

Labour Administration in Indonesia

PREFACE

The *vision* of the Department of Manpower and Transmigration is the realization of a productive, competitive and prosperous manpower and a transmigration society. Its main *mission* includes promoting job opportunities and employment, ensuring harmonious, democratic, just and dignified industrial relations, and the improvement of the quality of its management and administration, its control system, information system and research and development.

The promotion of employment, workers protection and sound and harmonious industrial relations are among the principal programs of the Department in line specially with the principle underlined in Act No. 13 of 2003 on Manpower, that national development shall be implemented within the framework of a fully integrated people and a society that ensures welfare, justice and prosperity based on equity, both material and spiritual. The Department is presently contributing in government efforts to prepare a reform package that includes the review and revision of various laws and regulations deemed to be hampering investemnt in a bid to boost growth and equity.

In accordance with Ministerial Regulations No. 14/MEN/VII/2005, the Department is dedicated to carry out its responsibility to promote the continuing improvement and strengthening of labor administration for the successful implementation of the national manpower policy as a component of national development. In carrying out its complex tasks in a modern, competitive and highly changing world of work, the Department collaborates and coordinates closely with the social partners-workers and trade unions, and employers and APINDO.

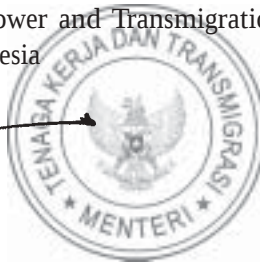
Labour Administration in Indonesia 2006 is a strong and necessary vehicle to better understand and appreciate the various facets of the labor administration system in Indonesia today-its role, structure, fuctions and objectives-not only within the Department and the government but also by the social partners, practitioners and the publicin general and thereby ensure the continuing improvement of the labor administration system as the main instrument to carry out the national manpower policy bsd on social justice. Our deep appreciation goes to the ILO Office in Jakarta and its ILO/USA Declaration Project for helping us make this inaugural publication possible.

Jakarta, March 2006

Minister of Manpower and Transmigration
Republic of Indonesia



Erman Suparno



FOREWORD

Efficient labour administration can make a vital contribution to the improvement of working conditions and at the same time to national development, provided it is responsive to changing economic and social conditions.

One of the ILO's strategic objectives is strengthening social dialogue which includes helping governments, employers' and workers' organizations to establish sound labour relations, adapt labour laws to meet changing economic and social needs, and improve labour administration. Such assistance covers building the capacity of labour ministries and other relevant government agencies to influence economic and social policy and carry out their functions with greater efficiency and impact with focus on modernizing institutions and systems and upgrading skills of ministry officials.

ILO Convention No. *150* and Recommendation No. *158*, concerning *Labour Administration: Role, Functions and Organization* are instruments establishing guidelines regarding the overall system of labour administration. The convention provides that competent bodies within the system of labour administration shall, as appropriate, be responsible for or contribute to the preparation, administration, co-ordination, checking and review of national labour policy, and be the instrument within the ambit of public administration for the preparation and implementation of relevant laws and regulations.

The Ministry of Manpower and Transmigration of Indonesia has been introducing continuous improvements in labour administration and labour policy since 1998. These improvement, have taken account of the changed environment and challenges in the world of work made even more complex with the implementation of the law on regional autonomy. The Ministry spearheaded the completion of the Labour Law Reform Programme with the enactment of major labour laws and their implementing regulations. It also

led in making Indonesia the first country in Asia to ratify all the eight (8) ILO core Conventions. More recently, Indonesia has ratified ILO Convention No. 88 concerning *Employment Service* and Convention No. 81 concerning *Labour Inspection*.

The publication of this book on Labour Administration 2006 is a positive and encouraging step to broaden the understanding and appreciation of workers, trade unions, employers and the public at large as to the role, functions and responsibilities of labour administration in modern Indonesia. It explains the roles of the Ministry of Manpower and Transmigration and the various, regional and district manpower offices which are essential for ensuring the effective development and implementation of the national labour policy.

The ILO with its DECLARATION Project financed by the United States Department of Labor is pleased to collaborate with the Ministry of Manpower and Transmigration particularly the Center for the Administration of International Cooperation, in the publication of this book. We also acknowledge with gratitude the kind assistance of Prof. Dr. Payaman J. Simanjuntak, former senior official of the Ministry and industrial relations expert, in preparing the first draft of the book. It is our hope that the publication will be updated and published by the Ministry on a regular basis as a service to the tripartite constituents and all interested parties.

Jakarta, March 2006



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CHAPTER 1

PUBLIC INSTITUTIONS

PEOPLE'S CONSULTATIVE COMMITTEE (MPR)

The sovereignty of the people rests at the People's Consultative Assembly (MPR). The members of the MPR consist of the members of the House of People's Representatives (DPR), and the Council of Provincial Representatives. The members of DPR or Parliament are elected through political parties while the people directly elect four (4) provincial representatives from each province. Both the Parliament and Provincial Representatives are elected for a term of five (5) years.

One of the main functions of the MPR in the past is to elect the President and the Vice-President, but since 2004, the people directly elects the President and Vice President. The main functions of the MPR now consist of: (a) amending the Constitution;(b) giving the oath of the President and the Vice-President; and (c) impeaching the President and or Vice President if he or she is found and proven to have committed a criminal act or a serious misconduct.

PARLIAMENT (DPR)

The legislative power is vested at the DPR or Parliament. The DPR approves the annual budget of the Government and also discusses and approves the Bills. The Bills can be drafted and submitted by the Government, the Council of Provincial Representatives, or by at least thirty (30) members of the DPR. To discuss each Bill, the DPR may establish a Joint Committee. The Committee conducts a series of working sessions with the relevant Minister. The final draft is passed at the plenary session. The Bill passed by the DPR becomes a law after it is signed by the President and publicized through the State Gazette.

COUNCIL OF PROVINCIAL REPRESENTATIVE

The Council of Provincial Representatives join the Parliament and the Government to discuss and adopt Bills related to autonomy, national-regional relationship, the establishment of new provinces and districts, the exploitation of natural resources, national budget, taxes, education, and religion.

PRESIDENT

The President has the executive power. The President may send a Bill to the Parliament for further discussion. The President approves the adopted bill to become law and issues government regulations for the implementation of law. The President establishes the structure of the administration consisting of several ministries or departments and national agencies. The President also appoints ministers to lead the respective departments and the head of national agencies. The ministers and head of national agencies are accountable to the President.

REGIONAL ADMINISTRATION

Government administration at the regional level is implemented at the provincial level down to district and sub district levels. By the end of 2005, there are 33 provinces. A Governor heads each province. In the past the Governor was elected by the Provincial House of Representatives (DPR-D) and installed by the President for a term of five (5) years. Since 2005 the people directly elect the Governor and Vice Governor.

Each Province consists of several Districts and Municipalities. A *Bupati* heads each District and a *Walikota* or Mayor heads each Municipality. Like the Governor, *Bupati* and Mayor in the past were elected by the District House of Representatives and installed by the Minister of Home Affairs for a term of five (5) years. Since 2005, they are elected directly by the people.

Each District consists of several Sub Districts headed by a *Camat*. A *Bupati* appoints the *Camat*.

PARLIAMENTARY COMMITTEES

The members of Parliament or DPR are divided into eleven (11) Committees. Each Committee corresponds to several Ministries and National Agencies in the Cabinet. Each Committee covers the fields of several Ministries and National Agencies, thus:

Committee I	in charge of defense, foreign affairs, intelligence, and information.
Committee II	in charge of home affairs, autonomy, apparatus, and land certification.
Committee III	in charge of laws and regulation, human rights, and security.
Committee IV	in charge of agriculture, plantation, forestry, sea resources, fisheries, and food.
Committee V	in charge of communication, telecommunication, public works, housing, and development of villages and underdeveloped regions.
Committee VI	in charge of trade, industry, cooperatives, small and medium enterprises, and Government-owned companies.
Committee VII	is in charge of energy, mineral resources, research and technology, and environment.
Committee VIII	in charge of religious affairs, social affairs and women empowerment.
Committee IX	in charge of population, health, manpower and transmigration.
Committee X	in charge of education, youth, sports, tourism, arts and culture.
Committee XI	in charge of finance, development planning, banking and financial institutions.

Committee IX of the DPR covers the following government agencies:

- Department of Health,
- Department of Manpower and Transmigration,
- Agency for National Family Planning Agency
- National Institute for Medicine and Food Protection

Parliament or DPR discusses and adopts relevant labour Bills. After the Government submits a Bill to a DPR, the steps leading to adoption, follow:

- DPR establishes a Joint Committee representing all factions in the DPR.
- Each faction conducts hearings with different relevant segments of the society such as employers' associations, trade unions, scholars and NGOs, to gather inputs and suggestions on the contents of the Bill.

- After hearings, each faction formulates amendments to the Bill.
- The Joint Committee conducts working sessions with the Minister of Manpower to discuss proposed amendments and finalizes the draft of the Bill.
- The final draft of the Bill is submitted to the plenary session of the DPR for adoption.
- The adopted Bill is sent to the President for signature followed by publication in the State Gazette.
- The process is also applied in the ratification of ILO Conventions.

The second important role of the DPR is to review the annual budget. A few months before the beginning of the budget year, each Committee conducts working sessions with its executive partners. Committee IX conducts a working session with the Minister of Manpower and Transmigration (MMT), through which the members of the DPR deliberates as to how the budget will be formulated.

After the President submits the Budget Bill, the Joint Committee for Budget as well as Committee IX conducts working sessions with the MMT for clarification. Based on those meetings, the DPR may adopt amendments to the Budget Bill.

In addition, the DPR through Committee IX can monitor the implementation of labour administration through several ways, such as:

- project site visits,
- information gathering and data management from different sources such as employers' association, trade unions, and NGOs,
- working sessions with the MMT.

THE SUPREME COURT

The Supreme Court is an independent institution for judicial affairs. It is free from government intervention in dispensing justice. The Supreme Court examines relevant cases from both the High General Court at the provincial level and the High Administrative Court. In the past, most of the labour disputes were examined at the Regional Labour Dispute Settlement (RLDS) and/or the Central Labour Dispute Settlement (CLDS). The cases at the CLDS were examined at the High Administrative Court and the binding labour cases at the High Administrative Court were examined at the Supreme Court.

In January 2006, the Industrial Relations Court created under Act No.2 of 2004, within the State General Court at the district level acquired jurisdiction to settle industrial relations disputes.

THE STATE AUDIT BOARD

The State Audit Board conducts the official examination of government financial accounts. The findings of the Board are submitted to the DPR. The State Audit Board (SAB) examines the implementation of the national annual budget by each Ministry and Agency, particularly to see if there are any deficiencies, misconducts, fraud or corruption. The President and the concerned Minister carry out the SAB's findings.

STRUCTURE OF THE CABINET

Since 2001, Indonesia has implemented local government autonomy law. Departments or Ministries are now grouped into four (4) categories:

Coordinating Ministries

- Coordinating Ministry of Political, Legal, and Security Affairs,
- Coordinating Ministry of Economic Affairs,
- Coordinating Ministry of Social Affairs

Ministries or Departments with Local Extension Offices at the provincial and district levels:

- Department of Finance,
- Department of Legal Affairs and Human Rights,
- Department of Defense,
- Department of Religion.

Ministries or Departments without Local Extension Offices consist of:

- Department of Home Affairs,
- Department of Foreign Affairs,
- Department of Energy and Mining Resources,
- Department of Industry,
- Department of Trade,
- Department of Agriculture,
- Department of Forestry,
- Department of Transportation,
- Department of Sea Resources and Fishery,

- Department of Manpower and Transmigration,
- Department of Public Works,
- Department of Health,
- Department of National Education,
- Department of Social Affairs,
- Department of Culture and Tourism

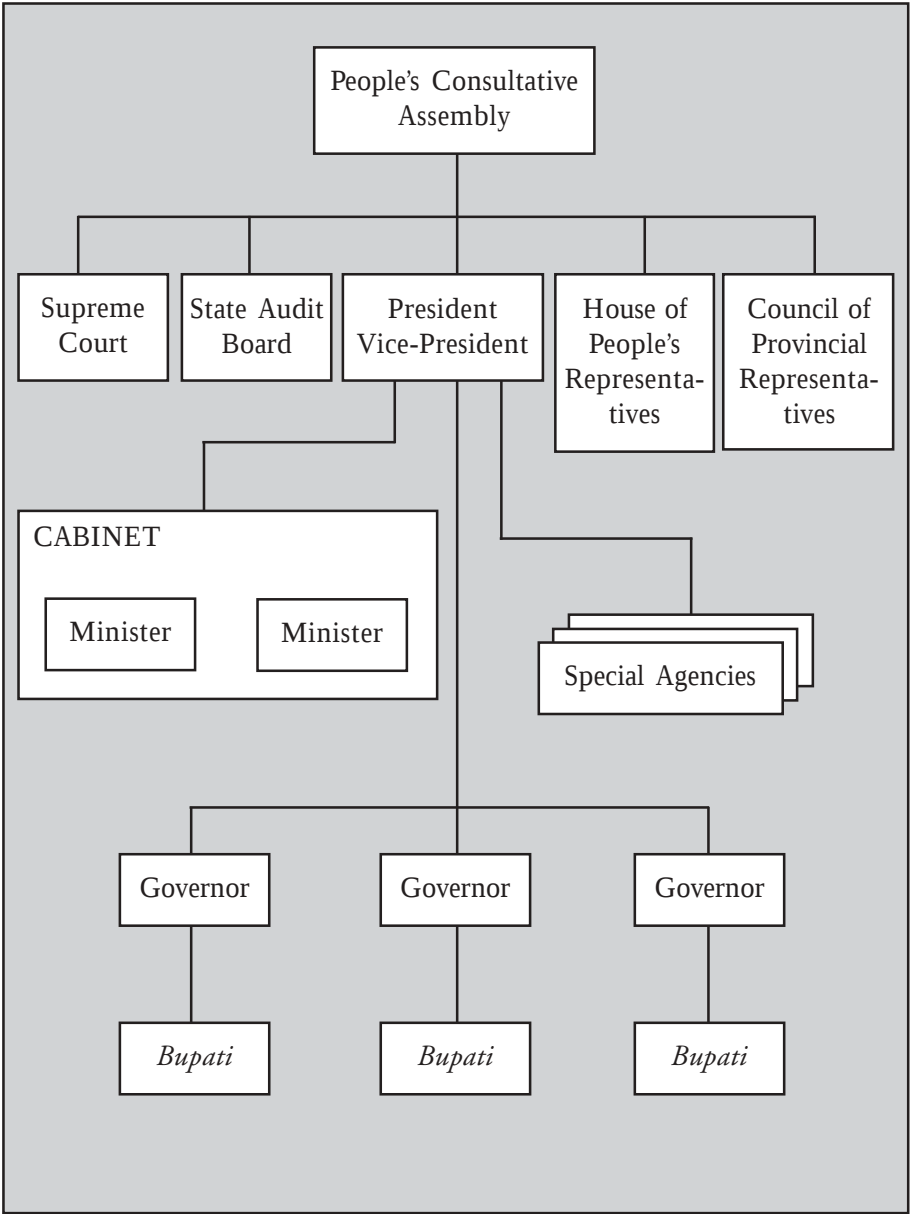
State Ministries or Ministries without portfolio consist of:

- Ministry of State Secretariat,
- Ministry of Research and Technology,
- Ministry of Cooperatives and Small-Medium Size Enterprises,
- Ministry Environment,
- Ministry of Women Empowerment,
- Ministry of Public Administration,
- Ministry of the Development of Less-Developed Regions,
- Ministry of National Development Planning,
- Ministry of Government-owned Enterprises,
- Ministry of Communication and Information,
- Ministry of Public Housing,
- Ministry of Youth and Sports.

Departments at the national level, with or without Local Extension Offices, are uniformly organized. Several Directorate Generals carry out the missions of each Department. Each Directorate General consists of several Directorates, and each Directorate consists of several Sub Directorates. Each Directorate General is also supported by a Secretariat of the Directorate General that uniformly consists of four (4) Divisions namely Division of Program, Evaluation and Report, Division of Finance, Division of Legal Affairs and Foreign Technical Cooperation, and Division of Personnel and General Affairs.

The Secretariat General that consists of several Bureaus providing personnel and administrative services. Each Bureau consists of several Divisions. The Inspectorate General conducts internal audit in each Department. Some Departments have an Institute of Research and Development equivalent to the Directorate Generals, Secretariat General and Inspectorate General. Other Departments have only a Center of Research and Development equivalent to the Directorate and Bureau.

PUBLIC INSTITUTION STRUCTURE



CHAPTER 2

EMPLOYMENT AND ECONOMIC TRENDS

The Indonesian population increase from 91 million in 1961 to 119.2 million in 1971 or by 2.74% per year, and 146.8 million in 1980 to 179.3 million in 1990. The annual increase during the period of 1971-1980 was 2.34%, and 2.02% annual growth during the period 1980-1990. In the period 1990-2000, the rate of population growth decreased substantially growing to 194.8 million in 1995 and 203.5 million in 2000 implying a 1.67% annual growth from 1990-1995 and 0.88% annual growth from 1995-2000. The population in 2005 was 219.1 million and in 2009 it is estimated to reach 228.95 million.

The working age population (aged 15 years or more) or work force also continued to increase from 79.5 million in 1971 to 88.3 million in 1980; 113.6 million in 1990; 141.2 million in 2000, and to 155.5 million in 2005. In 2009, the manpower is estimated to reach 168.9 million. The work force grew faster than the population and manpower due to an increase in the labour participation rate particularly among females. Thus, the work force increased from 36.3 million in 1971 to 52.3 million in 1980; 71.7 million in 1990; 95.7 million in 2000 and to 105.8 million in 2005. In 2009, the work force is estimated to be 116.5 million. See Table 2.1.

The increase of the work force has not kept pace with the increase in employment. Open unemployment continued to increase while underemployment is steadily high. As shown in Table 2.2, open unemployment increased from 1.7% in 1980 to 6.08% in 2000 and to 10.3% in 2005.

Open unemployment is primarily an urban phenomenon. It is very high amongst youths, particularly amongst high school leavers. As shown in Table 2.2 the unemployment rate in 2005 was registered at 10.26% but the rates for the age group of 15-19 years and 20-24 years were 34.88% and 25.24% respectively. Table 2.3 also shows that the rate of unemployment in

urban areas was almost double the rate of unemployment in rural areas. The rate of unemployment in rural areas was 7.98% while in urban areas it was 13.51%. The Table also shows that unemployment rate among the older people (aged 55 and more) tends to increase.

Table 2.3 shows that the unemployment rates amongst senior high school leavers was 17.97% and amongst university graduates was 11.46%. Unemployment among graduates of higher education is predominantly associated with limited employment in the formal sector reflecting an imbalance between the supply and demand. Most graduates of higher education look for wage employment in the organized sector where jobs are in fact very limited.

On the other hand, the work force with lower level of education realize their limitation to enter the formal sector and they have to take any job available in the informal sector. However, due to limited resources, many of them are underemployed, particularly those who work in the agriculture sector. Table 2.2 also provides figures on underemployment rates for the period of 1976-2005. Underemployment is defined as a person who works less than 35 hours per week. As shown in Table 2.2, underemployment rates until year 2000 were always above 32%.

Indonesia experienced rapid annual economic growth of over 6 percent under its first development plan in the early 1970's up to the financial and economic crisis in mid 1997. The high-economic growth was mainly due to excessive exploitation of natural resources, external borrowing and foreign direct investments. Such growth, however, did not bring about significant employment creation and better income distribution. Unemployment and underemployment rates remained high. The level of income of the work force were also low.

The impact of the 1997 economic crisis has been very prevalent. Real Gross Domestic Product has not been able to reach the GDP level before the crisis. GDP at 1993 constant prices decreased from Rp 433,246 billion in 1997 to Rp 397,666 billion in 2000, and slowly increased to Rp 426,943 billion in 2002. The main contributor to the GDP is the manufacture sector (26.2%), then agriculture sector (16.1%), and the trade, hotel and restaurant sector (16.0%).

The significant sectoral shifts in the Indonesian economy during the last three decades are reflected in the sectoral distribution of employment. The proportion of people engaged in the agricultural sector decreased from 67.3% in 1971 to 56.3% in 1980 and to 46.3% in 2003. At the same time, the proportion of people working in the manufacturing sector increased from 6.8% in 1971 to 9.1% in 1980 and to 12% in 2003. Likewise, the proportion of people working in the services sector increased from 21.5% to 27.0% and to 30.7% respectively.

