAVORITE INVESTMENT COUNTRY IN ASIA ECONOMIST CORPORATE NETWORK VERSION



- Indonesia No 3 grade investment in Asia (APEC ,Bali Indonesia no 2 after China)
- 50 % respondent will increase investment in Indonesia
- 27 % respondent will keep investment in Indonesia
- 18.6 % respondent will no plan to increase
- 0.8 % respondent will reduce investment in Indonesia

Foreign Investment



Explanation

- Blue = Primary → horticulture, plantations, livestock, forestry, fisheries and mining
- Red = Secondary → industry
- Green = Tertiary → electricity, gas, water, construction, trade & repairs, hotels & restaurants, transport, communications, housing and other services

- Total Foreign Investment Increased 26.14% in 2012
- Foreign Investment in the Industrial Sector (red) Increased 73.35%

MAIN INDUSTRIES & INDUSTRIAL CENTRE

- ❖ Main Industries are : Chemical ,Automotive ,Textile &Garment ,Electronic & Electric , Food & Beverage ,Steel &Construction ,Ship building ,Mining ,Gas & Oil .
- ***New Investment based on locations were***
Banten = US\$. 965.6 million (20 projects), Jakarta Capital Territory = US\$. 347.0 million (69 projects), West Java = US\$. 282.6 million (44 projects), South Kalimantan = US\$. 161.3 million (2 projects) and Riau = US\$. 101.5 million (2 projects)
- ❖ Industrial Centre Location :
 - Sumatra 16 area ; Kepulauan Riau 40 area ;Ambon; Papua; Sulawesi;Kalimantan 15 area ; Banten 40 area;;Jawa Barat 66 area ;DKI 4 area ;Jawa Tengah 19 area ;Jawa Timur 32 area
- **Total 196 Industrial Area around 240 .000 Company**

