Labor Perspective on Indonesian IMPFs

By
Rulita Wijayaningdyah
Federation of All-Indonesian Wood Forestry and General Workers Unions (KAHUTINDO)

Presented at
The Forests Dialogue
Pekanbaru, 7 March 2007
Potential Problems

- Unskilled workers/Low Pay
- High Turnover/Dangerous work
- Extensive contract labor
  - Degraded social protections
  - High paced work
  - Excessive hours
  - Illegal activity
FAO’s Responsible Management of Planted Forests—Voluntary Guidelines

Potential Solutions

- Workforce empowerment
- Promote strengthen associations/unions
- Rigorous enforcement of ILO-CLS

Stakeholder training delivered by stakeholders

- NGO’s train NGO’s
- Workers organizations train workers
Are Indonesian IMPFs Socially Sustainable?

Operation

Manpower

Cut N Run

Hire N Fire
Almost 80% Workforce in IMPFs are outsourced/subcontracted

Under the “Blessing” of **UNEMPLOYMENT**, Workers have NO:

- Proper Work Contract (Individual and Collective)
- Protection of Workers Rights

- Labor Force Turn Over every 1-2 years: SUSTAINABLE?
- Main Company **DOES NOT CARE**
Protection of Labor Rights?

- Freedom to Organize
- Wages (Minimum Wages, Deduction)
- Working Hours (for daily and piece-rate workers, no overtime is granted)
- Social Security
- Health and Safety
- Termination Compensation and Pension
- Welfare benefits (e.g. housing, extra feeding, transportation)
- Leaves (sick leaves, annual leaves, menstrual leaves)
- Family benefits (e.g. medical and subsistence for family members)
- Big potentials for child labor
- Skills Development
- Recruitment fee in many contractors range between IDR 500,000 to IDR 2mio; deducted from the wages
Wages Situation of Contract Labor

- Regional Minimum Wage Riau Province IDR 710,000/month
- Regional Minimum Wage Pelalawan District IDR 745,500/month
- Surveyed Regional Minimum Living Needs of a single worker of IDR 1,200,000/month
- Price of 25kgs rice on IDR 125,000 (average IDR 5,000/kg)
- Women worker in Nursery division earns IDR 28,500/day (IDR 712,500/month for 25 working days)
- Harvesting (manual) worker earns IDR 36,000/day (IDR 900,000/month)
- But Subject to deduction for Labor Supplier fee;
- But NO WORK NO PAY; if absent for being sick, wage cut
Employment Sustainability?

- Forestry Industrial Sustainability?
  - Terminated workers have potentials to destroy the forests through illegal timber cutting (justification: they already live there and have the equipment and logging experience, so they are commonly contracted by any “timber customer”)
  - Low sense of responsibility to maintain/preserve the environment
  - Workers focus on the job-wage chain, no attachment to the company’s objectives
Employment Sustainability?

- Or Poverty Sustainability?
  - No advocacy of improved standard of living (hostile union climate)
  - Lack of educational upgrading
  - Lack of skills development
  - Workers cannot plan their old-age/Pension
  - Low wages and social welfare, no investment/savings for the future
Concluding Questions:

- Can society be defined as simply those who live around the concession and not those who work in and around it?
- For technology transfer/automation, who shares in productivity gains?
- What are the social consequences when corporate investments substitute for traditional public infrastructure investments?