The unbalanced income distribution in that only 15.8% of GDP in 2003 was shared by 46.3% of the population who worked in the agricultural sector. On the other hand, 26.1% of the GDP went to 12% of the population who worked in the manufacturing sector.

The majority of the workforce works in traditional jobs in the informal sector. The 2005 National Work Force Survey shows that only about 30 percent of the workforce were at wage jobs or the formal sector, while almost 70 percent were employed in the traditional and the informal sectors. Since the economic crisis in 1997, the number of employment in the formal sector suddenly dropped from 35.9 million in 1996 to only 31.7 million in 1997. This number continuously decreased to the lowest at 26.5 million in 2003, and slowly increased to 28.6 million in 2005. See Table 2.4.

Table 2.1

INDONESIAN POPULATION AND THE WORK FORCE
(x 1,000)

Year	Population	Working-age Population ^{a)}	The Work Force
1971	119,233.0	79,512.4	36,332.1
1976	131,397.0	81,995.5	45,079.7
1980	146,777.0	88,347.1	52,334.1
1985	164,047.0	99,483.4	61,773.8
1990	179,247.5	113,557.4	71,676.8
1995	194,754.8	128,806.3	84,230.1
2000	203,456.0	141,170.8	95,651.0
2004	216,372.0	153,923.6	103,973.4
2005	219,140.0	155,549.7	105,802.4
2009 ^{b)}	228,954.0	168,860.0	116,516.0

a) 15 years old or more

b) Estimate

Source: *Population Census 1971, 1980, and 1990.*
Intercensal Population Survey 1976, 1985, 1995.
National Work Force Survey 2000.
National Work Force Survey, August 2004.
National Work Force Survey, February 2005.
Rencana Tenaga Kerja Nasional 2004 - 2009.

Table 2.2
UNEMPLOYMENT AND UNDEREMPLOYMENT RATES
INDONESIA, 1976 - 2000
(Percent)

Year	Unemployment Rate	Underemployment Rate
1976	2.30	39.20
1980	1.70	35.50
1985	2.17	35.10
1990	3.00	32.90
1995	7.01	32.13
2000	6.08	32.06
2004	9.86	27.53
2005	10.26	28.73

Source: *Intercensal Population Survey 1976, 1985, and 1995.*
Population Census 1980, 1990.
National Work Force Survey 2000.
National Work Force Survey 2004.
National Work Force Survey, February 2005.

Table 2.3
UNEMPLOYMENT RATE BY SEX AND LEVEL OF EDUCATION
2005

Level of Education	Labour Force (1000)	Unemployed (1000)	Unemployment Rate (%)
Males	<u>66,221.9</u>	<u>5,483.3</u>	<u>8.28</u>
Less than Primary	9,753.4	360.2	3.69
Primary School	23,444.0	1,260.7	5.38
Junior High School	14,494.8	1,398.5	9.65
Senior High School	15,106.9	2,140.7	14.17
College and Diploma	1,275.9	138.7	10.87
University	2,146.9	184.5	8.59
Females	<u>39,580.5</u>	<u>5,370.9</u>	<u>13.57</u>
Less than Primary	9,231.6	652.5	7.07
Primary School	14,515.8	1,280.3	8.82
Junior High School	6,744.6	1,282.3	19.01
Senior High School	6,653.1	1,770.8	26.62
College and Diploma	1,220.2	184.1	15.09
University	1,215.1	200.9	16.53
Males and Females	<u>105,802.4</u>	<u>10,854.2</u>	<u>10.26</u>
Less than Primary	18,985.1	1,012.7	5.33
Primary School	37,959.8	2,541.0	6.69
Junior High School	21,239.4	2,680.8	12.62
Senior High School	21,760.0	3,911.5	17.97
College and Diploma	2,496.1	322.8	12.93
University	3,362.0	385.4	11.46

Source : *National Work Force Survey, February 2005*

Table 2.4
WORKING POPULATION IN THE INFORMAL SECTOR
1985 - 2005

Year	Total	Formal	Informal Sector	
	x 1000	x 1000	x 1000	x 1000
1985	60,435.5	18,864.0	41,571.5	68.79
1990	69,524.8	25,256.7	44,268.1	63.67
1995	78,322.2	29,465.8	48,856.4	62.38
1996	89,900.1	35,888.5	54,011.6	60.08
1997	85,405.5	31,744.2	53,661.3	62.83
1998	87,672.4	30,331.0	57,341.4	65.40
1999	88,816.9	31,936.4	56,880.5	64.04
2000	89,824.0	31,713.5	58,110.5	64.69
2001	90,807.4	29,367.9	61,439.5	67.66
2002	91,647.2	27,836.1	63,811.1	69.40
2003	90,784.9	26,536.6	64,248.3	70.77
2004	93,722.0	28,375.5	65,346.5	69.72
2005	94,948.1	28,649.8	66,298.3	69.83

Source : 1. *The Human Resources Profile in Indonesia, 2001*
 2. *The Human Resources Profile in Indonesia, 2004*
 3. *National Labour Force Survey, August 2004*
 4. *National Labour Force Survey, February 2005*

CHAPTER 3

DEPARTMENT OF MANPOWER AND TRANSMIGRATION AND REGIONAL MANPOWER OFFICES

The main function of the Department of Manpower and Transmigration (DOMT) is to implement the government mission in the field of manpower and transmigration. The DOMT was established in August 2000 through the merger of the Department of Manpower and the Ministry of Transmigration.

The Department of Manpower was first established on March 1966 to replace the previous Ministry of Labour. For the 1973-1978 term, the fields of transmigration and cooperatives were incorporated into the Department of Manpower to become the Department of Manpower, Transmigration and Cooperatives. In 1978 the field of cooperatives was separated and stood alone as the Department of Cooperatives. In 1983 the field of transmigration was absorbed by the Department of Transmigration until August 2000 when it was merged again with the Department of Manpower.

VISION AND MISSION

Vision of the Department of Manpower and Transmigration is “*The realization of productive, competitive and wealthy manpower and a transmigrated society.*” Its mission include the following:

- Improving quality and productivity of manpower and transmigration society;
- Promoting broad of job opportunities and employment;
- Ensuring harmonious, democratic, just and dignified industrial relations;

- Realizing legal certainty in the field of manpower to create a conducive and productive work environment;
- Developing potential regional resources and facilitating population mobility for the development of an environment-friendly transmigration community;
- Developing transmigration locations and societies that support regional development;
- Improving the quality of management and of the administration of the Department of Manpower and Transmigration;
- Improving control systems that are consistent with laws and regulations, free from corruption, collusion, and nepotism;
- Improving the quality of research and development, and information system.

DEPARTMENT STRUCTURE

Like other Departments, the DOMT consists of operating units and supporting units. Operating units consist of seven (7) Directorate Generals which supporting units include a Secretariat General, Inspectorate General, Board of Research, Development and Information, and Assistants to the Minister. The seven (7) Directorate Generals (DG) are:

- DG of Training and Productivity,
- DG of Domestic Employment Placement,
- DG of Overseas Employment,
- DG of Industrial Relations and Workers Social Security,
- DG of Labour Inspection,
- DG of Settlement Preparation and Transmigration Placement,
- DG of Transmigration Community and Regional Development

Each Directorate General consists of several Directorates and is supported by a Secretariat. Each Secretariat of the DG covers the division of program evaluation and report, division of finance, division of legal affairs and foreign technical cooperation, and division of personnel and general affairs.

OPERATING UNITS

Directorate General of Training and Productivity

The Directorate General of Training and Productivity (DG-TAP) covers the areas of competency development, training programs, instructor development, training institutions and means, apprenticeship, and productivity. The DG-TAP formulates policies, standards, norms, guidelines, criteria, and work mechanisms, and provide technical guidance and evaluation in all of the above areas. All of these functions are implemented through five (5) Directorates supported by a Secretariat, as follows:

- Directorate of Competency and Training Standardization covers the field of competency standardization, training programs, training system and methodological development, and professional association development.
- Directorate of Instructors Development covers the fields of instructors' development for government training institutions, instructor's development for private training institutions, staff development for training institutions and training institutions registration and empowerment.
- Directorate of Training Institutions and Means covers the fields of training institutions development, training means and equipments, training institutions cooperation, and financing training programs.
- Directorate of Apprenticeship covers the fields of domestic apprenticeship programs, overseas apprenticeship programs, apprenticeship permits and advocacy, and apprenticeship information.
- Directorate of Productivity covers the fields of management and institutional development, system and innovation development, development of human resources quality, and social and productivity cultural development.
- Secretariat of DG-TAP.

Directorate General of Domestic Employment Placement

Directorate General of Domestic Employment Placement (DG-DEP) covers the areas of labor market, placement, foreign workers, employment promotion, and system development of employment creation. The DG-DEP formulates policies, standards, norms, guidelines, criteria, and work mechanisms, and to provide technical guidance and evaluation for all of the above areas. These functions are implemented through the following five (5)

Directorates supported by a Secretariat :

- Directorate of Labour Market Development covers the fields of labour market information and manpower planning, job analysis, and employment services.
- Directorate of Employment Placement covers the fields of youth, women and old-age placement, handicapped placement, and occupational guidance and counseling.
- Directorate of Foreign Workers covers the fields of working permits in the industrial sector, working permit in services sector, and institutional development and cooperation.
- Directorate of Employment Promotion covers the fields of employment promotion in the agricultural sector, in the industrial sector, in the services sector, and the promotion of local resources potentials.
- Directorate of System Development of Employment Creation covers the fields of appropriate technological application, labour intensive system, self-employment and the informal sector, and the volunteer service.
- Secretariat of DG-DEP

Directorate General of Overseas Employment

The Directorate General of Overseas Employment (DG-OE) covers the areas of socialization and guidance, employment promotion and placement, placement institutions, workers protection and advocacy, and the workers empowerment. The DG-OE formulates policies, standards, norms, guidelines, criteria, and work mechanisms, and to provide technical guidance and evaluation for all above areas. All of these functions are implemented through five (5) Directorates and supported by a Secretariat as follows:

- Directorate of Socialization and Guidance covers the fields of program socialization and restriction of illegal workers, occupational guidance overseas, and overseas labour market information.
- Directorate of Employment Promotion and Placement covers the fields of the extension of the overseas labour market, labour supply and placement for Asia-Pacific and American region, labour supply and placement of Middle East, Europe and African region and development of information system of overseas employment.
- Directorate of Employment Service Institutions covers the fields of employment service institutional standardization and accreditation, employment service institutional appraisals, and employment service institutional empowerment and cooperation.

- Directorate of Workers Protection and Advocacy covers the fields of the development of protective means, workers advocacy for the Asia-Pacific and American region, workers advocacy for Middle East, Europe and African region, and the return of the workers.
- Directorate of the Workers Empowerment Overseas covers the fields of final preparation departure, financing and remittance, workers capability evaluation, and rehabilitation and reintegration.
- Secretariat of the DG-OE.

Directorate General of Industrial Relations and Workers Social Security

Directorate General of Industrial Relations and Workers Social Security (DC-IRWSS) covers the areas of working conditions, welfare and discrimination analysis, industrial relations institutions and socialization, wage and social security, and industrial relations dispute settlement.

The DG-IRWSS formulates policies, standards, norms, guidelines, and mechanisms, and to provide technical, guidance and evaluation for all above areas. All of those functions are implemented through four (4) Directorates supported by a Secretariat, thus:

- Directorate of Working Conditions, Welfare and Discrimination Analysis covers the fields of company regulations and collective labour agreements, working agreements, workers welfare and analysis of working conditions discrimination.
- Directorate of Industrial Relations Institutions and Socialization covers the fields of workers and employers' organizations, industrial relations institutions, and industrial relations socialization.
- Directorate of Wages and Social Security covers the fields of wages, social security of employees, workers social security in the informal sector, and wages and social security information and analysis.
- Directorate of Industrial Relations Disputes Settlement covers the fields of the institutions of industrial relations disputes settlement, prevention of industrial relations disputes, and the institutional and personnel empowerment of industrial relations disputes settlement.
- Secretariat of the DG-IRWSS.

Directorate General of Labour Inspection

Directorate General of Labour Inspection (DG-LI) covers the inspection areas of working conditions, occupational safety and health, women and child

workers, and labour inspection empowerment. The DG-LI formulates policies, standards, norms, guidelines, and mechanisms, and to provide technical guidance and evaluation in all above areas. These functions are implemented through four (4) Directorates supported by a Secretariat as follows:

- Directorate of Working Conditions Inspection covers the inspections in the fields of work relationship, workers social security, working conditions, and placement and training.
- Directorate of Occupational Safety and Health Inspection covers the inspection in the fields of mechanics and boilers, construction and electrical installations and fire, occupational health, and of environment.
- Directorate of Women and Child Labour Inspection covers the inspections in the fields of women workers, child labour, related institutional cooperation, and women and child labour advocacy.
- Directorate of Labour Inspection Empowerment covers the fields of inspection institutions and labour inspectors, law enforcement, working conditions analysis, standardization and certification, and labor inspection evaluation and information.
- Secretariat of DG-LI.

Directorate General of Settlement Preparation and Transmigration Placement

Directorate General of Settlement Preparation and Transmigration Placement (DG-SPTP) covers the areas of settlement and movement planning, land preparation for transmigration, settlement development, movement facilities, and promotion and investment and partnership. The DG-SPTP formulates policies, standards norms, guidelines, criteria, work mechanisms, and to provide technical guidance and evaluation for all above areas. These functions are implemented through five (5) Directorates supported by a Secretariat, thus:

- Directorate of Settlement and Movement Planning covers the fields of regional planning, settlement planning, infrastructures and means planning, and mobilization and movement planning.
- Directorate of Land Preparation for Transmigration covers the fields of land preparation facilities, land ownership, land documentation, and land disputes settlement.
- Directorate of Settlement Development covers the fields of land preparation, means preparation, infrastructure preparation, and settlement preparation.

- Directorate of Transmigration Movement Facilities covers the fields of preparation of potential migrants, movement preparation, movement, and placement and adaptation.
- Directorate of Promotion, Investment and Partnership covers the fields of promotion and motivation, investment cooperation, regional cooperation, and investment mobilization.
- Secretariat of DG-SPTP.

Directorate General of Transmigration Community and Regional Development

Directorate General of Transmigration Community and Regional Development (DG-TCRD) covers the areas of community and regional development planning, capacity enhancement of human resources and community, business development, infrastructure development, and of environment harmony.

The DG-TCRD formulates policies, standards, norms, guidelines, criteria, work mechanisms, and to provide technical guidance and evaluation for the above areas. These functions are implemented through five (5) Directorates and a Secretariat as follows:

- Directorate of Community and Regional Development Planning covers the fields of settlement development mapping, settlement development planning, community development planning, regional development integration planning.
- Directorate of Capacity Enhancement of Human Resources and Community covers the fields of food supply, social culture facilities, institutional development, and non-government institution mobilization.
- Directorate of Business Development covers the fields of entrepreneurship, production, product marketing, economic institutions and funds.
- Directorate of Settlement Infrastructure Development covers the fields of means and infrastructure standardization, means development, infrastructure development, and infrastructure development evaluation.
- Directorate of Environment Harmony covers the fields of environment management planning, environment mitigation, environment monitoring, and community hand-over.
- Secretariat of DG-TCRD.

SUPPORT UNITS

Secretariat General

The function of the Secretariat General is to coordinate the implementation of the mission and function of the Department of Manpower and Transmigration. The Secretariat General provides support in the areas of planning, funds and budget, organization and personnel, legal aids and logistics. These functions are implemented through five (5) Bureaus as follows:

- Bureau of Planning consist of four (4) Divisions namely Division of: General Planning, Program Planning in the Field of Manpower, Program Planning in the Field of Transmigration, and of Evaluation and Report.
- Bureau of Finance consists of four (4) Divisions namely Divisions of : Budget Implementation, Financial Documentation, Budget Authorization, and of Verification and Report.
- Bureau of Organization and Personnel consists of four (4) Divisions namely Divisions of: Organizational Structure, Work Mechanism, Personnel Planning and Development, and of Personnel Rotation and Promotion.
- Bureau of Legal Affairs consists of three (3) Divisions namely Divisions of: Law and International Conventions Review, Law and Regulations Planning, and have Legal Aids.
- Bureau of Logistics consists of three (3) Divisions namely Divisions of: Logistic I (First Building), Logistic II (Second Building), and have Secretariat of the Minister's Office.

Centers

There are four (4) centers support the MOMT:

- Center for Administration of International Cooperation coordinates multilateral and bilateral cooperation in the fields of manpower and transmigration.
- Center for Public Relations coordinates public relations, information dissemination, and institutional relationship and cooperation.
- Center for Staff Education and Training coordinates and implements staff training and development.
- Center for Occupational Safety, Hygiene, Ergonomics and Health analyses and formulates policies, standards and guidelines, conducts

research and development, and disseminates information on occupational safety, hygiene, ergonomics and health.

Inspectorate General

Inspectorate general has the controlling functions of all activities of the Department of Manpower and Transmigration. The controlling functions of the Inspectorate General are implemented through four (4) Inspectorates supported by a Group of Auditors and a Secretariat as follows:

- Inspectorate I covers the DG-DEM, DG-OE and the Provinces of : East Java, Bangka Belitung, West Sumatra, Riau, Bengkulu, Southeast Sulawesi, South Sulawesi, and Maluku.
- Inspectorate II covers the DG-IRWSS, DG-LI and the Provinces of : Jakarta, Lampung, East Kalimantan, Central Kalimantan, South Kalimantan, Bali, Papua, and West Irian Jaya.
- Inspectorate III covers the DG-SPTP, Institute of Research, Development and Information, and the Provinces of : West Java, Banten, Aceh, North Sumatra, South Sumatra, North Sulawesi, South Sulawesi, and North Maluku.
- Inspectorate IV covers the DG-TAP, DG-TCRD and the Provinces of: Yogyakarta, Central Java, Jambi, West Kalimantan, West Nusa Tenggara, East Nusa Tenggara, Gorontalo, and Central Irian Jaya.
- Group of Functional Auditors consist of several professional auditors.
- Secretariat of Inspectorate General consists of 4 Divisions namely Divisions of: Program and Evaluation and Report, Analysis of the Controlling Outcome, Follow-up of Controlling Outcome, and of Logistics.

Board of Research, Development and Information

The Board of Research, Development and Information (BRDI) conducts research and development and provides information in the fields of manpower and of transmigration. The BRDI consists of the following four (4) Centers supported by a group of researchers and a Secretariat.

- Center of Manpower Research and Development consists of two Divisions namely the Division of Program and Cooperation, and Division of Evaluation and Promotion.
- Center of Transmigration Research and Development consists of two (2) Divisions namely the Division of Program and Cooperation, and Division of Evaluation and Promotion.

- Center of Manpower Information consists of three (3) Divisions namely the Division of : Manpower Planning, Data and Information on Manpower Placement and Training, and of Data and Information on Industrial Relations and Labour Inspection.
- Center of Transmigration Information consists of two (2) Divisions namely the Division of Data processing and Division of Information Presentation and Dissemination.
- Group of Functional Researchers consists of several professional researchers.
- Secretariat of BRDI consists of four (4) Divisions namely Divisions of: Program and Evaluation and Report, Finance, Personnel and Logistics, and of Information System and Information Resources Development.

Expert Staff of the Ministers

The Assistants to the Minister assist the Minister and the executives of the Department in various fields. There are six (6) Assistants to the Ministers follow:

- Expert to the Minister on Economy and Human Resources,
- Expert to the Minister on Regional Autonomy,
- Expert to the Minister on Population
- Expert to the Minister on Regional Development
- Expert to the Minister on Institutions and International Cooperation.

CONSULTATIVE BODIES

Since the mid 1980's the Department of Manpower has established several tripartite consultative bodies, namely:

- National Tripartite Body,
- National Wage Council,
- National Productivity Council,
- National Training Council, and
- National Occupational Safety and Health Council.

National Tripartite Body

The members of National Tripartite Body (NTB) consists of the representatives of trade unions, employers association, and of the Government.

research and development, and disseminates information on the parties pertaining to issues in the field of industrial relations.

The NTB has a Secretariat consisting of three (3) representatives of each tripartite party. The NTB conducts its plenary session about four (4) times a year. Conclusions are adopted based on consensus.

The plenary session of the NTB selects the topics of discussion for the next three (3) months or the next plenary session. The selected topics then are discussed by the NTB Secretariat, during which the Secretariat may invite experts or resource persons.

The NTB Secretariat formulates the first draft of the conclusions reached by consensus. The first draft is submitted to the respective Executive Boards of Trade Unions and of Employer Associations to invite their comments. After considering those comments the NTB Secretariat prepares the final draft to be discussed and adopted by the NTB at a plenary sitting.