Comparison

Min Wage vs Basic Living Need



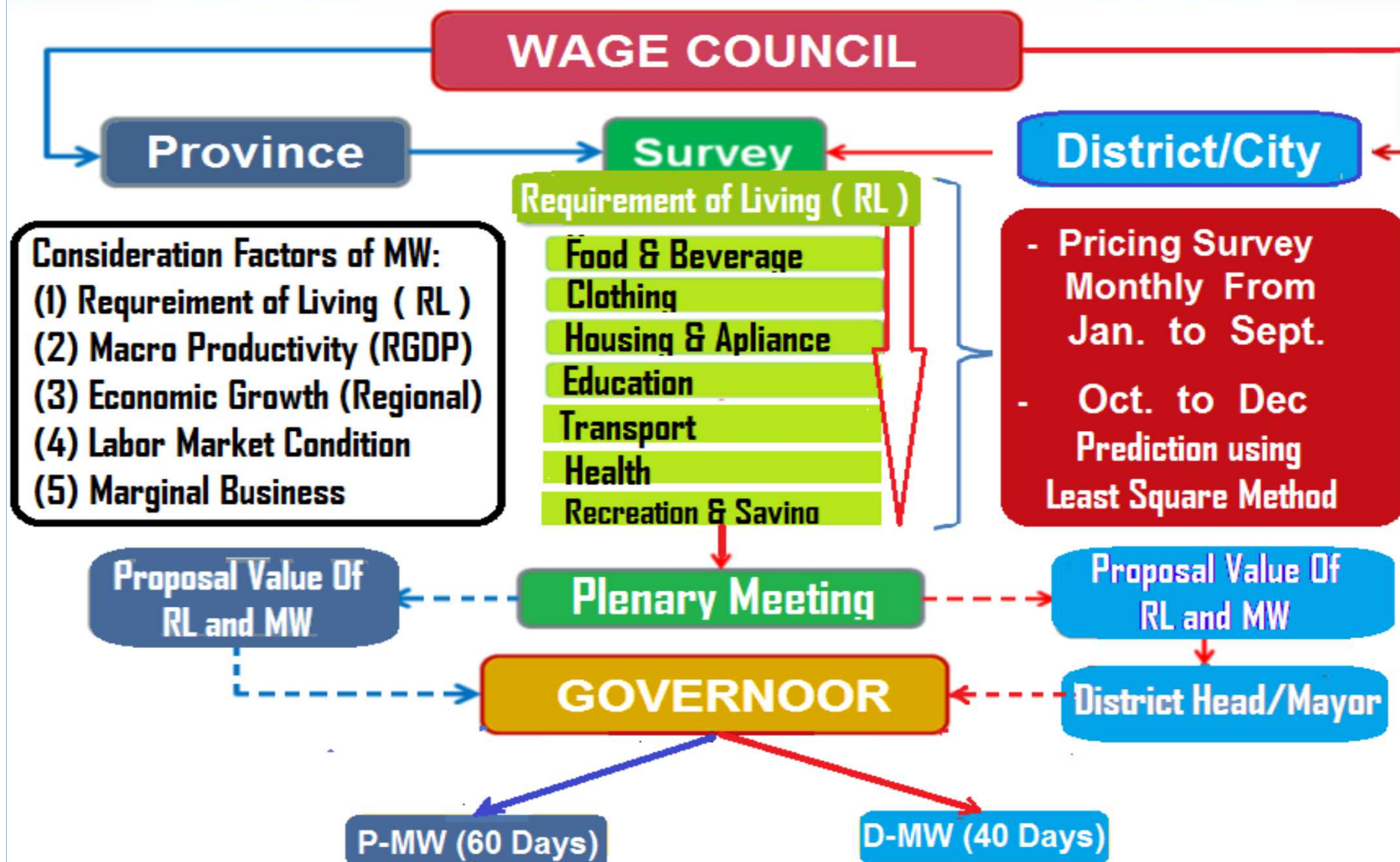
PARADOX OF INDONESIA

- GDP US\$867.56 Billion
- GDP growth 6.49%
- GDP per capita US\$3,469
- Inflation 4.5%
- Labor Force 118 Million (No 5 in the World)
- 68% of workers have a salary of less than US\$1500/month
- ❖ Cheap labour policy is designed to attract foreign investment
- ❖ Indonesia is rich in resources such as minerals, oil & gas but 98 million people are still poor
- ❖ The state does not protect the people by providing social security despite 60 years of independence
- ❖ Laws are very good on paper but implementation is bad because law enforcement is weak
- ❖ The people get nothing from the state budget due to problems of corruption (Ranking 56)

LOW WAGES VS HIGH COST

- ☐ **Employer association (APINDO) use cheap labor such as Precarious workers even it does not allow but only Minimum wages event work more than five years .**
- ☐ **Min Wages vs Basic Living Need (KHL) less than 87 % so many workers living by rent money and must overtime more than 20 hours /week (Long Shift Work)**
- ☐ **At West Jawa ,Banten and DKI Jakarta REQUEST more than 1000 company postpone pay new wages and plan to relocation company to cheap wages such as Central Jawa.**
- ☐ **Logistic in Indonesia too high around 15 % compare with other country such as Singapore & Hong Kong (the most expensive in Asia)**
- ☐ **Traffic jam around industrial area to port never have solution from local & national government .**
- ☐ **Corruption and illegal tax estimate around 25 % from PDB**

MECHANISM OF MIN WAGE SETTING



« PATTERN OF STRATEGY »

1. FROM FACTORY TO PUBLIC

FACTORY

CLA/CBA, (Yearly Inceasing ; Structure & Wage Scale)



