

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

29-30 October 2007, Puncak, Indonesia

Conclusions

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

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

Adopts this thirty day of October 2007 the following conclusions:

General considerations

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

Good wages and working conditions, collective bargaining, training, occupational safety and health, and contract work (work employment for a fixed-term) are concerns of the oil and gas industries in Indonesia. Implementing effective best practices on these issues will lead to improved industrial relations in the oil and gas industries.

Elements of good industrial relations

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

- Communication between employers and workers on a regular basis, as an instrument to deepen mutual trust between parties, which enables the parties to enter into collective agreements;
- Observance of labour laws and regulations;
- Improvement of skills and competences;
- Adequate wages and benefits with an increase in transparency of wage system;
- Equal position and equal power on negotiation; and
- Development funds that benefit workers.

The role of Government

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

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

- Disseminating labour laws and legal information to oil and gas companies and workers and their representative organizations;

- Conducting training and technical guidance for social partners in the oil and gas industries; and
- Organizing open and interactive dialogue with social partners in the oil and gas industries.

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

Working conditions

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

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

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

Compliance with international and national laws and regulations

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

In order to comply with the labour laws and regulations, employers, in particular Human Resources Management professionals and workers in the oil and gas industries must be adequately trained how the laws and regulations should be implemented.

Areas with a need for training and capacity-building

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

The meeting noted that there is a need to deepen understanding and practical knowledge of international standards, codes of practices (including the Tripartite Declaration of Principles

concerning Multinational Enterprises and Social Policy – MNE Declaration), and voluntary initiatives (such as Global Framework Agreements – GFAs, Responsible Care), in order to cope with industrial relations issues emerging at the multinational oil companies. Existing bipartite institutes would provide a good platform for achieving these objectives.

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

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

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

- Guidance courses for learning about new laws (including the examination of the possibility of subsidizing courses and materials);
- Training for improving industrial disputes settlement laws and process;
- Training on international labour standards and their applications to oil and gas industries;
- Training for workers' skills and increasing productivity of companies; and
- Training for expatriate workers in oil and gas industries, such as cultural training.

Globalization and the oil and gas industries

It is inevitable in this sector that a globally competitive oil and gas business environment makes use of outsourced and contract work.

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

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

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

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

Social dialogue in the oil and gas industries

The meeting supports the ILO's view that social dialogue is an effective means for addressing workplace issues, and is also a cost effective method for resolving disputes in the oil and gas industries. Social dialogue offers an economical way of resolving disputes between

employers and workers, preventing cases from proceeding to the judicial process, which would be a time-consuming process and incur costs for both parties.

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

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