To the extent relevant, the conclusion adopted by the NTB is enacted as a Ministerial Decree or Ministerial Regulation. Example of those decrees and regulations are the following :

1. Ministerial Regulation No. 6 Year 1985 on the Protection of daily workers.
2. Ministerial Regulation No. 4 Year 1986 on the Mechanism of laying-off workers and determination of severance pay.
3. Ministerial Decree No. 328 Year 1986 on the Bipartite body.
4. Ministerial Regulation No.4 Year 1989 on the Protective measures of employing pregnant workers during nighttime.

National Wage Council

The members of the National Wage Council (NWC) consist of representatives from the employers, trade unions, and of related government ministries, as well as experts from universities and research institutions.

The main function of the NWC is to advise the Minister of Manpower and Transmigration on wage policy and to review the Governors' proposal on their respective Regional Minimum Wages.

National Productivity Council

The National Productivity Council (NPC) is duly established by and is responsible to the President. The members of the NPC consists of high officials from various Ministries, chaired by the Minister of Manpower and Transmigration. The main function of the NPC is to advise the President and

the Cabinet on the policy pertaining to productivity improvement. The NPC has three (3) Committees dealing with:

- Committees of Productivity Awareness,
- Productivity Improvement, and
- Productivity Maintenance.

Each Committee includes representatives of employers, trade unions, and professionals or experts in the field of productivity. The NPC conducts seminars, and workshops on productivity campaign and improvement. NPC also holds periodic productivity competitions among small and medium scale businesses.

National Institute for Training Coordination

The members of the National Vocational Training Council (NVTC) consist of the representatives of employers, training institutions, trade unions, related government ministries, universities and research institutions.

The main function of NVTC is to advise the Minister of Manpower and Transmigration on training policy. The NVTC has committees dealing with accreditation, training institutions, skills training standards, and on apprenticeship programs.

National Occupational Safety and Health Council

The members of the National Occupational Safety and Health Council (NOSHC) consist of representatives from employers, trade unions, related government ministries, and experts from universities and research institutions.

The main function of the NOSHC is to advise the Minister of Manpower and Transmigration in the field of occupational safety and health. The NOSHC also facilitates safety audits and conducts a safety campaign through zero accident competition.

REGIONAL OFFICES

Until 2000, the Department of Manpower has Provincial Offices in all provinces and 350 District Offices at the district level. The structure of the Provincial Offices follow the basic structure of the Headquarters. Each Provincial Office consists of a Division of Employment, Division of Training, Division of Industrial Program Development and Office Secretariat. Concordant to the Provincial Office, each District Office consists of a Section on Employment, Section for Training, Section for Industrial Relations, Section for Labour Inspection, and an Office Secretariat.

With the implementation of the autonomy law, only four (4) Departments at the national level are represented at Provincial and District level. The functions of the other Departments and State Ministries are incorporated into the structure of Provincial and District Governments.

There is no uniform structure of organization for all Provinces and all Districts. It depends on the local needs of each respective Local Government and House of People Representatives. For example, Jakarta Metropolitan has twenty-nine (29) Divisions (*called Dinas*) while the Province of North Sumatra has only nineteen (19) Divisions.

Various consultation bodies at the provincial level such as the Regional Tripartite Body, Regional Wage Council, Regional Productivity Council, Regional Vocational Training Council, and Regional Occupational Safety and Health Council. The main function of those Councils in the past were to advice Governors and the Heads of the Regional Office of the Ministry of Manpower. At present, those regional councils have been merged into the Regional Manpower Council with the function of advising Governors and Heads of Divisions responsible for manpower affairs.

PERSONNEL SUPPORT

Before merging into the Department of Manpower and Transmigration, the Department of Manpower and the Department of Transmigration each employed over 20,000 staffs including about 2,500 at each headquarters.

Due to the autonomy law, the personnel of both Departments at the regional offices have been transferred to the local Governments at the provincial and district levels. Some staffs at the headquarters were also transferred to regional offices. The remaining personnel of the Department of Manpower and Transmigration at present consist of 4,050 staff, of which 338 persons are employed at the Directorate General of Training and Placement and 338 persons at the Directorate General of Industrial Relations and Labour Protection. (See Table 3.1).

Most of the labour inspectors are now employed at the provincial and district government. Likewise, over 56 vocational training centers and over 3,000 training instructors have been transferred to the local Governments.

BUDGET SUPPORT

In August 2000, although the Department of Manpower and the State Ministry of Transmigration were merged into the Department of Manpower and Transmigration (DMT) their joint budget took effect only in 2001. This merger coincidence with the implementation of the regional autonomy. The

budget allocations for year 2001 and 2002 follow:

- a. The previous regional staffs of the Department of Manpower and the Department of Transmigration were transferred to the Regional Governments at the provincial and district levels. Local Governments paid their salary and related routine costs.
- b. Development budget was partly allocated by the DMT and by the Local Government.
- c. Non Tax Revenue Budget was allocated as additional budget for particular activities, which include subsidizing local activities in the field of manpower and transmigration.

As shown in Table 3.2, the routine budget was increased from Rp. 127 billion in 2001 to Rp. 191 billion in 2002. This was used to pay the salary of staff and related routine costs of all units at the headquarters, several implementing units at several Provinces, and of labour attaches at several Indonesian embassies.

Table 3.3 shows the development budget allocated by field of activities. It was increased from Rp. 545 billion in 2001 to Rp. 956 billion in 2002. The large proportion of the development budget was allocated to finance transmigration projects, i.e. 81.7% in 2001 and 81.1% in 2002.

The former Department of Manpower received non-income tax from the services it provided. For example, employers employing expatriates are required to pay US\$100 contribution per person per month to finance training of the national employees assigned as the counterparts of the expatriates. Likewise, other non-tax incomes are allocated to support activities in the field of manpower development and labour protection. Table 3.4 shows the allocation of the non-tax revenue budget in year 2001 and 2002.

Since 2005, the system of budget allocation has changed. The development budget is incorporated to the routine budget. The budgets for 2005 and 2006 significantly increased to Rp 1.47 trillion in 2005 and to Rp 2.16 trillion in 2006. See Table 3.5.

Table 3.1
THE PERSONNEL OF THE DEPARTMENT OF
MANPOWER AND TRANSMIGRATION
January 2006

No.	Department Units	I	II	III	IV	V
1.	Secretariat General	634	68,32	294	31,68	928
2.	Inspectorate General	136	68,34	63	31,66	199
3.	DG of Training and Placement	761	77,10	226	22,90	987
4.	DG of Overseas Employment	350	69,03	157	30,97	507
5.	DG of Industrial Relations and Labour Protection	109	58,92	78	41,08	185
6.	DG of Labour Inspection	142	68,27	66	31,73	208
7.	DG of Transmigration Placement And Settlement Preparation Development	443	72,03	172	27,97	615
8.	DG of Transmigration Region and Community Development	314	60,50	205	39,50	519
9.	Institute of Training and Produktivity	541	75,88	172	24,12	713
10.	Institute of Research Development and Information	312	60,00	208	40,00	520
11.	National Sertification of Profession Body	7		3		10
T o t a l		3.749	69,54	1.642	30,46	5.391

Source : *Bureau of Personnel and Logistics, Department of Manpower and Transmigration, January 2006*

Table 3.2
ROUTINE BUDGET OF THE DEPARTMENT
OF MANPOWER AND TRANSMIGRATION
(Million Rupiah)

Department Units	2001	2002
Secretariat General	85,151	63,028
Inspectorate General	6,074	9,999
DG of Training and Domestic Placement	5,074	6,704
DG of Overseas Employment	3,417	5,052
DG of Industrial Relations and Labour Protection	5,268	5,569
DG of Development of Local Transmigration Resources	957	16,369
DG of Population Mobility	919	14,188
Institute of Research and Development	3,316	7,594
Institute of Manpower and Transmigration Information	1,345	8,009
Institute of Staff Education and Training	8,728	16,652
Regional Implementing Units	5,710	28,170
Offices of Labour Attaché	1,193	10,030
T o t a l	127,152	191,364

Source : *National Budget Bill 2001*
National Budget Bill 2002

Table 3.3
DEVELOPMENT BUDGET OF THE DEPARTMENT
OF MANPOWER AND TRANSMIGRATION
(Million Rupiah)

Department Sector	2001	2002
Training and productivity	40,052	51,706
Employment services	40,276	60,897
Industrial relations and labour protection	20,272	36,000
Transmigration	478,000	775,166
Administrative improvement	6,300	32,395
T o t a l	584,900	956,164

Source : *National Budget Bill 2001*
National Budget Bill 2002

Table 3.4
NON TAX-REVENUE BUDGET OF THE DEPARTMENT
OF MANPOWER AND TRANSMIGRATION
(Million Rupiah)

Department Units	2001	2002
Secretariat General	11,799	16,254
Inspectorate General	1,550	2,687
DG of Training and Domestic Placement	54,322	53,593
DG of Overseas Employment	17,011	7,500
DG of Industrial Relations and Labour Protection	11,037	8,629
Institute of Research and Development	2,133	3,352
Institute of Manpower and Transmigration Information	1,257	3,365
Institute of Staff Education and Training	3,783	14,954
Regional Implementing Units	5,267	15,775
Subsidy to Regional Offices	39,033	38,233
T o t a l	147,192	164,342

Source : *Annual Budget of the Department of Manpower and Transmigration, 2001*
Annual Budget of the Department of Manpower and Transmigration, 2002

Table 3.5
BUDGET ALLOCATION FOR 2005-2006
(In Million Rupiah)

Work Unit	2005			2006		
	Central	Regional	Total	Central	Regional	Total
Secretariat General	151,919	—	151,919	238,279	—	238,279
Inspectorate General	21,664	—	21,664	36,837	—	36,837
DG of Training	58,716	—	58,716	293,847	126,995	420,842
DG of DEP	156,354	166,100	322,454	88,055	113,280	201,335
DG of OE	73,203	—	73,203	183,799	—	183,799
DG of IWQSS	50,827	23,450	74,277	50,867	36,657	87,524
DG of LI	25,610	14,500	40,110	40,642	16,219	56,861
DG of SPTP	89,260	227,017	316,277	77,146	425,261	502,407
DG of TCRD	89,872	288,482	378,354	73,545	317,847	391,392
IRDI	33,204	—	33,204	44,411	—	44,411
T o t a l	750,629	719,550	1,470,179	1,127,428	1,036,260	2,163,688

Source : *Secretariat General of DOMT*

MINISTRY OF MANPOWER AND TRANSMIGRATION
ECHELONS I AND II OFFICIALS

POSITION	PERSON IN CHARGE
1. Secretary General	Ir. Harry Heriawan Saleh, MSc
1.1 Head of Planning Bureau	Ir. Oon Kurniaputra, MA
1.2 Head of Finance Bureau	Pagar Maruly Sitorus, SE, MA
1.3 Head of Human Resource and Organization Bureau	H.A. Azis Rivai M, SH, MM
1.4 Head of General Affair Bureau	Totok Hariyanto, SH
1.5 Head of Legal Bureau	Andi Syahrul P, SH
1.6 Head of International Cooperation & Administration Center	DR. Endang Sulistyaningsih, SE, MSc
1.7 Head of Public Relations Center	Drs. Djoko Mulyanto, MM
1.8 Head of Employee Training and Education Center	Dr. Ir. Muchtar Luthfie, MMA
1.9 Head of Labor Safety and Health Center	Dr. Zulmiar Yanri, PhD, SpOk
2 Inspector General	Dr. Amrinal Baharuddin, MM
2.0 Secretary of Inspectorate General	Riyanti Endang Tri Widyastuti, SH
2.1 Inspector of Region I	Eddy Saparli, AR, SH
2.2 Inspector of Region II	Amril Saan, SH
2.3 Inspector of Region III	Drs. Legowo S, MM
2.4 Inspector of Region IV	Drs. Indra Suryanata, MM, M.Hum
3 Director General of Training and Productivity Development	Ir. Besar Setyoko, MM
3.0 Secretary of Directorate General of Training and Productivity Development	Dra. Tati Hendarti, MA

3.1	Director of Training Program Competence and Standardization	Drs. Mulyanto, MM
3.2	Director of Training Source and Instructor Development	Drs. Robert Bestral Sitorus, MM
3.3	Director of Training Infrastructure and Organization Development	Drs. Susandi
3.4	Director of Apprenticeship Development	Drs. Bagus Maryanto, MA
3.5	Director of Productivity	Ir. Afdaludin, MM
3.6	Head of National Profession Certification Board	Ir. Kustomo Usman, CES, MM

4	Director General of Domestic Placement Development	Myra Maria Hanartani, SH, MA
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4.0	Secretary of Directorate General of Domestic Placement Development	Drs. Tjetje Al Anshori, MBA
4.1	Director of Labor Market Development	Maruli Apul Hasoloan Tambunan
4.2	Director of Manpower Placement	Sri Handayaningsih, SH, MM
4.3	Director of Foreign Manpower Utilization	Kunjung Masehat, SH, MM
4.4	Director of Labor Chance Expansion and Promotion	Drs. Muller Silalahi, MM
4.5	Director of Labor Chance Expansion System Development	Drs. Indro Warsito, MA

5	Director General of Overseas Placement Development	I Gusti Made Arke, Msi
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5.0	Secretary of Directorate General of Overseas Placement Development	Drs. Abdul Malik Harahap
5.1	Director of Job Information and Socialization	Drs. Fifi Arianti P.B.Darmawan, MPM
5.2	Director of Placement and Promotion	Drs. Ade Adam Noch
5.3	Director of Placement Organization	Drs. Adji Dharma
5.4	Director of Advocate and Labor Protection	Drs. Mardjono, MH

5.5 Director of Overseas Employment Endeavor Ir. Lisna Yoeliani Poeloengan, MS, MM

6 Director General of Industrial Relation and Labor Social Security Development Dr. Muzni Tambusai, MSc

6.0 Secretary of Directorate General of Industrial Relation and Labor Social Security Development Masri Hasyar, SH

6.1 Director of Labor Regulation, Welfare and Discrimination Analysis L. Agus Suharmanu, Ssos, MM

6.2 Director of Industrial Relations Socialization and Organization Iskandar, SH

6.3 Director of Labor Social Guarantee and Wages Drs. Sihar Lumban Gaol, MS

6.4 Director of Industrial Relations Dispute Settlement Drs. Gandi Sugandi, MM

7 Director General of Labor Monitoring Development MSM Simanihuruk, SH, MM

7.0 Secretary of Directorate General of Labor Monitoring Development Drs. H. Adjat Daradjat, Msi

7.1 Director of Labor Standard Monitoring Syarifuddin Sinaga, SH

7.2 Director of Safety and Health Standard Monitoring Nasrul Sjarief, SE, ME

7.3 Director of Women and Children Labor Standard Monitoring Nur Asiah, SH

7.4 Director of Labor Monitoring Endeavor Pungky Widiatmoko, Ssos, Msi

8 Director General of Transmigration Placement and Settlement Preparation Development Dra. Dyah Paramawatiningsih

8.0 Secretary of Directorate General of Transmigration and Settlement Preparation Development Ir. M. Arsyad Nurdin

8.1	Director of Migration and Settlement Technical Planning	DR. Ir. Rukman Sardjadidjaja, MMA
8.2	Director of Transmigration Land Supply	Ir. Sugiarto Sumas, MT
8.3	Director of Settlement Development	Ir. Paulus Rante Toding, MM
8.4	Director of Transmigration Facility	Drs. Mirwanto Manuwiyoto, MM
8.5	Director of Promotion, Investment and Partnership	Dra. Ernawati, MM
9	Director General of Transmigration Region and Community Development	Drs. Djoko Sidik Pramono, MM
9.0	Secretary of Directorate General of Transmigration Region and Community Development	Ir. Timbul Nurtjahjono
9.1	Director of Migrant Area and Community Development Technical Planning	Ir. Prasetyoadi Warsono
9.2	Director of Human Resource Capacity Development	Drs. Budi Santoso
9.3	Director of Business Development	DR. Ir. Suharyoto, MS
9.4	Director of Migrant Area Infrastructure and Facility Development	Ir. Hardy Benry Simbolon, MMA
9.5	Director of Environment Adaptation	Ir. Prasetyo, MEM
10	Head of Research Development and Information Board	Dr. Tjepy F. Aloewie, MSc
10.0	Secretary of Research Development and Information Board	Ir. Djuharsa M. Djajadihardja, MM
10.1	Head of Labor Research and Development Center	Drs. Suwito Ardiyanto, SH, MH
10.2	Head of Transmigration Research and Development Center	Ir. Saraswati Soegiharto, MA
10.3	Head of Labor Data and Information Center	Drs. Togarisman Napitupulu

10.4 Head of Transmigration Data and Information Center Ir. Joseph Setyohadi, MPA

11 Head of National Profession Certification Board M. Moedjiman

11.0 Secretary of National Profession Certification Board Ir. Kustomo Usman, CES, MM

11.1 Head of Accreditation Commission

11.2 Head of License Commission

11.3 Head of Organization, Cooperation & Promotion Commission

11.4 Certification Commission

11.5 Quality Management

CHAPTER 4

NATIONAL LABOUR LEGISLATION

With the implementation of the autonomy law, only four (4) Departments at the national level are represented at Provincial and District level. The Constitution, and ratified international labour standards and national labour laws and regulations. The Indonesian Constitution is based on Pancasila or the Five Principles : Belief in God, just and civilized humanity, the unity of Indonesia, democracy guided by wisdom of deliberation of representatives, and social justice for all Indonesian people.

The Indonesian Constitution contains several articles that have direct and indirect implication to the labour administration and labour policy formulation. The Preamble of the Indonesian Constitution stipulates three out of five basic principles of Pancasila that closely relate to labour administration, namely : Just and civilized humanity, democracy guided by wisdom of deliberation of representatives, and social justice for all. In addition the following articles from the Constitution are relevant to labour regulations:

- Article 27 paragraph (2) - Every citizen has the right to have employment and a decent life for humankind.
- Article 28 - Freedom of association and assembly, and expressing opinion by oral or written is protected under the law.
- Article 28A - Everyone has the right to life and to maintain his/her life.
- Article 28B Paragraph (2) - Every child has the right to live, grow and develop, and has the right to have protection against violation and discrimination.
- Article 28C Paragraph (1) - Everyone has the right to develop himself/herself by satisfying his/her needs, has the right to have education and

the usefulness of knowledge and technology, arts and cultures, for the improvement of quality of life and of people welfare.

- Article 28C Paragraph (2) - Everyone has the right to develop himself/herself in striving of his/her rights collectively to develop the society, the nation and the country.
- Article 28D Paragraph (1) - Everyone has the right for recognition, security, protection, justice and equal treatment before the law.
- Article 28D Paragraph (2) - Everyone has the right to work and to have a just and decent remuneration and treatment within work relations.
- Article 28E Paragraph (3) - Everyone has the right for freedom to organize, to assembly, and to voice his/her opinion.
- Article 28H Paragraph (3) - Everyone has the right to social security that enables his/her development wholly to become a dignified human being.
- Article 28I Paragraph (3) - Everyone has the right to free him or herself from any discriminative treatment and has the right to have protection against discriminative acts.
- Article 31 Paragraph (1) - Every citizen has the right to education.
- Article 34 Paragraph (2) – The state develops a national social security system for all people and empowers the weak and needy people so as to reach dignity of humankind.

INTERNATIONAL LABOUR STANDARDS

Until the end of 2005, Indonesia has ratified seventeen (17) ILO Conventions including the eight (8) ILO Core Conventions and two (2) Priority Conventions. Those conventions follow:

Core Conventions

- Convention No.87 concerning Freedom of Association and Protection of the Rights to Organize
- Convention No.98 concerning Right to Organize and Collective Bargaining
- Convention No.29 concerning Forced or Compulsory Labour
- Convention No.105 concerning Abolition of Forced Labour
- Convention No.100 concerning Remuneration for men and Women Workers for Work of Equal Value
- Convention No.111 concerning Discrimination in Respect of Employment and Occupation₄₈

- Convention No.100 concerning Remuneration for men and Women Workers for Work of Equal Value
- Convention No.111 concerning Discrimination in Respect of Employment and Occupation
- Convention No.138 concerning Minimum Age for Admission to Employment
- Convention No.182 concerning Prohibition and Immediate Action for the Elimination of Worst Forms of Child Labour

General Conventions

- Convention No.19 concerning Equality of Treatment for national and Foreign workers as regards Workmen's Compensation for Accident
- Convention No.27 concerning The Marking of the Weight on Heavy Packages Transported by Vessels
- Convention No.45 concerning The Employment of Women on Underground Work in Mines of All Kinds
- Convention No.69 concerning The Certification of Ships' Cooks
- Convention No.88 concerning Employment Service
- Convention No.106 concerning Weekly Rest in Commerce and Offices
- Convention No.120 concerning Hygiene in Commerce and Offices

Priority Conventions

- Convention No.81 concerning Labour Inspection
- Convention No.144 concerning Tripartite Consultations to Promote the Implementation of International Labour Standards

MAJOR LABOUR LAWS

The major national labour laws with corresponding implementing regulations, includes the following:

- Act No. 3 of 1951 concerning Labour Inspection;
- Act No. 1 of 1970 concerning Occupational Safety;
- Act No. 7 of 1981 concerning Company Obligation to submit Annual Company Report;
- Government Regulation No. 8 of 1981 concerning Wage Protection
- Act No. 3 of 1992 concerning Workers Social Security;
- Act No. 11 of 1992 concerning the Pension Scheme;

- Act No. 21 of 2000 concerning Trade Unionism;
- Act No.13 of 2003 regarding Manpower;
- Act No.2 of 2004 concerning Industrial Relations Dispute Settlement;
- Act No. 39 of 2004 concerning Overseas Employment;
- Act No. 40 of 2004 concerning National Social Security.