PUBLIC

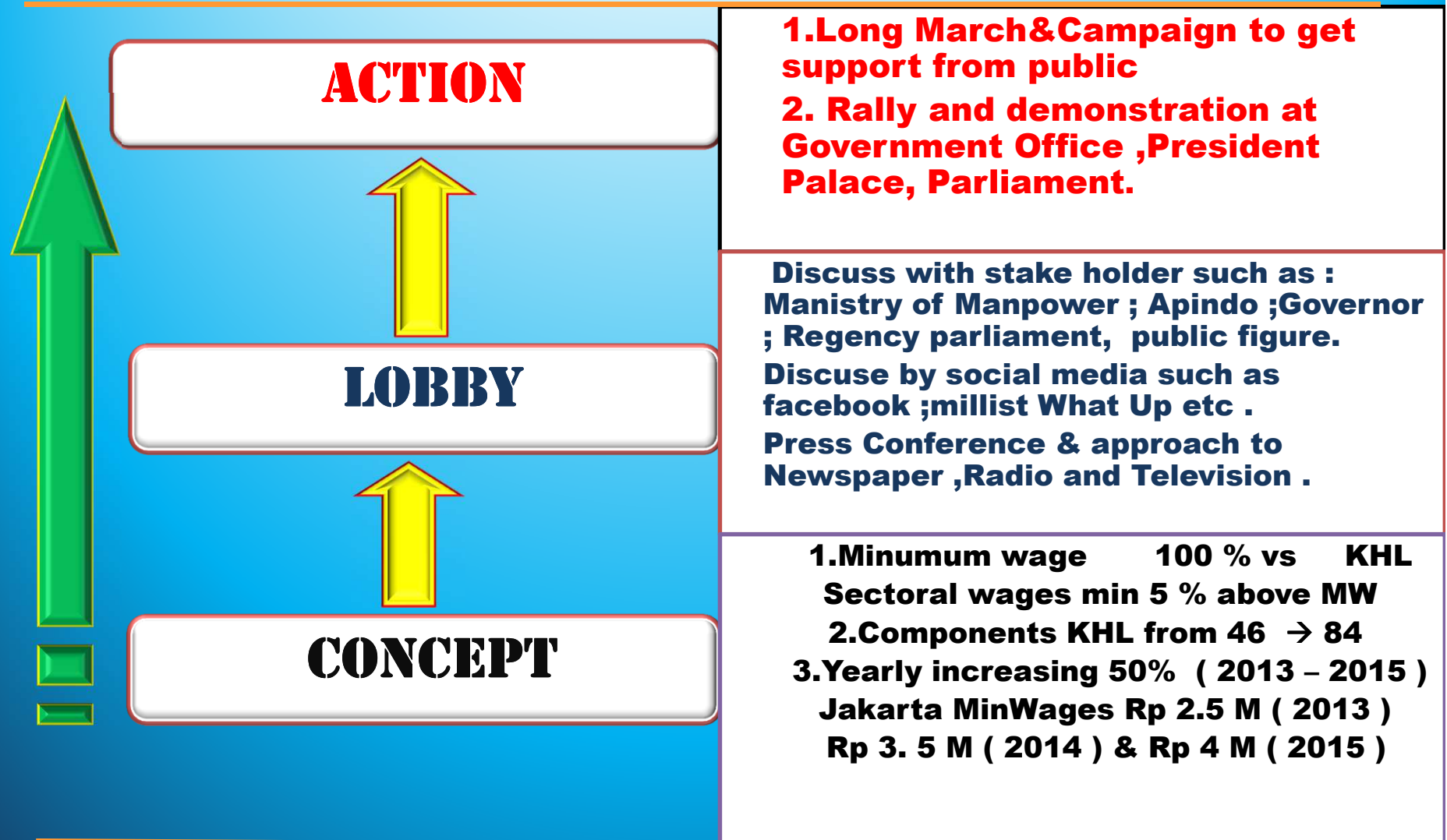
- 1. Mininum Wage & Sectoral Wage (Province, City/ Regency)**
- 2. Change Components of Basic living need (KHL)**
- 3. Bill of Wages or Government Rule**
- 4. Labor Inspector**

