

Labor Perspective on Indonesian IMPFs

A woman wearing a blue long-sleeved shirt and a patterned headscarf is working in a seedling nursery. She is holding a small blue bowl in her left hand and pointing with her right index finger towards the camera. In the background, another person is visible working in the nursery, which is filled with rows of young green plants in black plastic trays. The setting is outdoors with trees in the distance.

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FAO's Responsible Management of Planted Forests-Voluntary Guidelines

■ 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

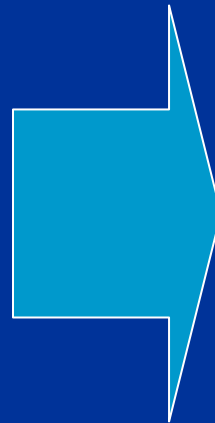
- Potential Solutions
 - Workforce empowerment
 - Promote strengthen associations/unions
 - Rigorous enforcement of ILO-CLS
- Stakeholder training delivered by stakeholders
 - NGO's train NGO's
 - Workers organizations train workers

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 fooding, 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?