Act No. 21 of 2000 Concerning Trade Unions

The right to become a member of and or to establish a trade union is a fundamental right of any worker that is guaranteed under Article 28 of Indonesian Constitution. This right is also a central theme of the ILO Constitution and various Conventions.

Act No. 21 of 2000 concerning Trade Unions is very monumental for trade union movement in Indonesia because it contains the basic principles of Indonesian and the ILO Constitutions as well as the principles of two fundamental ILO Conventions namely No. 87 of 1948 and No. 98 of 1949.

Act No. 21 of 2000 states that a trade union in a company can be established by a minimum of 10 workers in the said company. It can be established based on business sector, type of occupation or other categories. Freedom of association makes it possible to form more than one trade unions in a company. Each union may have a hierarchical structure, starts from the company or enterprise level goes up to district, provincial and national levels. By a minimum of five such trade unions may establish a federation of trade unions, and by a minimum of three federations may establish a confederation of trade unions.

A registered trade union is entitled to negotiate and make a collective labour agreement with respective employer provided that its members represent more than 50% of workers. A trade union shall also represent its members in a bipartite body and in other institutions.

Act No.13 of 2003 Concerning Manpower

Act No.3 of 2003 concerning Manpower covers very broad subjects. It covers the content of 6 Ordinances and 7 Acts that were withdrawn with the enactment of this Manpower Act. In addition, Manpower Act provides legal basis for several fields of manpower such as on:

- Manpower planning and information,
- Occupational training,
- Manpower placement,
- Extension of employment opportunities,
- Utilization of foreign workers,

- Employment relations,
- Protection, wages, and welfare,
- Industrial relations,
- Termination,
- Deelopment,
- Inspection,
- Criminal and violation sanctions.

Act No. 2 of 2004 Concerning Industrial Relations Dispute Settlement

Based on Act. The Industrial Relations Court shall now settle No. 2 of 2004, the industrial relation disputes that used to be settled by the Committees of Labour Dispute Settlement. This implies that an Industrial Relations Court shall be established as a part of state court in every district. The function of the Industrial Relations Court (IRC) is limited to investigate and adjudicate labour disputes regarding civil law proceeding in relation to workers' rights, workers' interests, employment termination, and disputes between trade unions.

The IRC decisions on disputes over rights and disputes over employment termination can be appealed directly to the Panel of Appellate Justices at the Supreme Court. However, the IRC decisions on disputes over interests and disputes among trade unions are final and cannot be appealed to the Supreme Court. These imply that the new IRC system will operate in a much shorter way then the old system of the Committees of Labour Dispute Settlement.

However, an Industrial Relations Court is not entitled to investigate and adjudicate criminal violations in the field of industrial relations. Act No. 13 of 2003 contains a number of sanctions to be given for various types of criminal violations with or without civil law proceedings. The IRC may investigate civil law violations while criminal violation parts should be investigated and adjudicated by the General District Court.

CHAPTER 5

VOCATIONAL TRAINING

Vocational training aims to provide, develop and enhance the work competence of workers to improve their ability, productivity and welfare. Vocational training is also geared to the needs of the business community and market.

Vocational training is provided by Government agencies, private training institutions, and by private companies. Training is conducted in a special training place, in the workplace, and or in the form of mobile training units. Training can also be conducted in the form of apprenticeship within a company, at a special training institution, or at another company. Any person participating in apprenticeship training should have a written agreement with the employer or management. The agreement shall stipulate the rights and obligations of both the participant and the employer during and after the apprenticeship training.

Indonesian labour market is characterized by mismatch between supply and demand, where vacancies co-exist with a large pool of unemployed work force because job requirements are not met by the qualifications of the job seekers. More than 40 percent of the unemployed are young people under 25 years old, consisting of graduates and drop-outs from elementary schools, junior and high schools who do not have work experience. Consequently, there will be little demand for them in the labour market. Therefore, the country needs to attach high priority to vocational training to increase the employability of these new entrants to the work force. Vocational training should also aim not only at enhancement of skills but at entrepreneurship development likewise to enable trainees to be self-employed or to work in the productive informal sector.

DEVELOPMENT OF VOCATIONAL TRAINING CENTERS

The Department of Manpower and Transmigration currently looks after one hundred fifty-six (156) Vocational Training Centers (VTC) in all provinces. Vocational training activities were started in the early 1950s in Surabaya and continued with the development of industrial VTC in Bandung, Yogyakarta, Surakarta, Semarang, Jakarta, and Padang. Then agricultural VTCs were established at Lembang (West Java), and at Klampok and Wonojati (East Java).

Since 1967, several VTCs were developed through bilateral aid. Industrial VTC in Monokwari (Irian Jaya) was developed through the aid from the UNDP/ILO. Industrial VTC in Palembang was developed through the aid from the Government of the Federal Republic of Germany, in Medan through the aid of the Royal Dutch Government, and in Ujung Pandang through the aid of the Japanese Government. Industrial VTC in Forestry Management was established in Samarinda (East Kalimantan) through the aid from the Canadian Government. Likewise, industrial VTC in welding was established in Condet (Jakarta) through the aid from the New Zealand Government. In early 1980's, fifteen (15) new industrial VTCs were established through the help of the World Bank.

In early 1980s, the Government of Indonesia decided to take a World Bank loan to develop 120 VTCs in 120 Districts (*Kabupaten*). Those Centres also served as the base to operate mobile training units to reach people in the villages areas. In the mid 1980s, a VTC for instructor education and training was established in Jakarta through the help of the Japanese Government. Likewise, the Government of the Federal Republic of Germany supported the expansion of the industrial VTC in Bandung, and the Government of the Republic of Korea supported the development of the instructor VTC in Banjar Baru (South Kalimantan). At the end of 1990s, a VTC was established in Batam, and another one in Serang, Banten.

It should be noted that several Departments of the Government of Indonesia also operate a number of Training Centres that provide training for job seekers. In addition, the Department of Manpower and Transmigration at the end of 2005 also registered more than 13,000 private training institutes or centers.

Since 2001, the Department of Manpower and Transmigration maintains only eight (8) VTCs to function as centers for instructor training and for research and development. The other one hundred forty eight (148) Centres have been transferred to the supervision of Local Governments at provincial or district levels.

TRAINING SCHEMES

The 156 VTCs are grouped into 3 categories, namely Category or Type A, Type B, and Type C. They consist of:

- 36 VTCs Type A carry out basic, intermediate and advance-levels training;
- 16 VTCs Type B carry out basic and intermediate-levels training; and
- 104 VTCs Type C carry out basic training and function as the base to run mobile training units (MTUs).

VTCs are equipped with training facilities that include classrooms, workshop/laboratory, equipment/machines, and displays. VTC Type A also provides student accommodation, sports facilities, and other support facilities.

Mobile Training Units (MTUs) are operated to reach and provide training for the work force who live far from VTC thus extending the scope of vocational training to villages and areas not having vocational training centers.

The Department of Manpower employed around 3,600 instructors to serve those VTCs. About 1,000 of them attended a 18-month instructor training program abroad at the end of 1980s.

VTCs have the capacity to train about 200.000 people per year. However, due to the lack of Government funding, the number of job seekers trained at those VTCs was less than 20% of capacity. As shown at Table 5.1, the number of job seekers trained at the VTCs decreased from 35,191 people (17%) in 1995 to 17,120 people (8,6%) in 1999 and to only 5,536 people (2.8%) in 2000.

In order to increase the utilization of the VTC facilities, the Government also invites businesses to utilize the Centres to train their employees at their own costs. For such programs, the VTCs may provide instructors. With this scheme, the level of utilization of the VTCs has been increased by about 20% of their training capacity.

PRIVATE TRAINING CENTRES

Private bodies mostly foundations, have set up training institutions all over the country. There are presently about 13,000 private training centers. The Government helps in improving the standards of these centers/institutions through standardized training in order to meet job requirements. This includes the national trade-testing programme. These efforts are further supplemented through registration and monitoring of training programmes by officials of the Manpower offices in various districts.

City/Regency government issues permits for establishing private vocational training institutes, based on the felt needs of the public and the condition of such institutes. Permits fall under the following categories:

- Category A – A VTC that fully satisfies training requirements is granted a three (3) years permanent permits.
- Category B - A VTC that sufficiently satisfies training requirements is granted a two (2) years permanent permits.
- Category C – A VTC that satisfies only a small part of the requirements is granted a temporary permit valid for one (1) year.
- Category D is given to private VTCs that have limited facilities. Identification papers (temporary) are given instead of permits, stating that the institute is registered in the training facilities' inventory and is in the process of being further developed.

Table 5.1

THE NUMBER OF JOB SEKEERS TRAINED AT VTC AND MTU

Year	VTC	MTU	Total
1995	35,191	33,816	69,007
1996	36,740	45,030	81,770
1997	33,773	56,976	90,749
1998	26,975	45,282	72,257
1999	17,120	27,873	44,993
2000	5,536	16,592	22,128

Source : *Department of Manpower and Transmigration, The Human Resources Profile in Indonesia 2001*

CHAPTER 6

EMPLOYMENT SERVICE

The main purpose of the Employment Service is to facilitate matching of job seekers and job vacancies. The employment service gather information on both vacancies and job seekers. It directs job seekers to employment which best suits their skills, ability and competencies. Any person has equal rights and opportunity to have access to labour market information, choose a job and earn a decent income to sustain decent living.

Every employer may recruit employees directly or through employment services provided by Government or through private employment agencies. Private employment agencies are basically prohibited to collect placement fees from the job seekers. Both government and private Employment Services operate up to the district level. All companies are required to report vacancies and specific job requirements to the Government Office of Employment Service at the respective District. At the same time, the Employment Service registers of job seekers and their specific skill qualifications. The service, then, tries to match skill qualifications to job requirements. Based on this match, the Office sends each of the registered job seekers to relevant company.

REGISTERED JOB SEEKERS

Registered job seekers increased from 457,040 people in 1983 to 1,542,522 people 1997, then decreased to 975,215 people in 2000, and even much lower to 324,810 people in 2002. The decrease in the number of job seekers does not necessary implies improvement in the labour market.

This declining trend may indicate, first, that many job seekers were no longer interested to seek help from the Government Employment Service because this agency has not been effective in channeling the job seekers to fill

out vacancies. Second, the job seekers may directly submit their application to the companies. Thirdly, particularly during the last 5 years, there has been more Private Employment Service agencies taking part in placing the job seekers to fill out vacancies.

Table 6.1 provide the numbers of registered job seekers, reported vacancies, and placement from 1983 to 2003. Table 6.2 provides the figures on the distribution of registered job seekers, reported vacancies and placement in 2003 by province.

As shown in Table 6.3, most of the registered job seekers were senior high school graduates (69.4%) and university graduates (11.6%). This is consistent with the high unemployment rates provided earlier, where the unemployment rate among senior high school graduates was 17.97% and 11.46% among university graduates.

Table 6.1
REGISTERED JOB SEEKERS, REPORTED VACANCIES
AND PLACEMENT, 1983 - 2005

Year	Registered Job Seekers (RJS)	Reported Vacancies (RV)		Placement		
		Number	%RJS	Number	%RV	%RJS
1983	457,040	122,498	26.8	94,932	77.5	20.8
1984	695,666	112,421	16.2	90,712	80.7	13.0
1985	712,993	85,039	11.9	72,876	85.7	10.2
1986	827,172	156,172	18.9	114,589	73.4	13.9
1987	985,242	168,969	17.1	122,387	72.4	12.4
1988	961,800	180,301	18.7	120,293	66.7	12.5
1989	1,214,148	227,539	18.7	167,346	73.5	13.8
1990	1,238,717	272,965	22.0	198,883	72.9	16.0
1991	1,324,681	301,553	22.8	282,357	93.6	21.3
1992	1,213,018	364,240	30.0	327,852	90.0	27.0
1993	1,338,990	381,495	28.5	352,616	92.4	26.3
1994	1,228,159	421,189	34.3	400,230	95.0	32.6
1995	1,198,281	462,257	38.6	398,300	86.2	33.2
1996	1,497,159	629,464	42.0	527,248	83.8	35.2
1997	1,542,522	593,153	38.5	492,705	83.1	31.9
1998	1,191,745	546,091	45.8	471,760	86.4	39.6
1999	1,191,750	475,260	39.9	395,214	83.2	33.2
2000	975,215	388,058	39.8	320,758	82.7	32.9
2001	343,205	100,845	29.4	85,697	85.0	25.0
2002	324,810	91,242	28.1	55,355	60.7	17.0
2003	425,200	132,811	31.2	62,341	46.9	14.7
2004	414,223	96,242	23.2	75,227	78.2	18.2
2005 ^{a)}	285,098	119,905	42.1	93,174	77.7	32.7

Source : Department of Manpower, Labour Market Information Report 2005

a) January - October 2005

Table 6.2
JOB SEEKERS, VACANCIES AND PLACEMENT
BY PROVINCE, 2003

No.	Province	Registered Job Seekers	Registered Vacancies	Placement		
				Number	% RV	% RJS
1.	Aceh	3,260	n.d.	10	-	0.31
2.	North Sumatra	19,543	3,667	1,393	37.99	7.13
3.	West Sumatra	4,087	613	151	24.63	3.69
4.	Riau	22,563	576	747	110.50	3.31
5.	Jambi	61,587	9,546	2,697	27.96	4.38
6.	South Sumatra	9,770	756	847	112.04	8.67
7.	Bengkulu	1,517	n.d.	n.d.	n.d.	n.d.
8.	Lampung	424	n.d.	35	n.d.	8.25
9.	Riau Archipelago	99,987	31	1,278	4122.5	12.80
10.	Bangka Belitung	n.d.	n.d.	n.d.	8	n.d.
11.	Jakarta Metropolitan	2,243	n.d.	n.d.	n.d.	n.d.
12.	West Java	7,024	1,054	3,134	n.d.	44.62
13.	Central Java	32,115	15,352	11,092	297.34	34.54
14.	Yogyakarta	4,515	3,115	n.d.	72.25	n.d.
15.	East Java	72,662	13,831	26,544	n.d.	36.53
16.	Banten	21,329	3,949	3,264	191.92	15.30
17.	Bali	n.d.	n.d.	n.d.	82.65	n.d.
18.	West Nusa Tenggara	20,410	20,196	11,524	n.d.	56.46
19.	East Nusa Tenggara	49,334	12,254	3,137	57.06	6.36
20.	West Kalimantan	7,803	1,883	1,808	25.60	23.17
21.	Central Kalimantan	6,739	980	802	62.71	11.90
22.	South Kalimantan	27,052	1,450	1,873	81.84	6.92
23.	East Kalimantan	7,374	1,578	1,686	76.45	104.23
24.	North Sulawesi	53	n.d.	n.d.	487.07	n.d.
25.	Central Sulawesi	5,654	6,999	463	n.d.	8.19
26.	South Sulawesi	1,664	1,512	2,742	66.24	16.43
27.	Southeast Sulawesi	394	n.d.	n.d.	109.16	n.d.
28.	Gorontalo	n.d.	n.d.	n.d.	n.d.	n.d.
29.	Maluku	4,150	1,559	589	n.d.	14.19
30.	North Maluku	400	n.d.	n.d.	37.78	n.d.
31.	Papua	n.d.	n.d.	n.d.	n.d.	n.d.
T o t a l		418,773	97,801	81,816	83.66	19.54

Source : *The Human Resources Profile in Indonesia 2004*

REPORTED VACANCIES

As mentioned in Chapter 2, one of the main problems in Indonesia particularly after the monetary crisis in 1997 is the declining employment in the formal sector. Reported vacancies have thus continuously declined from 593,153 in 1997 to only 91,243 in 2002. As shown by Table 6.1, reported vacancies in 2003 was only 31.2% of the registered job seekers. Table 6.4, shows that most of the reported vacancies were in the services sector (79,6%) and manufacturing sector (9.6%).

UTILIZATION OF THE EMPLOYMENT SERVICE

As shown by Table 6.1, Table 6.2 and Table 6.3, only 14.7% of the registered job seekers in 2003 have been employed. The main reason was the limited number of the reported vacancies and, therefore, there was only a little room for job seekers to look for employment alternatives.

Even though the numbers of reported vacancies were small as compared to the numbers of job seekers, the job seekers have not filled all the vacancies. The qualifications of most of the job seekers did not match the requirements of the available vacancies. For example in 2003, only 62,341 out of 425,200 job seekers qualified to fill out 62,341 of 132,811 reported vacancies. In other words the remaining 362,859 job seekers could not fill out the remaining 70,470 vacancies mainly because their qualifications did not match the job requirements.

Table 6.3
REGISTERED JOB SEEKERS AND PLACEMENT
BY LEVEL OF EDUCATION, 2003

Industrial Sector	Vacancies	Placement	
		Number	%
Primary School	22,696 (5.3%)	14,859	65.5
Junior High	30,613 (7.2%)	11,450	37.4
Senior High	295,110 (69.4%)	28,126	9.51
Diploma	27,763 (6.5%)	3,331	2.0
University Graduates	49,073 (11.6%)	4,575	9.3
Total	425,255	62,341	14.7

Source : *The Human Resources Profile in Indonesia 2004*

Table 6.4
REGISTERED VACANCIES AND PLACEMENT
BY INDUSTRIAL SECTOR, 2004

Industrial Sector	Vacancies	Placement
Agriculture	18.588	10.009
Mining	2.254	1.703
Manufacturing	30.978	19.016
Electric, Gas, Water	317	64
Construction	2.209	1.104
Trade	8.175	4.905
Transportation	991	281
Finance	1.740	936
Services	39.120	27.279
Total	104.192	65.297

Source : *The Human Resources Profile in Indonesia 2005*

CHAPTER 7

WAGES AND SOCIAL SECURITY

The levels and structures of wages in most companies in Indonesia are pre-determined by the management. In the companies where the trade unions and negotiation have been effective the levels of wages are normally implemented by the outcome of their negotiations.

The levels of wages are generally low. In 2000, the average value of the basic needs for a worker was about Rp 300,000 per month. In that year, 31.5 percent of urban workers and 52.1 percent of rural workers received less than Rp 300.000 wage per month. See Tables 7.1 and 7.2. Most of the workers with primary education received wages lower than the basic needs level, 57.3% in urban areas and 67.1% in rural areas. Only 37.7% of the total workers in urban areas and 21.7% in rural areas received Rp 500.000 wage or more.

The government of Indonesia has been taking steps to improve the wages of workers in companies and factories by fixing and continuously increasing regional minimum wages and sectoral-regional minimum wages. The minimum wage scheme in Indonesia has first introduced in 1956. The National Wage Council was established in 1969 with the members consisting of representatives from several Ministries, Universities, Employers' Association, and Trade Unions. By now, minimum wages have been prescribed in provinces and sub regions, sectorally and sub sectorally.

At each province, a Regional or Provincial Wage Council is established. Its members consist of representatives of Local Government, the regional offices of several Ministries, Local Universities, Employers, and Trade Unions. The Provincial Wage Council (PWC) has the following functions :

- to conduct a survey and calculate the level of the decent basic needs (DBN) for a single worker, for a family with one child (K1), a family

with two children (K2), and a family with three children (K3), every three months;

- to conduct a survey and calculate the maximum ability of the lower group of companies to pay the lowest level of wage (Companies Ability);
- to calculate the Provincial Minimum Wage (PMW) by considering last year's RMW, DBN, Companies Ability, and the inflation rates.