WAGE SYSTEM REFORM

- Increase the quality & number of KHL items
- Compulsory wage scale for employees of more than 1 year service
- Wages above the minimum must be negotiated
- Government Regulations and Laws on Wages
- Monitoring of companies that pay below the minimum wage

« PATTERN OF STRATEGY »

2. FROM CONCEPT DEVELOPMENT TO ACTION



Long March
President Palace
&
General Assembly
at Stadium GBK

MAY DAY 2012

75.000
Participant



Long March
Ministry of Man Power

LOBBY

13 JUNE 2012

5.000
Participants



PROVINCE /REGENCY

GOVERNOR JAKARTA

MINIMUM WAGE
RP 1,529,000 (2012)
RP 2,200,000(2013)
INCREASE 44 %



REGENCY PURWAKARTA

MINIMUM WAGE
RP 1,047.500 (2012)
RP 1,639,167 (2013)
INCREASE 56 %



NATIONAL STRIKE 2012

**3.500.000
PARTICIPANTS**

**21 CITY ,
80 INDUSTRIAL
AREA**

**Lobby Ministry Coordinator Economic
& Finance (Mr Hatta Rajasa)**



DEMO BURUH, SIAPA UNTUNG ?



**CENTRAL OF NATIONAL STRIKE, BEKASI AROUND
800.000 PARTICIPANTS**



PLAYED DOWN THE POSSIBILITY / FOX NEWS / PHOTOFACEFUN



RESULT MINIMUM WAGE

No	Province/City/Region	UMP/K 2012 (Before)	(After) UMP/K 2013		Increasing %
			Target	Result	
1	DKI Jakarta	Rp1.529.150	Rp2.350.000	Rp2,200,000	43.87
2	Kab/Kota Bogor	Rp1.269.320	Rp2.000.000	Rp2,002,000	57.72
3	Kota Depok	Rp1.424.797	Rp2.200.000	Rp2,042,000	43.32
4	Kab/Kota Sukabumi	Rp885.000	Rp1.900.000	Rp1,021,020	35.71
5	Kab/Kota Tangerang	Rp1.529.150	Rp2.300.000	Rp2,203,000	44.06
6	Kab/Kota Bekasi	Rp1.491.000	Rp2.300.000	Rp2,100,000	42.86
7	Kab Karawang	Rp1.269.227	Rp2.200.000	Rp2,000,000	57.58
8	Kab Purwakarta	Rp1.047.500	Rp2.000.000	Rp1,693.167	61.64
9	Kab Subang	Rp882.500	Rp1.800.000	Rp1,005,000	13.88
10	Kota Serang	Rp1.410.000	Rp1.900.000	Rp2.080.000	47.51
11	Kota Cilegon	Rp1.481.000	Rp2.000.000	Rp2.200.000	48.54
12	Kota Cimahi/Bandung	Rp1.271.625	Rp1.900.000	Rp1,538,703	21
13	Kab/Kota Semarang	Rp991.500	Rp1.500.000	Rp1.209.100	21.95
14	Kab Sidoarjo	Rp1.428.648	Rp2.200.000	Rp1.720.000	37.38
15	Kota Surabaya	Rp1.425.000	Rp2.200.000	Rp1.740.000	37.78
16	Kota Gresik	Rp1.567.845	Rp2.200.000	Rp1.740.000	38.42
17	Kab Mojokerto	Rp1.405.000	Rp2.000.000	Rp170.000	37.76
18	Kab/Kota Pasuruan	Rp1.492.706	Rp2.000.000	Rp1.740.000	37.78
19	Kota Batam	Rp1.402.000	Rp2.200.000	Rp2.040.000	45.50
20	Kota Medan	Rp1.197.000	Rp1.900.000	Rp1.650.000	37.85
21	Kota Deliserdang	Rp1.197.000	Rp1.900.000	Rp1.500.000	25.3

RESULT OF 2012 STRUGGLE

❖ Minimum Wage

1. 2012 vs 2013 Minimum wage increasing 43 %~ 58 %
2. Revision KepMen 17 year 2003 Basic Living Need (KHL) 46 Components
Become Kep Men 13 year 2012 Basic Living Need (KHL) 60 Component
3. Stop Postpone of New Minimum wage 2013. From more than 900 Company after KSPI claim to Court only 45 accepted especially at West Jawa ,DKI Jakarta& Banten.

➤ Struggle News :

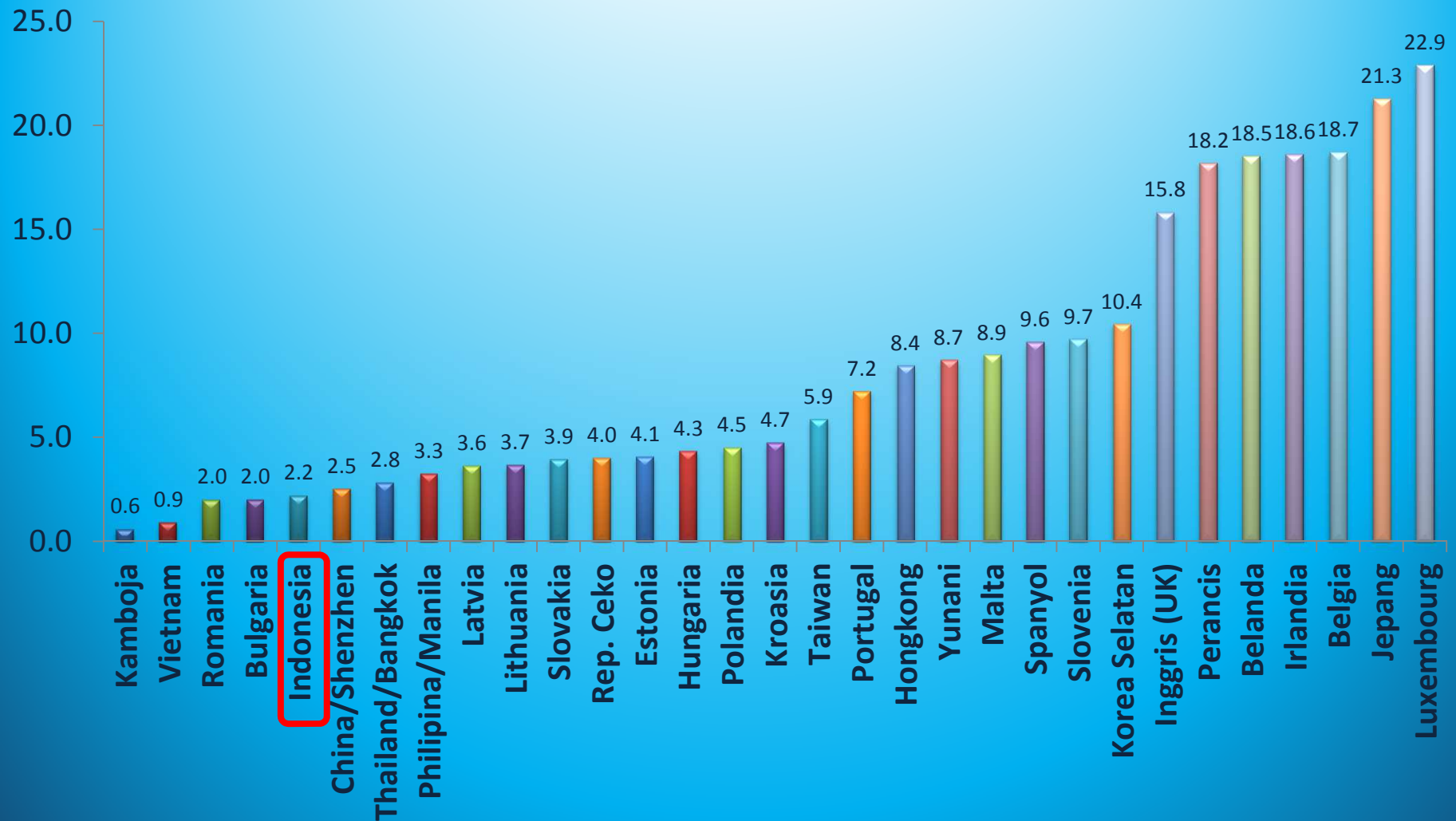
<http://www.youtube.com/watch?v=uH5zanoQdjY>