Previously, the PWC submits the proposed PMW to the respective Governor and the Governor submits the proposed PMW to the Minister of Manpower for approval. Before the approval, the Minister may ask the National Wage Council to review the PMW proposals. Since 2002, Governor issues the Decree for the PMW. As shown in Table 7.3, the Provincial Minimum Wages in 2005 were still low. The PMW in 13 Provinces were still lower than the Decent Basic Needs level.

The Workers Social Security Program (WSSP) is a mandatory scheme under the Law No. 3 Year 1992 to protect workers against occupational accidents, premature death, sickness and old age. The WSSP which is called "*Jaminan Sosial Tenaga Kerja*" (Jamsostek) provides the workers and their families with the occupational accident insurance, primary health insurance, death benefits, and old age allowance.

Table 7.1
REGIONAL MINIMUM WAGES AND BASIC NEEDS PER MONTH
INDONESIA, 2006
(in thousand rupiahs)

No.	Province and Sub Region	Minimum Wages	Decent Needs	MW/DN
1.	Aceh	820.0	775.0	105.81
2.	North Sumatra	737.8	737.8	100.0
3.	West Sumatra	650.0	668.7	97.21
4.	Riau	637.0	870.6	73.17
5.	Riau Archipelago	760.0	991.2	76.67
6.	Jambi	563.0	571.1	98.57
7.	South Sumatra	604.0	853.0	70.81
8.	Bangka Belitung	640.0	714.0	89.64
9.	Bengkulu	526.0	586.0	88.05
10.	Lampung	505.0	589.5	85.66
11.	Jakarta Metropolitan	819.1	831.3	98.53
12.	West Java	447.6	542.6	82.50
13.	Banten	661.6	735.1	90.00
14.	Central Java	450.0	582.1	77.30
15.	Yogyakarta	460.0	673.5	68.30
16.	East Java	390.0	580.0	67.24
17.	Bali	510.0	742.0	68.73
18.	West Kalimantan	512.0	605.0	84.63
19.	Central Kalimantan	634.3	850.0	74.62
20.	South Kalimantan	536.3	597.9	101.0
21.	East Kalimantan	701.6	764.7	91.75
22.	South Sulawesi	612.0	672.6	90.98
23.	Central Sulawesi	575.0	615.0	93.50
24.	South East Sulawesi	573.4	573.4	100.0
25.	North Sulawesi	713.5	691.2	103.22
26.	West Sulawesi	612.0	672.6	90.98
27.	West Nusa Tenggara	550.0	570.0	82.02
28.	East Nusa Tenggara	550.0	670.6	65.2
29.	Maluku	575.0	1076.7	53.40
30.	North Maluku	528.0	926.3	57.00
31.	Gorontalo	527.0	677.1	77.82
32.	Papua	822.2	941.1	87.40

Source : *Department of Manpower and Transmigration*

The Jamsostek scheme is mandatory for every company employing 10 workers or more. It is organized and implemented on a mutual help basis by using the principles of social security accounts.

For the occupational accident fund, each employer shall pay a contribution which depends on the type of work and the intensity of accident risk. The rate of contribution previously varied from 0.24% to 3.6%, and since 1998 it varied from 0.24% to 1.74%. The benefits to an injured worker cover :

- the cost of medication and hospital up to the maximum Rp 6.4 million;
- the cost of transportation cost to and from the hospital up to Rp 400,000;
- compensation on permanent disfunction or disability up to 49 monthly wages;
- compensation during the period of time a worker is temporarily unable to work.
 - 100% monthly wage during the first 120 days,
 - 75% monthly wage during the second 120 days,
 - 50% monthly wage there after.

For the primary health care program, each employer shall pay a 3% contribution for a single worker and 6% for a married worker with families up to 3 children. The worker and his/her families will get benefits covering:

- medical examination by general practitioners and specialists,
- provision of medicines,
- laboratory examination requested by a medical doctor,
- dental and eye care,
- hospitalization and emergency care,
- prostheses, ortho, and eyeglasses.

The old age scheme is funded through the contribution of each worker which is 2% monthly salary and of employer which is 3.7% monthly salary. The worker or his/her family, will receive the old-age benefit when he/she reaches 55 years old, or dies, or is permanently unable to work due to occupational accidents. A worker who has participated in the program for at least five (5) years is entitled to unemployment benefits.

For the death benefit program, employers used to pay 0.5% of the monthly salary. Since 1998 it was reduced to 0.3%. If the worker dies, the family will receive Rp 2.4 million.

Under Law No. 11 year 1992, employers are required to include their employees in their pension scheme program, for which each worker contributes about 4 to 7 percent which the employer contributes about 4 to 7 percent. The worker will get the benefit at the retirement age of 55 years old.

CHAPTER 8

MIGRANT WORKERS

As Indonesia faced the problems of high unemployment rates and the very limited domestic employment opportunities, one of the measures it has taken was to seek employment opportunities abroad for Indonesian workers, particularly to Malaysia and the Middle East. Due to the low levels of education of the Indonesian work force, however, most of them are absorbed in the informal sector activities.

At the same time, Indonesia also allows a significant number of foreign workers to come to Indonesia, particularly in line with its policy to attract foreign investors in the development of the Indonesian economy in early 1970's. Foreign workers have been particularly involved in relation to capital ownership and management, application of high technology, and international marketing. They are employed for certain positions and for a limited period of time.

OVERSEAS EMPLOYMENT

Indonesia has a historical and very close relationship with Malaysia by virtue of the same root of origin, neighborhood, culture, and religion. Many Malaysians still have relatives in Indonesia and maintain contact with them. Through those close ties, many Indonesians have been continuously encouraged and facilitated to take jobs in Malaysia on an individual basis or arrangement.

Since the early 1980s, Indonesia faced the pressure of increasing unemployment while the Malaysian economy rapidly grew. Malaysia needed more workers. For better preparation and protection, the two countries agreed to facilitate the mobilization of workers from Indonesia to Malaysia through Employment Agents. More and more Indonesian workers have been mobilized to work in Malaysia. The number of Indonesia workers organized to take jobs

in Malaysia increased from 29,715 people in 1995 to 317,685 people in 1997. It dropped to 95,033 in 1998 but increased again to 127,175 in 2004. See Table 8.1. By 2001, about one million Indonesian workers were placed in Malaysia and about 500,000 people worked as non-organized emigrants.

Due to high oil prices in the 1970s, the economies of the Middle East countries started to boom. They had a severe shortage of workers which were then supplied from several Asian countries such as the Philippines, India, Pakistan, Bangladesh, Sri Lanka, and Indonesia. In 2000 Indonesia sent 130,114 workers to the Middle East, most of them (about 90%) were sent to Saudi Arabia. The rest were to the United Arab Emirate, Kuwait, and other countries. As shown in Table 8.2, Malaysia and Saudi Arabia are two countries that absorbed most of the Indonesian workers abroad.

More than 50 percent of the workers sent to Malaysia were females, while to the Middle East, the females workers were about 90 percent. Besides Malaysia and the Middle East, Indonesia sends a few workers to Brunei Darussalam, Hong Kong, Korea, Singapore, Taiwan, also several countries in Europe. See Tables 8.2. As shown by Table 8.3, about two thirds of the Indonesian workers sent to Malaysia were working in the formal economies particularly in plantations and construction. Conversely in Saudi Arabia, more than 90% of Indonesian workers were working in the informal sector.

Table 8.1
NUMBER OF INDONESIAN WORKERS SENT ABROAD

Year	To Malaysia	To Middle East	To Other Countries	Total
1995	29,712	47,524	43,367	120,603
1996	38,652	122,564	58,946	220,162
1997	317,685	126,347	58,945	502,977
1998	95,033	193,937	91,203	380,173
1999	169,177	154,636	103,841	427,654
2000	191,700	130,114	136,062	457,876
2001	110,490	121,388	107,322	339,200
2002	152,680	241,961	87,055	481,696
2003	89,439	183,770	20,485	293,694
2004	127,175	219,699	33,816	380,690
2005 ^{a)}	77,161	50,589	25,243	152,993

a) Jan - June 2005

Source : *Directorate General of Overseas Employment, DOMT, 2005.*

Table 8.2
INDONESIAN WORKERS SENT ABROAD IN 2004

Country Destination	Males	Females	Total
Brunei Darussalam	2,515	3,988	6,503
Hongkong	2	14,181	14,183
Korea	2,416	508	2,924
Malaysia	62,658	64,517	127,175
Singapore	33	9,098	9,131
Taiwan	810	159	969
Other Asian Countries	85	0	85
Kuwait	1,235	14,754	15,989
Emirat Arab	94	39	133
Saudi Arabia	14,156	189,290	203,446
Other Middle East Countries	54	77	131
European Countries	0	4	4
Other Countries	17	0	17
Total	84,075	296,615	380,690

Source: *Directorate General of Overseas Employment DOMT, 2005*

Table 8.3
INDONESIAN WORKERS SENT ABROAD
BY SEX AND SECTOR, 2004

Item	Asia Pasific	Middle East	Other Countrie	Total
Formal Sector	115,306	921	20	116,247
Males	68,022	609	17	68,648
Females	47,284	312	3	47,599
Informal Sector	45,664	218,778	1	264,443
Males	497	14,930	-	15,427
Females	45,167	203,848	1	249,016
Total	160,970	219,699	21	380,690
Males	68,519	15,539	17	84,075
Females	92,451	204,160	4	296,615

Source : *Directorate General of Overseas Employment, MOMT*

The people working in the informal sector often have less protection, and therefore, many of them faced cases of harassments. To improve protection for the Indonesians working abroad, Indonesia enacted a new Law No. 39 of 2004 concerning Overseas Employment Protection. Law No. 39 of 2004 specifies certain requirements for the employees and employment agents, as well as the responsibility of the Government.

Any potential worker to be sent abroad seeking for employment should among others :

- be 18 years old or more,
- have education at least Junior High School,
- not be pregnant,
- have certified work competence.

Likewise, the Employment Agents in Indonesia are required among others:

- to have training facilities;

- to train the work force before the departure in the technical area, language, and culture;
- to have an Employment Agent as the partner at the receiving country.

FOREIGN WORKERS

Most of the foreigners working in Indonesia are related to foreign capital investment. Under Foreign Investment Law and Domestic Investment Law, companies are allowed to employ foreign workers or expatriates :

- in relation to ownership of capital investment, who should monitor and control the use and the running of such investment;
- as the managers especially in the field of production or technology, finance, and or of marketing;
- as a professional staff, supervisor and or technical operator provided that the work force having such particular skills is not available in the Indonesian labour market.

Table 8.4

THE NUMBER OF EXPATRIATES WORKED IN INDONESIA

Year	Managers	Professionals	Supervisors	Technical Operators	Total
1994	8,254	11,053	8,293	13,822	41,422
1995	13,624	11,874	8,254	23,407	57,159
1996	12,663	11,163	8,281	16,551	48,658
1997	8,762	12,969	5,409	10,052	37,192
1998	7,808	12,929	3,502	8,984	33,223
1999	9,338	8,275	2,102	9,293	29,008
2000	5,520	7,455	1,007	731	14,713
2001	8,875	12,105	699	2,640	24,319
2002	7,889	15,925	680	1,219	25,713
2003	5,146	19,111	218	3,598	28,073
2004	14,276	25,227	2,435	924	42,862

Source : *The Human Resources Profile in Indonesia 2004*

CHAPTER 9

INDUSTRIAL RELATIONS

Wage levels in Indonesia have been generally low. Under such market wage rates, foreigners should not be interested to take jobs in Indonesia. However, due to labour shortage, expatriates have been paid with extremely high wage rate. Companies bear the very high costs for employing an expatriates.

In protecting companies from such high costs, companies are discouraged to employ expatriates through several means and the following tight procedures:

- Every employer who wish to employ expatriates should have a plan of employing foreign workers, approved by the Department of Manpower and Transmigration based on the recommendation from the Department or Institution;
- An employer can employ an expatriate only after securing the working permit from the Department of Manpower and Transmigration;
- A working permit is issued based on approved plan of employing foreign workers of the company concerned.

Several years prior to economic crisis in 1997, the employment of expatriates continued to increase. Table 8.4 shows that the employment of expatriates increased from 41,422 persons in 1994 to 48,658 in 1996 but continuously decreased to 37,192 in 1997, and to 14,713 in 2000. The number again started to increase to 28,073 in 2005.

Industrial relations refer to the relationship among all parties who have particular interests for the existence and operation of a company. All employers and workers in a company, input suppliers to respective companies, consumers, and Government expect the continuous operation and the success of that company. The owner or employer has the obligation to secure his/her assets. For the workers, the business is a source of employment, source of income, the

place to develop skills and their career. Therefore, in maintaining their interests, both employer and workers in any company should work as partners in a sound and harmonious relationship.

Industrial relations in Indonesia are currently characterized by new political reform and a rapid increase of the number of trade unions. At the same time the world of business is deteriorating due to the prolonged impact of 1997 economic crisis. During this period, Indonesia has ratified all the eight (8) ILO Core Conventions. All these development necessitate urgent reforms in the industrial relations system.

The industrial relations system is implemented at the company through the Bipartite Body, Company Regulations or Collective Labour Agreements, Workers' and Employers' Organizations, Tripartite Body, Industrial Dispute Settlement, and Labour Legislations.

BIPARTITE BODIES

The Bipartite Body is a forum for the representatives of employers the representatives of and workers or trade unions at the company level to handle issues on industrial relations. The role and function of the Bipartite Body is to promote industrial peace, improve productivity, formulate codes of conduct at the company, accommodate workers' suggestions and grievances, and evaluate the implementation of Company Regulations or Collective Labour Agreements. Through the Bipartite Body, the dialogue between employer and workers' representatives can be intensified and misunderstandings eliminated.

Every company employing 50 workers or more is obliged to establish a Bipartite Body. The number of the representatives of each party in the Bipartite Body may vary from 6 to 20 people, depends on the size of the company or the number of employees, and the organizational structure of the company. If in the company a trade union has not been established, all workers shall democratically elect the workers' representatives to the Bipartite Body.

If there is only one trade union in the company and all workers are members of the said union, then the executives of the union may appoint their representatives to the Bipartite Body. However, if there is more than one trade union in the company, and/or a part of the workers are not the members of any union, then workers' representatives to the Bipartite Body should be proportionally appointed and or elected. Membership of the Bipartite Body last for two years and can be extended for the following term.

The newly established Bipartite Body shall be registered at the Manpower Office. Any change of the members of the Bipartite Body shall also be reported to the Manpower Office. They should conduct a meeting at least once a month. Until March 2002, Bipartite Bodies have been established in 7,868 companies in 26 provinces.

Table 9.1
THE NUMBER OF BIPARTITE BODIES IN INDONESIA, 2002

No.	Province	Total
1.	Aceh	203
2.	North Sumatra	370
3.	West Sumatra	214
4.	Riau	271
5.	Jambi	187
6.	South Sumatra	241
7.	Bengkulu	130
8.	Lampung	157
9.	Jakarta Metropolitan	915
10.	West Java	1,001
11.	Central Java	483
12.	Yogyakarta	234
13.	East Java	1,248
14.	Bali	260
15.	West Nusa Tenggara	115
16.	East Nusa Tenggara	99
17.	West Kalimantan	168
18.	South Kalimantan	295
19.	Central Kalimantan	225
20.	East Kalimantan	239
21.	North Sulawesi	88
22.	Central Sulawesi	109
23.	Southeast Sulawesi	135
24.	South Sulawesi	279
25.	Maluku	90
26.	Irian Jaya	107
	Total	7,868

Source : *Directorate General of Industrial Relations*

TRADE UNION DEVELOPMENT

Trade unions play an important role not only to materialize the workers' right to freedom of association, but also as the employer's partner to build and implement a sound industrial relation in the company. Every trade union generally has and performs the following functions:

- To accommodate workers' aspirations and complaints and convey them to the management or employers directly or through the Bipartite Body;
- To represent the workers in the Bipartite Body;
- To represent workers in the Negotiation Team to formulate Collective Labour Agreement;
- To represent workers in the various tripartite institutions;
- To fight for the interests of the members directly to the employer or through Bipartite Body or other institutions;
- To provide assistance in the industrial relations dispute settlement;
- To increase workers awareness of good discipline and work motivation;
- With other stakeholders to create harmonious and secure industrial relations.

The Indonesian Constitution secures the fundamental right of workers to establish, to join and or to be the member of a trade union. Indonesia has ratified the ILO Convention No.87 of 1948 on Freedom of Association and Protection of the Right to Organize, and Convention No. 98 of 1949 on the Right to Organize and Collective Bargaining. In addition, Act No.21 of 2000 on Trade Unionism stipulates the full right of the workers to establish and or to become a member of a trade union of his or her own choice without being forced and without any pressures by the employers, the government or the trade union itself.

Act No.21 of year 2000 provides that a trade union can be established in any company by a minimum of ten (10) workers who work in the said company. Any worker shall not be allowed to have membership in more than one trade union. A trade union shall be open to all workers and must strive for the workers' interests without discrimination on the basis of their political orientation, religion, race and sex.

Every trade union including federations and confederations of unions must have a constitution and a bylaw. A trade union that has a structure from national, provincial, district, down to company levels may have one constitution and one bylaw. Likewise, a federation of trade unions may have only one constitution and one bylaw that apply to all member unions at all levels. A

union's constitution shall at least contain the following:

- Name and symbol of the union;
- Philosophical basis, principles and objectives of the union;
- Union's domicile;
- Union's membership and lineup of officials;
- Union's financial resources and responsibilities;
- Form or type of union's organization;
- Union's hierarchical organizational structure, and
- Stipulation concerning amendments to the union's constitution and bylaw.

The establishment of a trade union, a federation and confederation of trade unions shall be notified in writing to the local government for manpower service. The written notification shall provide information as follows:

- List containing the names of the union's founding members;
- Union's constitution and bylaw;
- Line-up of the union's officials and their names.

The establishment of trade unions in Indonesia begun during the last period of Dutch colonialism. The first trade union was the Netherlands Indonesian Government Employees Association in 1897, then followed by the Postal Workers' Union in 1905, Sugar Factory Workers' Union in 1906, Form and Plantation Workers' Union in 1907, and Railroad and Train Worker' Union in 1908. Before the Indonesian independence, most of the trade unions movement were closely linked with the political movement, and had political orientation.

Soon after the independence, most of the trade unions kept their political orientation. They paid less attention to directly promote the welfare of workers and their families. Most of the trade unions focused their activities on political affairs. In many companies, more than one trade unions were established, each had a main function to mobilize the workers to be the member of a particular political party. Trade unions became weak and less effective in striving for the interests and welfare of the workers. This political orientation was kept until the early part of the New Order era by the end of 1960's.

In early 1970's, Indonesia managed to simplify the number of political parties through merger or fusion. On 20 February 1973, all leaders of the trade unions agreed to have a Declaration on the Unity of All-Indonesian Workers based on the following principles:

- All of the trade union movement should be totally free from any political power, influence and intervention;

- All trade unions should focus their activities on social and economic affairs to serve the interests and welfare of the workers and of their families;
- Existing trade unions should be restructured and organized according to the industrial sectors of the economy;
- Only one trade union should be established in any company;
- All existing trade unions should merge into the Federation of All-Indonesian Trade Union.

Following the Asian monetary crisis in 1997, a political reform movement in 1998 in Indonesia of toppled the New Order Government under the Soeharto regime. In anticipation of a new general election, many political parties were established. This political reform has stimulated the reform of the trade unions in Indonesia. With the advent of political reformation, many workers felt that they had regained their right to organize specially with the ratification of ILO Convention No.87 on freedom of association and protection of the right to organize. The number of the trade union unprecedented increase. By the end of 2004, more than 80 federations of unions had been established and registered at the Department of Manpower and Transmigration. In addition, more than 100 non-federated unions were also registered.

However, after the verification of the union membership, by the end of 2005, there were only 35 eligible union federations and 31 eligible national non federated-unions covering unions in 10,230 companies. In addition, there were 1,237 company-level unions which were not affiliated to any national union.

Table 9.2
VERIFIED TRADE UNION MEMBERS, 2005

No.	Trade Union	National	Level No. of	Company Unions Members
1.	Confederation of SPSI	16	6,122	1,657,244
2.	Confederation of SPSI Reformation	8	1,121	793,874
3.	Confederation of SBSI	8	1,307	227,806
4.	Other National Federation	3	833	269,509
5.	Non Federated Unions	31	847	403,714
6.	Company-Level Union	-	1,237	305,959
	Total	64	11,467	3,388,597

Source : *Directorate General of Industrial Relations*

COMPANY REGULATIONS AND COLLECTIVE LABOUR AGREEMENTS

Company Regulations are usually formulated in companies in which trade unions have not yet been established. Collective Labour Agreements (CLAs) are executed in companies where a trade union or trade unions exist. CLAs are formulated based on agreements between the management and workers' representatives. Company Regulations and CLAs contain the conditions on terms of employment and labour protection, including the rights and obligations of both workers and employers or management. The Company Regulations and CLAs are aimed at improving working conditions and industrial relations.