<http://www.youtube.com/watch?v=l5ZLmNTXqeg>

<http://www.youtube.com/watch?v=EbPs68VL0do>

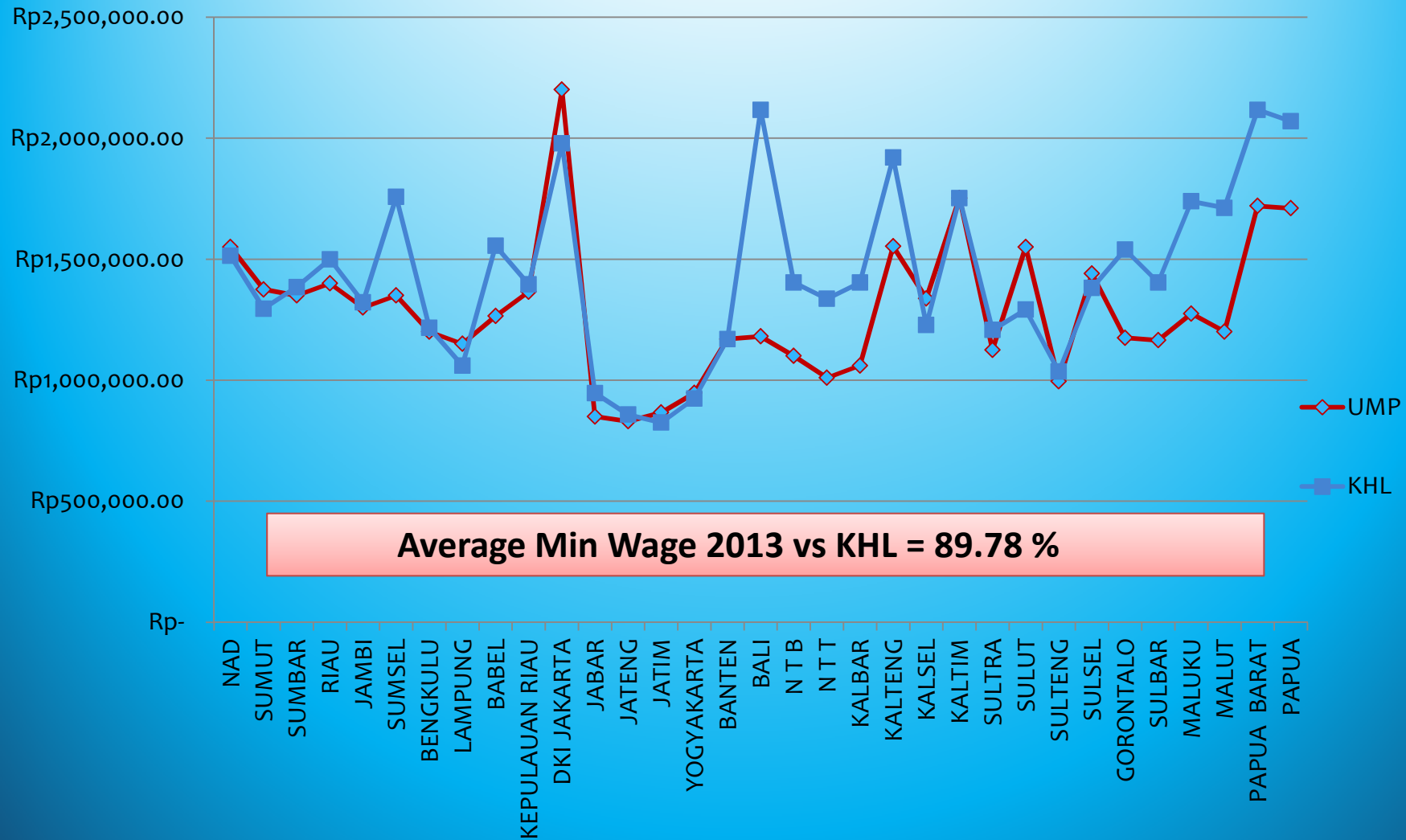
<http://www.youtube.com/watch?v=AMn7ZATlawg>

COMPARATION INDONESIA MIN WAGE WITH OTHERS ASIA DAN EROPA YEAR 2013



Sumber: <http://unitedexplanations.org> (2013) dan <http://www.bles.dole.gov.ph> (2013) diolah

COMPARATION MIN WAGES VS BASIC LIVING NEED (KHL) YEAR 2013



Sumber: <http://www.wageindicator.org/main/minimum-wages/indonesia> (diolah)

2013 TARGET

- ❖ **Revise Components of Basic Living Need (KHL)
from 60 to 84 item**
- ❖ **Minimum Wages = 100 % Basic Living Need (KHL)
Cause Average Min Wage 2013 vs KHL = 89.78 % .**
- ❖ **Minimum Wages 2014 increase 50 % and Rp 3.7 Million
for Province DKI Jakarta**
- ❖ **Sectoral wages minimim 5 % above Minimum wages.**
- ❖ **STOP Postponement of Minimum Wages 2014.**

2013 STRUGGLE

- ❖ Mass Action at 6 February 2013 (Campaign Decent wages by Increasing 50 % for Minimum Wages 2014)

50.000 participants to President Palace

- ❖ Mayday 2013 Rally ,1 May 2013

100.000 participants to President Palace; (news link)

<http://www.youtube.com/watch?v=LP4SIzYa03I>

<http://www.youtube.com/watch?v=Fa3N4ycGFX0>

<http://www.youtube.com/watch?v=gmeWEPYfngM>

<http://www.youtube.com/watch?v=FVxjiWu2sYg>

<http://www.youtube.com/watch?v=l042ztEZl4A>

<http://www.youtube.com/watch?v=rdUyVBm-Rjg>

- ❖ Pre Condition

3 September 5.000 participant Jakarta Governor Office

5 September 50.000 participant President Palace

- ❖ Local Mass Action

3 September West Java 3.000 participants

10 September East Java 10.000 participants

11 September North Sumatra 5.000 participants

12 September Batam 15.000 participants

NATIONAL STRIKE 2013



News link :

<http://www.youtube.com/watch?v=RTe2RuF-Px8>

<http://www.youtube.com/watch?v=kk3dTEUsnNQ>

<http://www.youtube.com/watch?v=q0PFQZeDc7g>

<http://www.youtube.com/watch?v=mdSu-UOvIFU>

RESULT MINIMUM WAGE

No	Province/City/Regency	UMP/K 2013	Target	UMP/K 2014	Increasing
		(Before)	(After)	Result	%
1	DKI Jakarta	Rp 2.200.000	Rp 3.700.000	Rp2.441.000	<u>10,95%</u>
2	Kab/Kota Sukabumi	Rp 1.201.020	Rp 1.801.530	Rp1.565.922	30,38%
3	Kab/Kota Bekasi	Rp 2.002.000	Rp 3.003.000	Rp2.441.954	21,98%
4	Kab Karawang	Rp 2.000.000	Rp 3.000.000	Rp2.447.500	22,38%
5	Kab Purwakarta	Rp 1.693.167	Rp 2.539.751	Rp2.100.000	24,03%
6	Kab Subang	Rp 1.005.000	Rp 1.507.500	Rp1.577.956	57,01%
7	Kab Cianjur	Rp 970.000	Rp 1.455.000	Rp1.500.000	54,6%
8	Kabupaten Demak	Rp 995.000	Rp 1.492.500	Rp1.280.000	28,64%
9	Kabupaten Kendal	Rp 953.100	Rp 1.429.650	Rp1.206.000	26,53%
10	Kab Sidoarjo	Rp 1.720.000	Rp 2.580.000	Rp2.190.000	27,33%
11	Kota Surabaya	Rp 1.740.000	Rp 2.610.000	Rp2.200.000	26,44%
12	Kota Gresik	Rp 1.740.000	Rp 2.610.000	Rp2.195.000	27,33%
13	Kab Mojokerto	Rp 1.700.000	Rp 2.550.000	Rp2.050.000	26,44%
14	Kab/Kota Pasuruan	Rp 1.195.800	Rp 1.793.700	Rp1.360.000	26,15%
15	Kota Medan	Rp 1.460.000	Rp 2.190.000	-	-