A company regulation shall be formulated in any company employing ten (10) workers or more. Each company should have only one company regulation applied to all workers. If the company has several branches, it may have one principal company regulation applied to all branches with or without additional regulation for each branch.

Employers are responsible for preparing the draft of the company regulation. They are encouraged to invite inputs and recommendations from the workers' representatives for the refinement of the draft. Final draft of the company regulation should be submitted to the Office of Manpower Service for approval. The Office of Manpower Service will examine the contents of the company regulation to make sure that there are no conditions lower than the requirements stipulated by laws and regulations.

Collective Labour Agreement (CLA) are formulated based on the negotiation between the employer and one or more registered trade union in the said company. The negotiation shall be conducted in good faith and freewill and intention of both parties. Any employer should agree to the trade union request to negotiate a CLA provided that the:

- Trade union has been registered at the Government office of Manpower Service; and the
- Trade union is supported by more than 50 percent of the workers.

If there are more than one trade unions in a company, the union having more than 50 percent of the workers as members is eligible to conduct negotiation with the employers with or without the participation of the other unions. If needed, union membership can be verified by a committee consisting of the representatives of employers and of the unions.

Negotiation for a CLA is conducted by a Negotiation Team consisting of not more than 9 representatives of each of the employers and of the trade unions. A negotiations start after agreeing to the negotiation rules that include the:

- Structure of negotiation team,
- Date and the length of negotiation,
- Materials for negotiation,
- Place of negotiation,
- Method of settlement in case of deadlock in negotiation.

Any CLA shall basically cover working conditions not less the standards required by existing laws and regulations. Each CLA should explicitly specify among others:

- Name, domicile, and address of the company;
- Name, domicile, and address of the trade union;
- Number and date of registration of the trade union;
- The rights and the obligations of the employer;
- The rights and the obligations of the workers and the trade union;
- Term and date of validity of the CLA;
- Signatures of the parties or the members of the negotiation team.

Table 9.3

COMPANY REGULATIONS AND
COLLECTIVE LABOUR AGREEMENT

Year	Company Regulations	Collectivir Labour Agreement
2001	36,070	8,997
2002	36,152	9,081
2003	36,174	9,102
2004	36,339	9,131
2005 ^{a)}	36,483	9,154

a) As of Oktober 2005

In case a consensus on the CLA has not been reached within the time agreed, both parties may reschedule the negotiation within 30 days after the specified time. If during the extended negotiation, both parties fail to reach consensus, they should make written statement indicating their failure to formulate CLA specifying:

- The parts of the CLA which have not been agreed;
- The position of each party regarding each of unresolved parts of the CLA;
- Minutes of negotiation;
- Place, date, and signatures of the parties.

One or both parties should report to the Government Office of Manpower Service, the issues to be resolved and settled as an industrial relations dispute.

Any company should have only one CLA. If a company has several branches, it may have one principal CLA applied to all branches with or without additional stipulation or CLA for each branch. Each CLA shall be registered at the Government Office of Manpower Service.

By May 2002, Company Regulations have been adopted in 38,118 companies and CLAs in 9,053 companies. Company Regulations and CLAs last for two years and can be extended for a maximum period of one year. Company Regulations should be reviewed and renewed every two (2) years. Likewise, CLAs should be reviewed and renegotiated every two years. To make sure that the contents of the Company Regulations and CLAs are consistent with the existing laws and regulations, the Government should approve all Company Regulations and CLAs.

The Company Regulations and Collective Labour Agreements basically contain the rights and obligations of the employers, and the workers. These include among others recruitment process, working days and rest, overtime work and payment, wages and social benefits, weekly rest and on leave, employment termination and severance pay.

TRIPARTITE INSTITUTIONS

Tripartite concept and system are very essential in the development of industrial relations. The Tripartite Institution serves as a forum for the tripartite constituents (trade unions, associations of employers and the government) to exchange information, conduct dialogue, communicate with each other, negotiate and create joint agreements through consensus with respect to industrial relations and economic and social policies. A Tripartite Institution may be established at the international level (the ILO is an example) but also

at regional, national, provincial and district levels. It may also be established according to the sectors of the economy or groups of enterprises.

At the company level, the interaction between employers and workers and or trade unions is basically without any direct intervention by the Government. However, the Government plays an indirect role in such interaction, among others, in legalizing the company regulations, witnessing the signing of Collective Labour Agreements, stipulating various regulations, and even acting as a mediator whenever the two parties are unable to reach an agreement.

As a consultation forum, the Tripartite Institution usually reaches an agreement and provided suggestions by consensus. The Tripartite Institution has a number of objectives :

- The tripartite institution opens up opportunities to the tripartite constituents to reach a mutual understanding and perception to actively discuss manpower issues, irrespective of whether they are of the same or different interests.
- It is expected that through the tripartite institution, an effective cooperation among the tripartite partners, balance among economic, political and social interests, and a balance between the interest of the respective constituents and the interest of the nation can be established, and enhanced.
- Through tripartite cooperation, the interests and the particular condition of each constituent can be taken into consideration, particularly when it comes to the formulation of economic and social policies. For example, in drafting a regulation, general provisions that apply to all the constituents and special provisions that specifically apply to each constituent can be formulated.
- A tripartite cooperation, a consensus may be reached on the process of decision-making in a broader scope, hence increasing the process of legalizing the decisions and the willingness of all members to accept and implement the decisions.
- A tripartite cooperation can reduce conflicts and create a conducive climate to build secured and harmonious industrial relations.
- The involvement of the tripartite constituents in formulating new policies will strengthen their commitments and moral responsibility to carry out the policies.
- A tripartite cooperation can encourage and improve economic growth and condition. For example, in the event of an economic crisis or economic stagnancy, the Tripartite Institution may agree to postpone a pay rise and/or make a joint commitment to boost productivity.

In itself, tripartite cooperation is not a goal, but it is expected that through tripartite consultation and cooperation, a balance of the interests of all the constituents, can be secured, and harmonious industrial relations and a joint commitment to boost productivity for the company growth will eventually promote the welfare of the workers and their families.

Tripartite consultations are generally held at national, provincial and district levels. Tripartite Consultations may also take place on a sectoral basis and in several institutions such as the Industrial Relations Dispute Settlement Court, Wage Council, Employment Council, Occupational Safety and Health Council, Training Council, Productivity Council, etc.

In every province and district in Indonesia, Regional Tripartite Institutions are established to deal with industrial relation issues in general. Besides Tripartite Institutions, each province and district also should establish Manpower Councils with tripartite characteristics which deal with the expansion of employment opportunities, manpower planning, training, productivity, regional or provincial minimum wages and occupational safety and health.

The organizational structure of Tripartite Institutions may be established in a flexible manner in accordance with its characteristics and authority. Some Tripartite Institutions serving as a communication and consultation forum may have different numbers of members from each constituent since the forum makes decisions by consensus, not by voting.

CHAPTER 10

LABOUR DISPUTE SETTLEMENT SYSTEM

Under Act No.2 of 2004, the industrial relations dispute that used to be settled by the Committees of Labour Dispute Settlement shall be now settled by the Industrial Relations Court at the General District Courts. Act No.2 of 2004 requires that an Industrial Relations Court shall be established in every district as a special court within a general court at the respective district. The Industrial Relation Court (IRC) is a Civil Law Proceeding that prevails at the general court, authorized to investigate and adjudicate disputes regarding:

- Workers' rights at the first level,
- Workers interest at the first and final level,
- Employment termination at the first level, and
- Disputes among trade unions at the first and final level.

A dispute over rights is a dispute arising over the nor fulfillment of rights, as a result of differences in implementation or interpretation concerning the laws and regulations, work agreement, company regulation, and or collective labour agreement. A dispute over interest is a dispute which arises in the work relationship due to a non-convergence of opinions in the drawing up of and or changes in the work requirements as stipulated in the work agreement, company regulation, or collective labour agreement. A dispute over termination of employment is a dispute arising from the lack of agreement regarding the termination of employment as initiated by one of the parties. A dispute among trade unions is a dispute between one trade union and another trade union(s) within one company due to disagreement regarding membership or the implementation of rights and obligations of the trade unions.

In general, any dispute mentioned above can be handed to the Industrial Relations Court. However, before taking the cases to the Court, some

preliminary steps or alternative solutions should be taken at and through:

- Bipartite Body;
- Mediation;
- Conciliation, and
- Arbitration.

BIPARTITE BODY

A bipartite body consists of representatives of the employer, the worker, and/or the trade union. In company where a trade union is yet to be established, the worker's representatives sitting in the Bipartite Body are nominated to represent the working units and/or the professional groups. Where company has more than one trade union, the unions will be represented at the Bipartite Body in proportion to the membership.

In principle, all kinds of disputes should be settled at the Bipartite Body. The compromise reached at the Bipartite Body is formulated in a Collective Labour Agreement signed by all disputing parties. If one party does not honor the Collective Agreement, the other party may request the Industrial Relations Court at the District level to execute the Collective Agreement.

Even though it is not particularly stipulated in the law, trade unions in a company may establish an Inter-Trade Union Communications Forum. It is suggested that disputes between trade unions should be settled in a bipartite manner through this forum, in case the disputing parties are reluctant to settle the dispute through the existing Bipartite Body.

MEDIATION

Each Government Office of Manpower Service should appoint a number of officials as mediators to settle disputes between employers and workers. If both employer and the worker or the trade unions do not reach agreement to bring the disputed case to be settled through a conciliator or arbitrator, the local government of Employment Service will transfer the case to be a mediator.

Within seven (7) working days after receiving the request, the mediator should review the case, collect necessary information and hold a mediation session no later than the eighth day. For this purpose, the mediator may invite witnesses and or expert witnesses. If the employer and the worker or the trade union reach an agreement, such agreement should be formulated in a Collective Agreement signed by the disputing parties and acknowledged by the mediator.

In case the employer and the workers fail to reach an agreement, no later than ten (10) working days after the first mediation, the mediator should

make a written recommendation to the disputing parties. Within ten (10) working days after receiving the written recommendation, the disputing parties should submit to the mediator their objection or acceptance of the recommendation in writing.

If the disputing parties accept the mediator's recommendation, this acceptance should be formulated in a Collective Agreement. If the mediator's written recommendation is turned down, both sides to the dispute shall take the case to the local Industrial Relations Court. Either way, the mediator must complete his duties to settle a case within a period of not more than thirty (30) working days.

CONCILIATION

A conciliator is a member of the community who is experienced in industrial relations and possesses a thorough knowledge of labour laws and regulations. The conciliator is appointed by the Minister of Manpower to provide conciliation services and written recommendations to the employer and the worker or the trade union in order to settle disputes over interests, over employment termination, and the disputes between trade unions.

A list of conciliators in a local area shall be made available by the Government Office of Manpower Service. Subject to their mutual agreement, the employer and the worker or the trade union may appoint a conciliator from the list and ask his/her help to settle their dispute. Similar to a mediator, the conciliator should collect necessary information within seven (7) working days upon receipt of a request for conciliation. If both parties reach mutual agreement, such agreement should be formulated in a Collective Agreement, signed by both parties, witnessed by the conciliator. The Collective Agreement should be registered at the office of the Industrial Relations Court.

In the event that both parties do not reach agreement, the conciliator within ten (10) working days after the first conciliation session should provide a written recommendation. The parties should make a statement indicating their acceptance or refusal of the conciliator's recommendation no later than ten (10) working days. In case both parties accept the recommendation, the Collective Agreement should be concluded within three (3) working days. If a party disagrees with the recommendation, such party can take the case to the Industrial Relations Court.

Overall, the conciliator should settle a dispute within a maximum of thirty (30) days. In the process of conciliation, the conciliator may invite witnesses or expert witnesses. The Government pays the honorarium of the conciliator as well as expenses related to the business trip(s) and accommodation of the witnesses and the expert witnesses.

ARBITRATION

Arbitration is the settlement of a dispute by one or a panel of three (3) arbitrators, who, upon mutual agreement of the disputing parties, are appointed to settle disputes over interests and disputes among trade unions. In case the disputing parties choose three (3) arbitrators, each party may appoint one (1) arbitrator within three (3) days and no later than seven (7) days after such appointment the two (2) arbitrators should nominate the third arbitrator as the Chairman of the Arbitration Council or Panel. Arbitrators should meet certain criteria set up by the Government and shall be registered in a Government Office of Manpower Service.

In their agreement to opt for settlement through arbitration, the employer and the worker or the trade union should make an arbitration agreement that states, among others, the main problem(s) and causes of the dispute to be settled by arbitration, the number of arbitrators to be appointed, and their commitments to respect and execute the decision made by the arbitrator.

The arbitrator should, first of all, try to settle the dispute in a bipartite manner. If this works, the arbitrator should issue a deed of reconciliation, confirming the settlement of the dispute in a bipartite manner. If the disputing parties are unable to reconcile, the arbitrator shall conduct arbitration sessions. The arbitrator should settle the industrial dispute within a period of thirty (30) working days after the letter of the appointment of the arbitrator is signed. Upon agreement of both parties, the arbitrator's service may be extended for no longer than fourteen (14) working days.

The arbitrator's decision is final and legally binding on both parties. If one of the parties fails to execute the decision, the other party may ask the court to force the defaulting party to execute the arbitrator's decision.

Within thirty (30) days after the arbitrator's decision is officially made known, one of the disputing parties may appeal to the Supreme Court if:

- It has been proven or admitted that the documents submitted for review are fake or falsified;
- It turns out that the other party has intentionally concealed documents that are vital for decision making;
- It has been proven that the arbitrator's decision was based on cheats or facts or data that have been distorted by the other party;
- It turns out that the arbitrator's decision is beyond the confines of the arbitrator's authority;
- The arbitrator's decision was against laws and regulations.

Table 10.1
NUMBER OF MEDIATORS, LABOUR INSPECTORS,
CONCILIATORS AND ARBITRATORS

No.	Province	Mediators	Conciliators	Arbitrators
1.	Aceh	6	3	2
2.	North Sumatra	46	10	3
3.	West Sumatra	18	2	-
4.	Riau	34	3	-
5.	Riau Archipelago	8	5	1
6.	South Sumatra	31	10	2
7.	Jambi	12	-	-
8.	Bengkulu	9	1	1
9.	Lampung	12	-	-
10.	Bangka Belitung	1	-	2
11.	Jakarta Metropolitan	94	7	1
12.	Banten	25	2	2
13.	West Java	74	16	6
14.	Central Java	128	12	3
15.	Yogyakarta	10	5	-
16.	East Java	64	8	1
17.	Bali	13	9	1
18.	West Kalimantan	6	1	1
19.	South Kalimantan	24	2	1
20.	Central Kalimantan	7	2	-
21.	East Kalimantan	15	3	1
22.	North Sulawesi	12	2	1
23.	Gorontalo	2	-	2
24.	Central Sulawesi	11	2	-
25.	South Sulawesi	29	7	2
26.	South-East Sulawesi	8	1	-
27.	Maluku	4	3	-
28.	North Maluku	1	1	1
29.	West Nusa Tenggara	5	4	1
30.	East Nusa Tenggara	16	2	1
31.	Papua	11	4	9
32.	West Irian Jaya	6	5	-
	T o t a l	742	132	45

Source : Directorate General of Industrial Relations

INDUSTRIAL RELATIONS COURT

The Industrial Relation Court is established within the District Court and the Supreme Court. The Industrial Relation Court is initially established within the District Courts in provincial capital cities. Gradually, similar courts will be established within the District Courts in industrialized districts or cities. The structure of the Industrial Relation Court within the District Court is as follows:

- Judge;
- Ad-Hoc Judge;
- Junior Registrar;
- Junior Substitute Registrar.

The term judge refers to career judges in district courts who are assigned in handling cases of industrial relation disputes. They are appointed and dismissed by the Head of the Supreme Court. Ad-Hoc judges refer to judges assigned to an Industrial Relation Dispute Settlement at the District Court and at the Supreme Court. They are appointed and dismissed by the President upon the proposal of the Head of the Supreme Court based on the nomination submitted by the trade union or employers' associations and approved by the Minister of Manpower and Transmigration.

Each district court has five (5) Ad-hoc judges representing trade unions and another five (5) representing employers' associations. Their term of office is five (5) years and they may be reappointed for a maximum of another five (5) years. Ad-hoc judges are not allowed to hold another post. For instance, they are not allowed to become members of parliament, members of the People's Consultative Assembly, district heads, lawyers, mediators, conciliators or arbitrators. Judges, Ad-hoc Judges, Junior Registrars and Junior Substitute Registrars are under the supervision of the Head of the District Court.

The petition to submit an industrial relations dispute to the Industrial Relation Court should include the minutes of settlement proceedings conducted by a mediator or conciliator. Within seven (7) working days upon receipt of the petition, the Head of the District Court should set up a Panel of Judges consisting of a career judge as a Chairman and two ad-hoc judges, each representing trade unions and the employers.

Within seven (7) working days after the formation of the Panel, the Chairing Judge should set up the schedule of the hearing. The Panel may summon the disputing parties, witnesses and expert witnesses. The Panel should put the dispute to an end no longer than fifty (50) working days commencing from the first session. The decision-making should be based on prevailing laws and regulations, existing agreements, legal practices and justice.

Within seven (7) working days after the decision of the Panel, the Substitute Registrar should deliver the decision to the party who was not present during the reading of the decision at the Court. The Junior Registrar should produce the verdict copy within the period of not later than fourteen (14) working days after such verdict is signed. The decision of the Industrial Relation Court on disputes over interest and disputes among trade unions is a final and binding.

The decision of the Industrial Relation Court on disputes over rights and disputes over employment termination is final and binding provided that no appeal is filed to the Supreme Court within the period of not more than seven (7) working days:

- For the party who is present, as of the date the verdict is read out in the session of the Panel of judges; and
- For the party who is absent, as of the date the verdict notification is received.

The appeal should be submitted through the Junior Registrar of the Industrial Relations Court at the District Court to the head of the Supreme Court within a period of fourteen (14) working days from the date the appeal is received.

COUNCIL OF SUPREME COURT JUDGES

An appeal against the decision of the Industrial Relation Court at the District Court is reviewed and decided by the Council of Supreme Court Judges. For this purpose, the following legal officials are appointed at the Supreme Court:

- Supreme Judge;
- Ad-Hoc Judge;
- Registrar.

Supreme Court Judges and Ad-hoc judges at the Supreme Court have the authority to review, bring to court, and produce verdicts on industrial relations disputes. The Head of the Supreme Court may receive appeals from workers or trade unions and from employers through the Junior Registrars of the Industrial Relations Courts regarding the disputes over rights and the disputes over employment termination.

Upon receipt of an appeal against the decision of the Industrial Relations Courts, the Head of the Supreme Court sets up a Council of Supreme Court Judges consisting of a Supreme Judge, an ad-hoc Judge representing the trade union and an ad-hoc Judge representing the employers' association. The Council of Supreme Court Judges should put the dispute to an end within a period of no longer than thirty (30) working days from the date of receipt of the appeal.

STRIKES AND LOCKOUTS

It is generally understood as a last resort to break a dead-lock in an industrial relation dispute between an employer and a trade union in which the latter may opt to resort to a strike and the employer opt to lockout. An act of strike is a trade union's effort to put pressure and to force the employer to comply with their demands. A lockout is an employer's effort to apply pressure and force the trade union to accept the employer's positions.

The decision to go on strike should be prepared in a Strike Plan which contains, among others, the demands of the trade union, the reasons for the strike, the activities to be taken during the strike and the time at which the strike will start. The Strike Plan should implicitly state the trade union's responsibility to its members who participate in the strike. At least seven (7) days before the strike, a written notification of the plan to strike should be submitted to the employer and the Government Office of Manpower Service by attaching evidences that a series of negotiations have been carried out without success, or that the employer refused to negotiate with the trade union.

The union may go on strike after receiving the proof that the Government Office of Manpower Service has acknowledged its intention to stage a strike. In other words, the earliest timeframe for the union to go on strike is one week after its submission of notification of its plan to strike. During this timeframe, the employer, the trade union and the government may make some attempts to settle the dispute in order to prevent the strike from happening.

The number of strikes in Indonesia has been high in the early 1990s but has gone down dramatically in recent years. As indicated in Table 10.2, the number of strikes rose from 60 cases in 1990 to 273 cases in 2000 but declined to 125 cases in 2004. The number of workers involved in the strikes went up from 31,234 in 1990 to 126,045 in 2000 and declined to 53,321 people in 2004. During that period the man-hours lost went up from 262,014 to 1.28 million, and then down to 554,726 man-hours.