NATIONAL STRIKE 2013

- On 31 October & 1 November 2013 National Strike was held in Indonesia involving around 1.4 million workers across 20 provinces and 100 districts/cities. Led by KSPI including IndustriALL Global Union members FSPMI, FSP-KEP KSPI, Farkes Ref and FSP ISI and was joined by other unions such as KSN, FSBI, GSBI, SBSI 1992 and OPSI total of 50 union elements involved in the strike under KNGB (Coalition of National Labor Movement) declared at 30 September 2013 at Gedung Joeang Jakarta.

A. Good News

- Wages will increase in 2014 throughout Indonesia between 22 % and 31%. Some areas increase significantly regency Cianjur 54 % and regency Subang 57 %.
- Therefore in general KSPI was successful in defeating the government and employers' proposal which was increase in 2014 year between 8.8 % until 5% above inflation.

B. Bad News

- Consider if wages in Province Jakarta is Rp 2.441.000 (US\$ 220), that means that after paying for rent house, transportation and food for one month, workers only have about Rp300,000 (US\$28) left over per month. That is clearly not enough to pay for water and electricity, education for their children, clothes and shoes and health expenses. Workers cannot live decently in Jakarta on that wage. For that reason KSPI will continue to fight the Low Wages Policy in Province Jakarta (Capital City) although KSBSI and SPSI oppose the struggle of KSPI.
- In Pres no 9 year 2013 and Per Men no 17 year 2013 Must be Rejected as part of LOW WAGES POLICY

VIOLENCE AGAINST DURING NATIONAL STRIKE 2013

- ❖ **During the National Strike on 31 October 2013 in the Kabupaten (District) of Bekasi, 28 workers (17 of whom are members of KSPI) were severely injured as a result of torture, stabbings and bashings which seem to have been committed by gangs of youths who were paid by 'black companies' and their actions were ignored by the Police of Kabupaten (Polres) Bekasi.**

News Link :

<http://www.youtube.com/watch?v=RYdE2fRd4es>

<http://www.youtube.com/watch?v=bFNDQNP7GP4>

- ❖ **The Secretary General of the ITUC (Sharan Burrow), the Secretary General of ITUC-AP (Noriyuki Suzuki), the Secretary General of IndustriALL Global Union (Jyrki Raina) have already reacted swiftly and appropriately by sending an investigation team to Indonesia and have followed up with a protest letter on behalf of each of their organisations to the President Republic of Indonesia (Susilo Bambang Yudhoyono)**
- ❖ **KSPI sincerely hopes for international solidarity support from trade union confederations who are members of ITUC and trade union federations who are members of IndustriALL Global Union as well as other trade unions and NGOs.**
- ❖ **We must urge for this case of violence against workers to become an agenda item at the International Labour Conference in Geneva in 2014.**

Note:

Address for President Republic of Indonesia- Istana Negara

JI Medan Merdeka Utara

Kelurahan Gambir

Jakarta Pusat 10110

Gedung Sekretariat Negara RI

JI Veteran No 16

Jakarta Pusat 10110