Table 10.2
THE NUMBER OF STRIKES AND MANHOURS LOST
Indonesia, 1980 - 2002

Year	Number of Strikes	Workers Involved	Manhours Lost
1980	100	32,287	328,466
1981	200	54,875	495,144
1982	142	49,525	501,236
1983	96	23,318	295,749
1984	63	10,836	62,906
1985	78	21,148	55,001
1986	75	16,831	117,643
1987	35	8,281	35,664
1988	39	7,544	607,265
1989	19	1,168	29,257
1990	61	31,234	262,014
1991	130	64,474	582,477
1992	251	123,005	1,019,654
1993	195	103,490	966,931
1994	296	147,662	1,421,032
1995	276	126,855	1,300,001
1996	360	221,557	2,497,973
1997	234	144,929	1,250,673
1998	278	152,495	1,550,945
1999	125	48,232	915,105
2000	273	126,045	1,281,242
2001	174	109,845	1,165,032
2002	220	97,325	769,142
2003	161	68,114	643,254
2004	125	53,321	554,726
2005a)	90	51,508	509,970

Source : Directorate General of Industrial Relations, DOMT

a) Up to October 2005

Table 10.3
LABOUR DISPUTES

Year	Labour Disputes	Employment Termination Cases
2001	81	2,160 (85,989 workers)
2002	101	2,445 (114,933 workers)
2003	105	2,394 (128,191 workers)
2004	63	2,386 (123,929 workers)
2005 ^{a)}	92	1,784 (66,604 workers)

a) As of October 2005

Similar to workers' right to go on strike, employers also have the right to lock out as a reaction to trade unions' demands that they are unable to meet. As with a strike plan, employers should prepare a lockout plan that should be submitted with supporting data such as the trade union's demands, the reasons for not fulfilling the demands, and the efforts made to negotiate with the trade union and the failure of the negotiation itself.

The employer should then notify the trade union and the Government Office of Manpower Service of the plan and complement it with evidences that they have made maximum efforts in their negotiations with the union. The Government Office of Manpower Service sends an acknowledgement to the notification after collecting necessary information by making direct contacts with the disputing parties. Prior to sending the acknowledgement, the Government Office of Manpower Service will also approach both parties, urging them to compromise.

CHAPTER 11

LABOUR INSPECTION

Labour inspection in Indonesia is carried out under the direction of the Directorate General of Labour Inspection development within the Department of Manpower and Transmigration. As mentioned in Chapter 3, the Directorate General of Labour Inspection covers Development has main task to formulate and implement policy and technical standarization in the field of labour inspection development, and has the following functions:

- Prepare ministry policies formulation,
- Implement policies,
- Formulated standard, norm, guide, criteria and procedure,
- Provide technical guidance and evaluation in the field of manpower, safety and health, women and children workers, empower labour inspection, and Directorate's administrative.

Labur inspection in Indonesia regulates in Act No. 3 of 1951 concerning Labour Inspection. In Act No. 3 of 1951, the independency of Labour Inspectors is not regulated yet.

In relation to the labour inspection, Indonesia has ratified ILO Convention No. 81 of 1947 concerning Labour Inspection in Industry and Trade through Act No. 21 of 2003. The convention explicitly stipulates the independency of labour inspectors, and the existence of labour inspection within the supervision and control of the central government.

Indonesia has ratified the ILO Conventions No. 81 of 1947 concerning Labour Inspection in Industry and Commerce through Act No. 21 of 2003, and Convention No. 120 of 1964 concerning Hygiene in Commerce and Offices through Act No. 1 of 1969. Indonesia also still maintains Act No.3 of 1951 concerning Labour Inspection, and Act No. 1 of 1970 concerning

Occupational Safety. Both Act No.3 of 1951 and ILO Convention No. 81 of 1947 stipulate that the main purpose of the labour inspection is to secure the enforcement of all legal provisions relating to working conditions and workers protection such as provisions relating to hours of work and rest, wages, safety and health, social security and welfare, the employment of women and young persons, and other connected matters.

FUNCTIONS OF LABOUR INSPECTION

Pursuant to its function, the main objectives of the labour inspection are:

- to ensure the enforcement of all legal provisions in the field of employment, working conditions, and other matters related to the legal provisions;
- To supply technical information and advice to employers and workers concerning the most effective means of complying with the legal provisions;
- To bring to the notice of the competent authority defects or abuses not specifically covered by existing legal provisions;
- Other duties that become the responsibility of the inspectors.

In order to effectively exercise those functions, the following conditions need to be met:

- All labour inspections need to be placed under the supervision and control of a central authority;
- Good coordination internally and externally;
- All labour inspectors shall be composed of public officials whose status and conditions of service and employment are independent of changes of government and of improper external influences;
- Labour inspectors shall be recruited with sole regard to their qualifications for the performance of their duties and have technical education to have proper competency;

In order to ensure the well performance of labour inspectors, it should be supported with sufficient capacity, such as:

- The sufficient number of labour inspectors, level of knowledge; skills, facilities, transportation, local office and sufficient equipment and operational cost.

To support their duties, the inspector shall have the following authorities:

- Labour inspectors shall have the authority to enter freely and without

previous notice at any time, day or night, any workplace liable to inspection;

- Labour inspectors shall have the authority to carry out any examination, test or enquiry which they may consider necessary in order to satisfy themselves that the legal provisions are being strictly observed, including to interrogate the employer and or its staff, and to examine book keeping and other documents;
- Labour inspectors shall have the authority to take steps with a view to remedying defects observed in plant, layout or working methods which they may have reasonable cause to believe constitute a threat to the health or safety of the workers.

Labour inspectors are required to submit to the Directorate General of Labour Inspection periodic reports on the results of their inspection activities.

FACILITATING LABOUR INSPECTION

Government has the responsibility to facilitate the labour inspection. Such facilitation may include the followings:

- To promote effective co-operation between the inspection services and other government services and public or private institutions engaged in similar activities;
- To promote collaboration between officials of labour inspections and employers and workers and their organizations;
- To ensure the employment stability and independence of the labour inspectors, particularly with respect to changes of governments;
- To recruit sufficient number of labour inspectors to secure the effective discharge of their duties by taking into consideration the number, nature, size and conditions of the workplaces;
- To adequately train labour inspectors on the performance of their duties;
- To furnish labour inspectors with adequate local offices, and work facilities;
- To publish an annual general report on the work of the inspection service under its control.

The annual report published by the national inspection authority shall contain among others:

- Laws and regulations relevant to the work of the inspection service,
- Staff of the labour inspection service,

- Statistics of workplaces liable to inspection and the number of workers employed therein;
- Statistics of visits, violations and penalties imposed, industrial accidents, and occupational diseases;
- Statistics of work accident and disease.

Employers shall participate to ensure that the labour inspectors are able to carry out the inspection without any prohibition and hindrances from the side of employers, thus:

- Employers shall make available any document including bookkeeping as far as the labour inspector needs them.
- Employers shall notify the labour inspectors for any industrial accidents and cases of industrial disease.
- Employers shall in good faith follow-up the findings and recommendations provided by the labour inspectors.

CODE OF CONDUCT OF LABOUR INSPECTORS

Labour inspectors generally have significant power and authority in order to be able to effectively carry out their duties. At the same time, they should be bound not to misuse their authority. They are bound by the following principles:

- Labour inspector are prohibited from having any direct or indirect interest in the undertakings under their supervisions.
- Labour inspectors shall not reveal any company secrets or working processes of the company they inspect.
- Labour inspectors shall treat absolutely confidential the source of any complaint regarding the defect or breach of legal provisions.
- Labour inspectors shall make their best to maintain the harmony of working relationship between the employers and workers and trade unions and among the workers.

EFFECTIVENESS OF INSPECTION

The effectiveness of the labour inspection depends on several factors, namely:

- the number and the quality of labour inspectors;
- facilities provided by Government;

association, the workers and their unions, and the society in general.

In 2002, there were 176,713 companies liable for labour inspections. At that time, there were only 1,299 labour inspectors. 389 persons held structural positions, and 109 persons were working outside the inspection service. This implies that there were only 801 labour inspectors effectively performing their duties. This condition continued until 2005, whereby only 827 labour inspectors were on duty.

Table 11.1
NUMBER OF COMPANIES AND LABOUR INSPECTORS

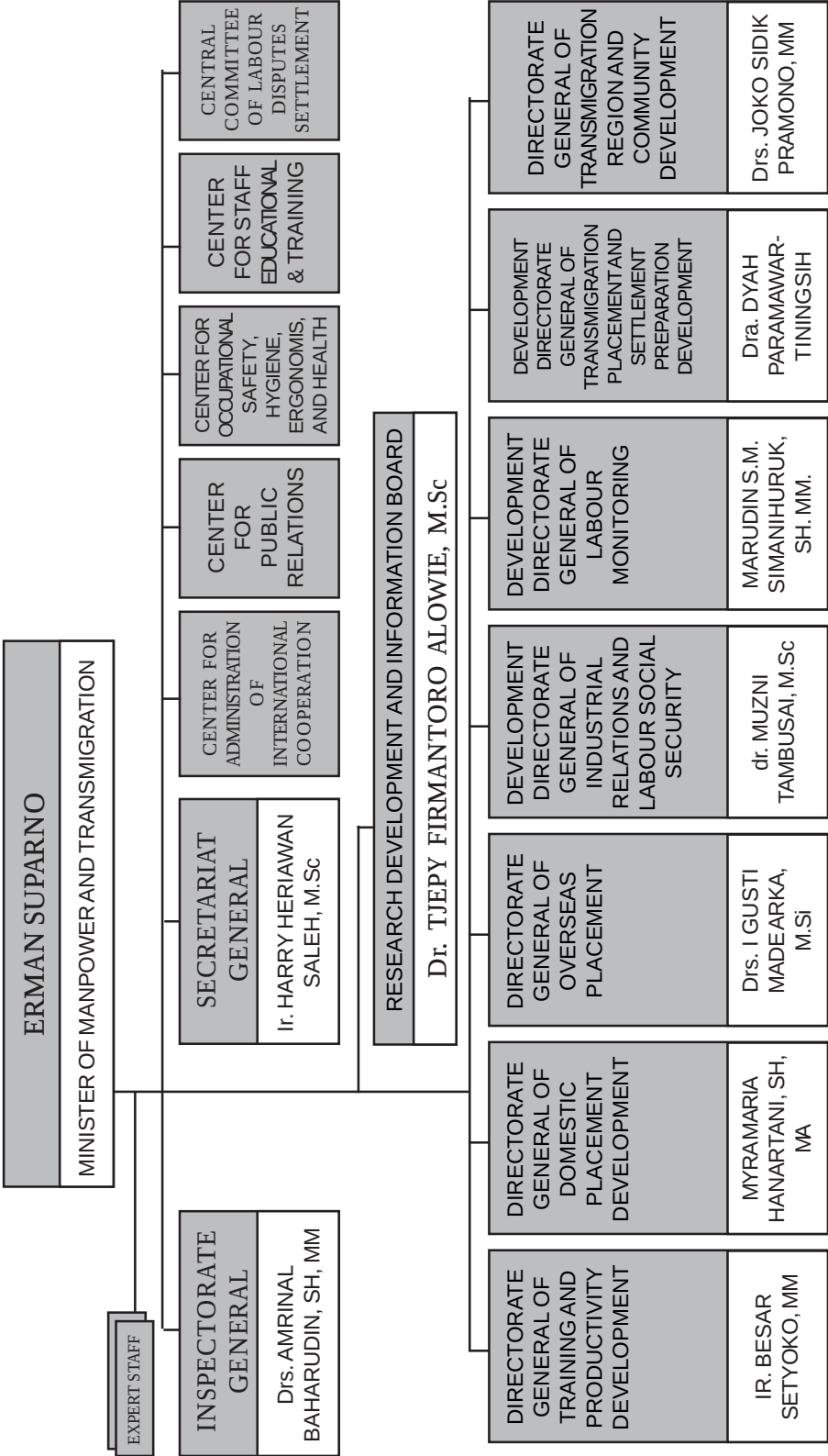
No.	Province	No. of Companies	Number of Labour Inspectors	
			2002	2005
1.	Aceh	2,556	11	14
2.	North Sumatra	6,843	70	17
3.	Riau	6,090	32	19
4.	West Sumatra	2,169	37	14
5.	Jambi	1,590	18	19
6.	South Sumatra	5,024	42	7
7.	Bangka Belitung	994	6	3
8.	Bengkulu	1,288	16	16
9.	Lampung	3,996	34	7
10.	Banten	4,332	39	30
11.	Jakarta Metropolitan	36,456	128	147
12.	West Java	18,758	120	63
13.	Central Java	16,404	185	43
14.	Yogyakarta	2,581	36	21
15.	East Java	26,736	156	175
16.	Bali	3,764	23	12
17.	West Kalimantan	3,320	13	4
18.	Central Kalimantan	1,125	15	10
19.	South Kalimantan	2,137	21	13
20.	East Kalimantan	3,676	33	38
21.	North Sulawesi	2,781	29	29
22.	Gorontalo	411	3	3
23.	Central Sulawesi	2,330	18	6
24.	South Sulawesi	9,953	66	17
25.	South-East Sulawesi	2,931	12	10
26.	West Nusa Tenggara	3,021	19	18
27.	East Nusa Tenggara	2,514	13	7
28.	Maluku	890	12	12
29.	Papua	2,043	16	12
30.	Central Office	-	76	41
T o t a l		176,713	1,299	827

Source : Directorate General of Labour Inspections

Appendix

- Appendix 1
Organizational Structure of Ministry of Manpower and Transmigration
- Appendix 2
Organizational Structure of Secretariate General
- Appendix 3
Organizational Structure of Inspectorate General
- Appendix 4
Organizational Structure of Research Development and Information Board
- Appendix 5
Organizational Structure of Directorate General of Training and Productivity Development
- Appendix 6
Organizational Structure of Directorate General of Domestic Placement Development
- Appendix 7
Organizational Structure of Directorate General of Overseas Placement Development
- Appendix 8
Organizational Structure of Directorate General of Industrial Relations and Labour Social Security Development
- Appendix 9
Organizational Structure of Directorate General of Labour Inspection Development
- Appendix 10
Organizational Structure of Directorate General of Transmigration Placement and Settlement Preparation Development
- Appendix 11
Organizational Structure of Directorate General of Transmigration Region and Community Development

ORGANIZATIONAL STRUCTURE OF MINISTRY OF MANPOWER
AND TRANSMIGRATION

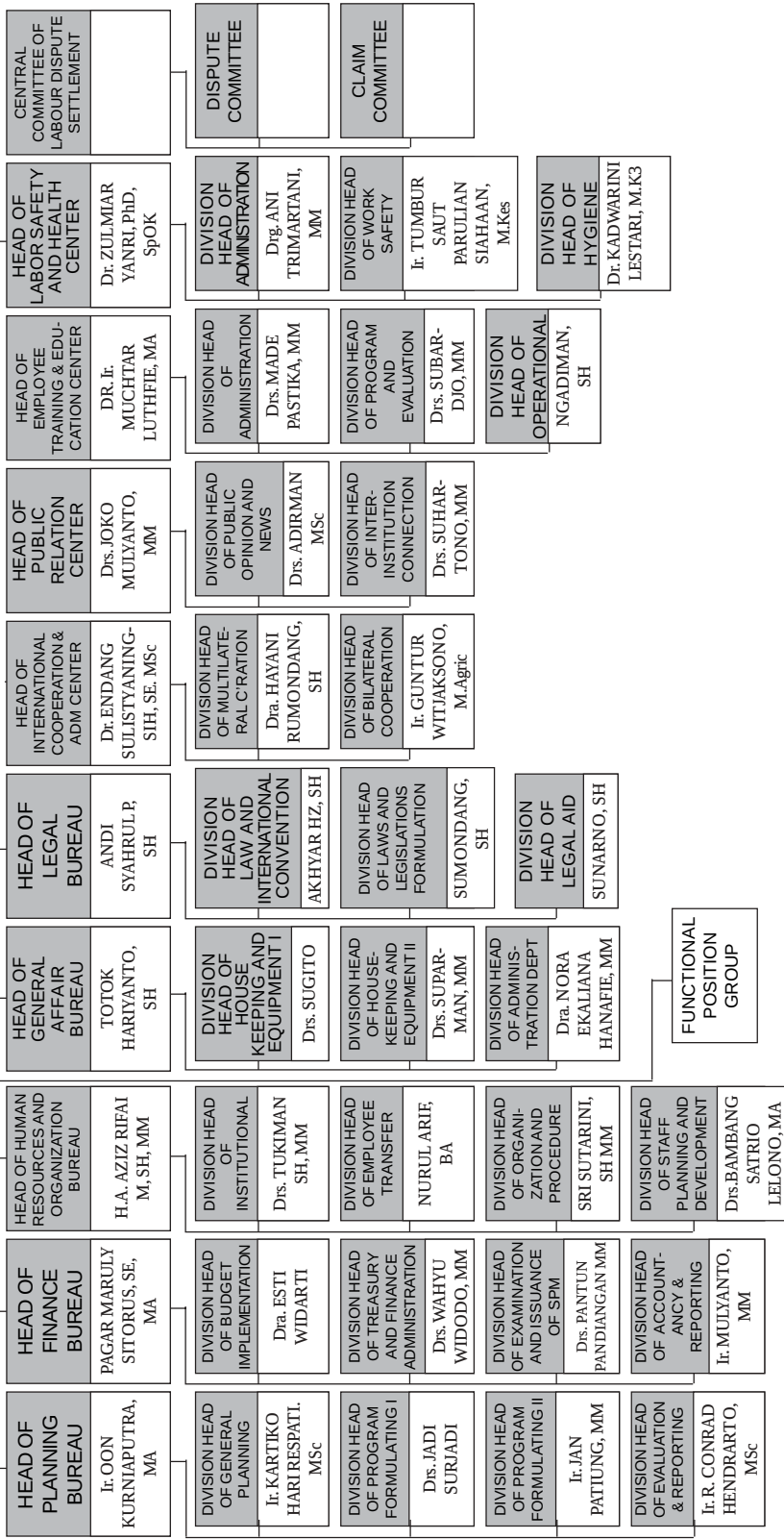


SECRETARIATE GENERAL

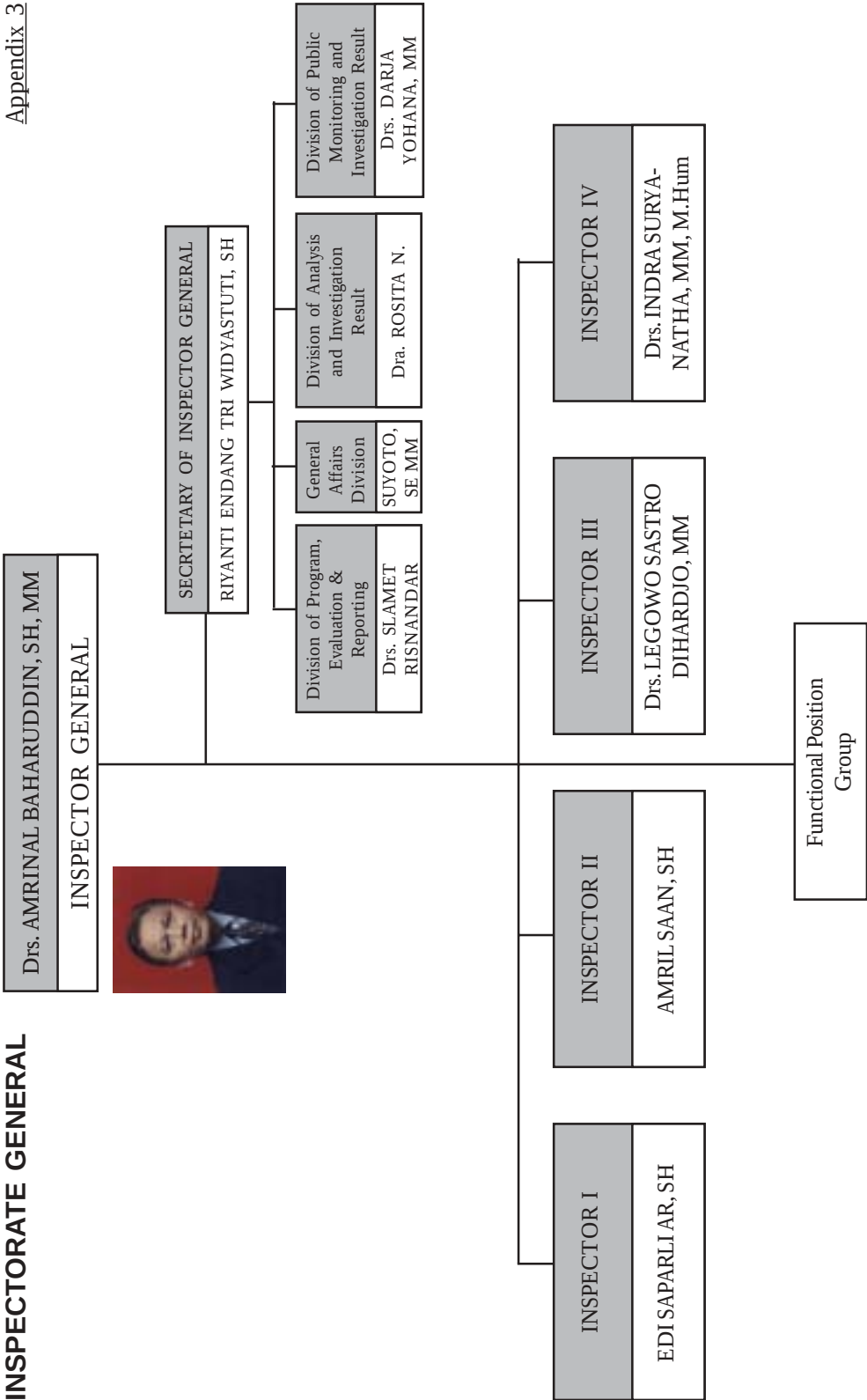


Ir. HARRY HERIAWAN SALEH, M.Sc

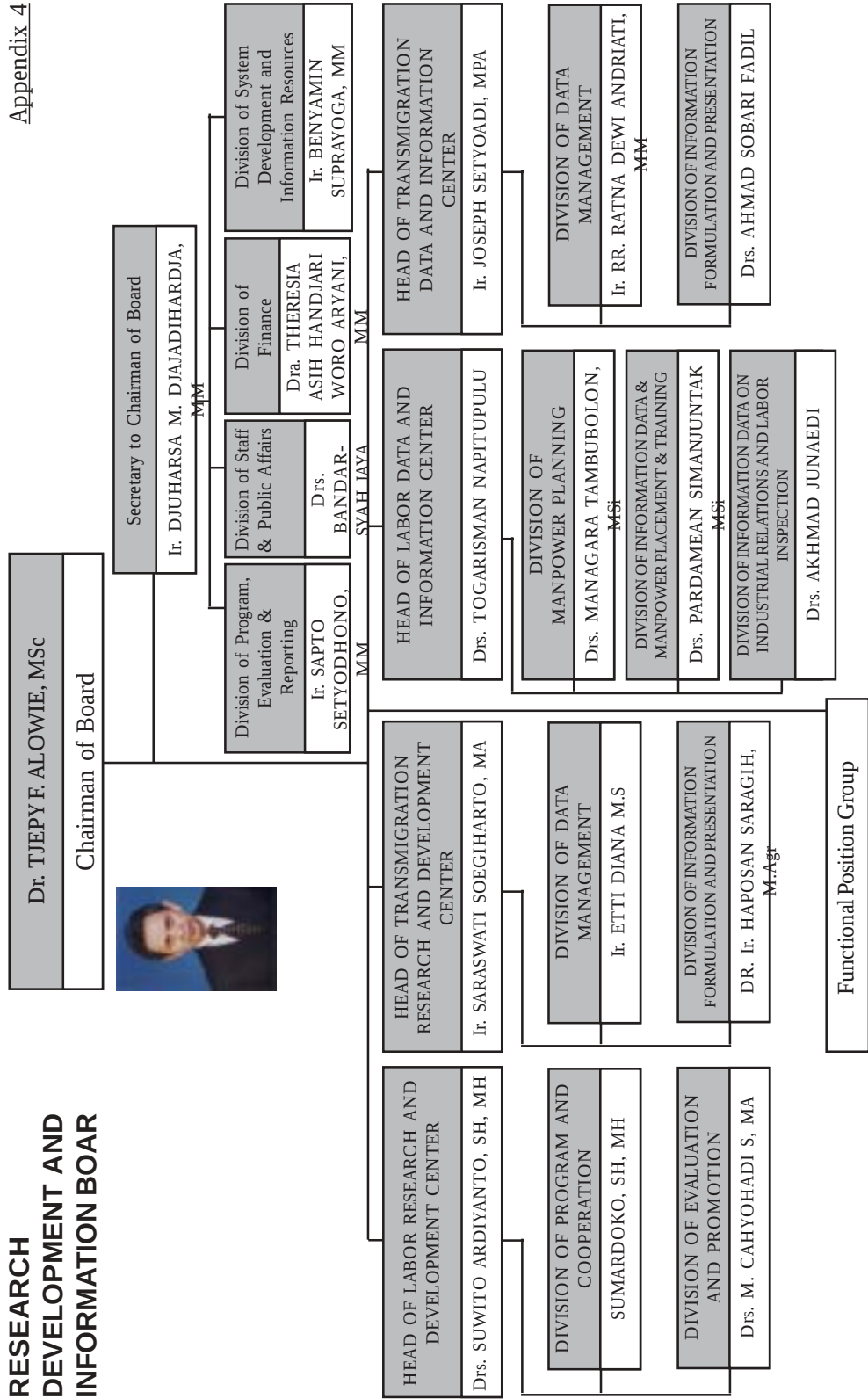
SECRETARY GENERAL



INSPECTORATE GENERAL



RESEARCH DEVELOPMENT AND INFORMATION BOAR



DIRECTORATE GENERAL
OF TRAINING AND
PRODUCTIVITY
DEVELOPMENT

IR. BESAR SETYOKO, MM
Director General



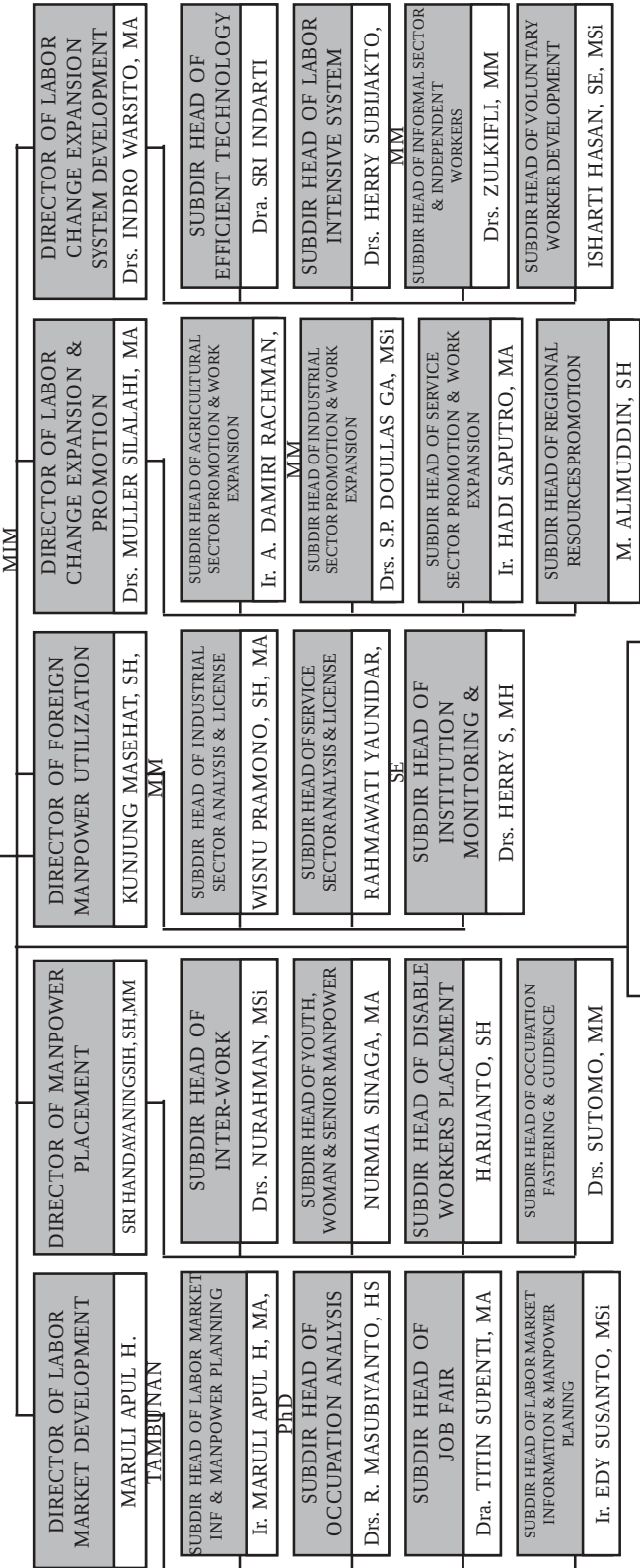
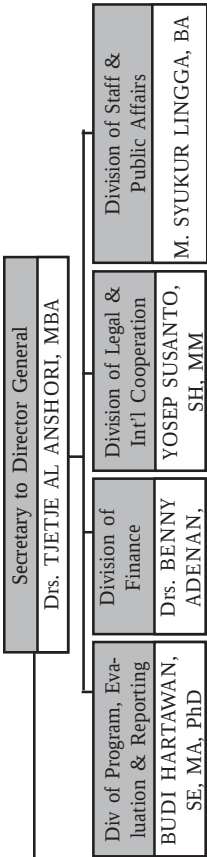
Secretary to Director General Dra. TATI HERDARTI, MA			
Div of Program, Evaluation & Reporting Drs. EMPU GURITNO, MM	Division of Finance LUSMARNA, SE, MM	Division of Legal & International Cooperation FACHRUROZI, SH, MH	Division of Staff & Public Affairs DJUMILASTRI, BA

DIRECTOR OF TRAINING PROGRAM COMPETENCE AND STANDARIZATION Drs. MULYANTO, MM	DIRECTOR OF TRAINING SOURCE AND INSTRUCTURE Drs. ROBERT BERSAL S, MM	DIRECTOR OF TRAINING INFRASTRUCTURE AND OR'ZATION Drs. SUSANDI	DIRECTOR OF APPRENTICESHIP DEVELOPMENT Drs. BAGUS MARYANTO, MM	DIRECTOR OF PRODUCTIVITY Ir. AFDALUDIN, MM
SUBDIT OF COMPETENCE STANDARIZATION Ir. SUHADI, Msi	SUBDIT OF INSTITUTION INF'CTURE & GOV Drs. ARIS WAHYUDI, Msi	SUBDIT OF INSTITUTION DEVELOPMENT Ir. BERNHARD S, Msi	SUBDIT OF DOMESTIC APPRENTICESHIP Drs. TANGSI TARIGAN, MM	SUBDIT OF MANAGEMENT AND INSTITUTION Ir. SAROLI HALAWA, MA
SUBDIT TRAINING PROGRAM DEVELOPMENT Drs. EDY DAUD, Msi	SUBDIT OF INSTITUTION INSTRUCTUR & PRIVAT Drs. SOEJANTO W, MM	SUBDIT FACILITY DEVELOPMENT SAKIR, SPd, MM	SUBDIT OF OVERSEAS APPRENTICESHIP Dra. LUGIA EMILA M, MA	SUBDIT OF SYSTEM & INNOVATION TASWIN ZEIN, SE, MM
SUBDIT OF SYSTEM DEV TRAINING METHODE Drs. SUKARYONO, Msi	SUBDIT OF TRINOR DEVELOPMENT Drs. AMIR JUFRU, MPd	SUBDIT OF INSTITUTION COOPERATION Drs. DJATI GINTING, Msi	SUBDIT OF APPRENTICESHIP LICENSE FIRDAUS BADRUN, SH, Msi	SUBDIT OF HUMAN RESOURCES QUALITY DEV PRIBADI, SE, Msi
SUBDIT OF PROFESSION ASSOCIATION DEV Ir. EDY SUSANTO, Msi	SUBDIT OF REGISTRATION & EMPOWERMENT Dra. GINA SUHARGINI U, MM	SUBDIT OF TRAINING FUNDING I KETUT CAKRA, S.Sos, MM	SUBDIT OF APPRENTICESHIP Ir. KODRAT SUBAGYO, MM	SUBDIT OF PRODUCTIVE SOCIAL & CULTURE DEV Dra. SITI SUNDARI, Msi

Functional Position Group

DIRECTORATE GENERAL
OF DOMESTIC
PLACEMENT
DEVELOPMENT

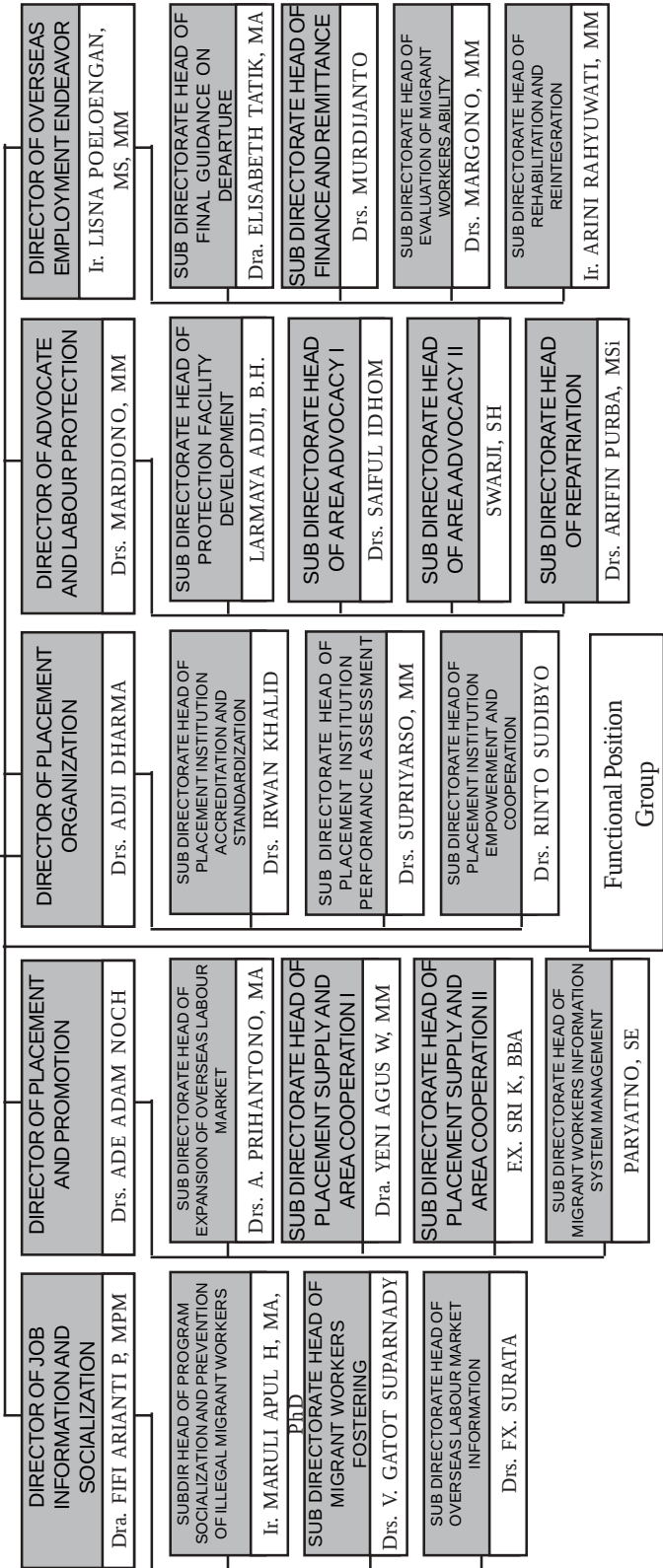
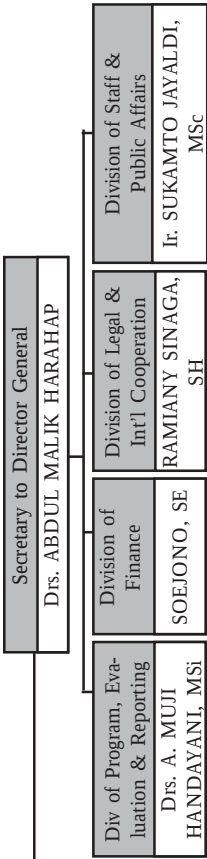
MYRA MARIA HANARTANI, SH, MA
Director General



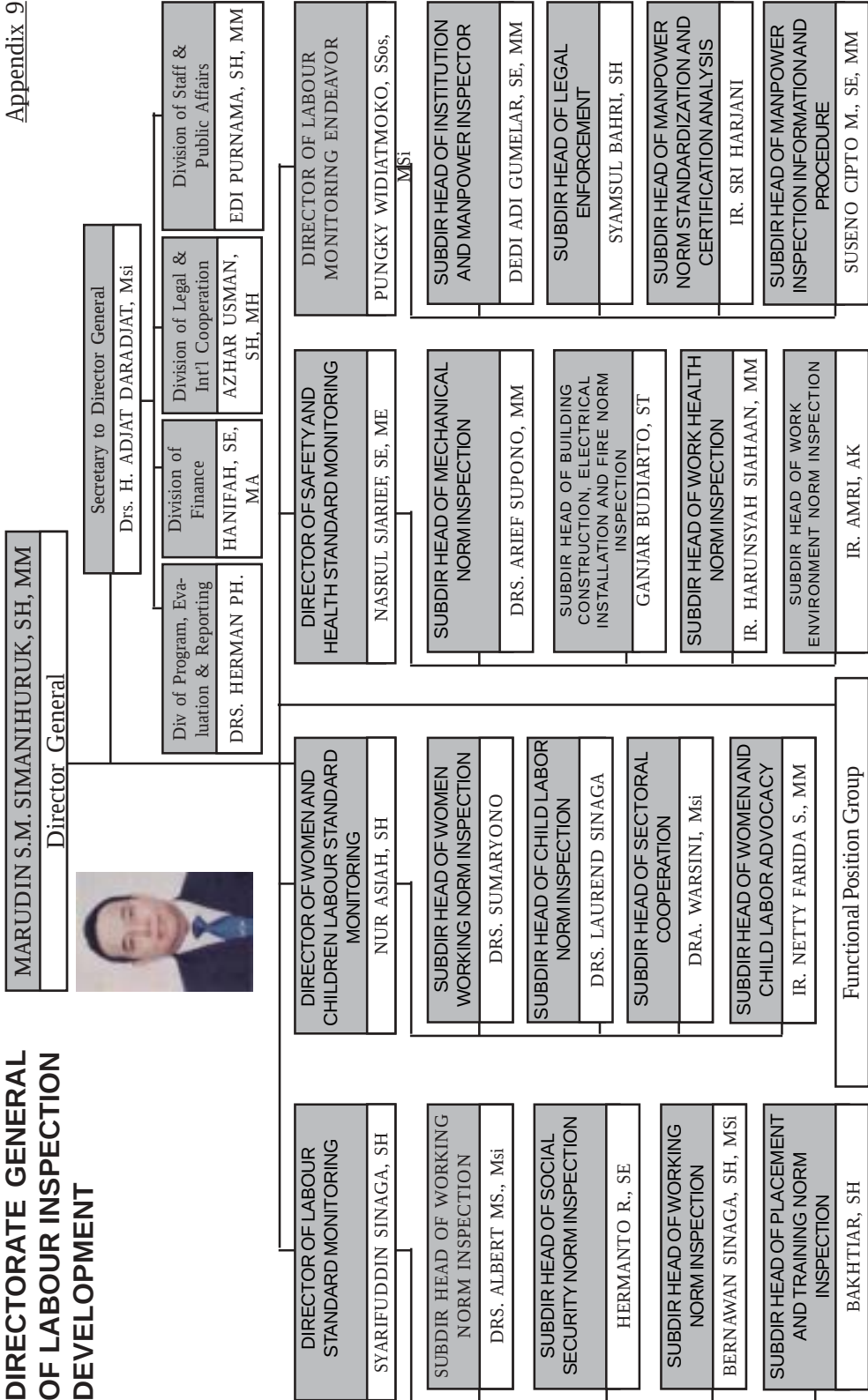
Functional Position Group

DIRECTORATE GENERAL
OF OVERSEAS
PLACEMENT
DEVELOPMENT

Drs. IGUSTIMADE ARKA, Msi
Director General



DIRECTORATE GENERAL
OF LABOUR INSPECTION
DEVELOPMENT



DIRECTORATE GENERAL
OF TRANSMIGRATION
REGION AND COMMUNITY
DEVELOPMENT

