LABOUR LAW REFORM IN INDONESIA

A COMPARISON WITH INTERNATIONAL LABOUR STANDARDS

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**INTRODUCTION**

In October 2020, the Indonesian Parliament passed the Omnibus Law (Law No 11/2020 on Job Creation), introducing significant changes in the country’s legislative regime on employment, investment, immigration, environmental standards, business licensing and building permits. In the field of employment, it revised several articles in the following laws: Law No. 13/2003 on Manpower; Law No. 18/2017 on Foreign Workers; Law No. 40/2004 on National Social Security; and Law No. 24/2011 on Social Security Agency.

Earlier this year, the Indonesian Government issued the following four implementing regulations to facilitate the implementation of the Omnibus Law.

1. Government Regulation No. 34 of 2021 on foreign manpower (GR 34);
2. Government Regulation No. 35 of 2021 on fixed-term employment, outsourcing, hours of work and termination of employment (GR 35);
3. Government Regulation No. 36 of 2021 on wages (GR 36); and
4. Government Regulation No. 37 of 2021 on unemployment insurance benefits (GR 37)

This brief focuses only on reforms that are included in the above-referred employment legislation. The Omnibus Law came into effect on 2 November 2020. The above-referred implementing regulations have also been effective from this year, with different effective dates.

This brief is not exhaustive, and the economic data from Indonesia must also be looked into in order to fully assess the impact of reforms, e.g. the percentage of workers affected by reforms. Similarly, the local teams must be engaged in understanding the ramifications of these reforms since these are more nuanced and need a local background for greater comprehension. Moreover, the brief is more a comparative exercise in understanding the Omnibus Law and its implementing regulations vis-à-vis international labour standards and labour regulations elsewhere in the world. Hence, it should be supplemented by other briefs from local organizations.

**A. FIXED TERM EMPLOYMENT CONTRACTS (FTCS)**

Under the 2003 Manpower Law (Law No. 13/2003 on Manpower), fixed-term employment contracts could only last up to two years and be extended once for up to one year. After a one-month gap, these contracts could be renewed once for two years. In that sense, the maximum duration of a fixed-term contract, including extension and renewal, was five years. If employers violated these requirements, the contract would be deemed permanent.

Under the Omnibus Law, all these restrictions on the first duration, extension and renewal have been removed. The critical implementing regulation on the subject is Government Regulation No. 35 of 2021 on fixed-term employment, outsourcing, hours of work and termination of employment (GR 35) which is effective from 2 February 2021.

The GR 35 recognizes three types of fixed-term employment contracts:

- FTCs based on a time period (work estimated to be completed in a not-too-long period of time; seasonal work; work related to new products, new activities, or additional products that are still in experimental or trial phase);
- FTCs based on completion of the work (One-time jobs; Temporary work); and
- FTCs in relation to other non-permanent work

Under GR 35, the maximum length of fixed-term contracts, including renewals and extensions, is five years. The regulation does not limit the number of renewals as long as the total period, including the renewals, does not exceed five years.

In this way, the provision under the new law and old law remains the same as both limit the maximum length of fixed-term contracts to five years. The Omnibus Law and the implementing regulation allow flexibility to employers as there are no longer any restrictions on initial term, extension and renewals except that the total length of fixed-term contracts should not exceed five years.

The preconditions regarding the type of work for which fixed-term contracts may be used have been retained with minor adjustments. The earlier law required registration of FTCs with the local Ministry of Manpower.
(MoM) office within seven days of signing. Under the new law, all FTCs must now be registered through an online system within three working days of the signing of the contract. The registration can be done at the local MoM office within seven business days of the signing of FTC if the online system is not available.

**B. TERMINATION OF FTC AND COMPENSATION**

Under the 2003 Manpower Law, any party terminating an FTC prematurely was required to pay the other party a compensation equivalent to the employee’s salary for the remaining term of the FTC. For example, a party terminating a two-year contract after 14 months of employment would have to pay the other party ten months’ salary in compensation. No compensation was payable if the FTC expired on its completion.

This has changed significantly under the GR 35. The compensation for the remaining term of an FTC has been abolished. Compensation is now payable (only to the local or national workers) by the employer in the following cases:

i) Expiry of the FTC;

ii) Expiry of each extension/renewal of the FTC;

iii) Early termination of the FTC, irrespective of who terminates the contract

The compensation is payable at the rate of one month wage for every 12 months of service. If the length of service is less than twelve months or more than twelve months, the compensation is calculated on a pro-rata basis. For example, if an employer (or even a worker) terminates a two-year FTC after 18 months, the payable compensation (by the employer) is one and half times (1.5X) the monthly salary. If neither party terminates the FTC prematurely and the FTC expires after two years, the employer must pay the employee two months’ salary as compensation. The above-referred compensation is available only to the local workers. The foreign or migrant workers are not eligible for this. Similarly, the new provision on payment of compensation on termination or expiry of FTC is not applicable to the micro and small enterprises, except where agreed between the workers and enterprise through an agreement.

**Comparison with International Labour Standards**

The relevant Convention on the subject is the Termination of Employment Convention, 1982 (No. 158). The said Convention does not limit the duration of the fixed-term contract; however, it does require states to provide “adequate safeguards against recourse to contracts of employment for a specified period, the aim of which is to avoid the protection resulting from this Convention.”

The new law has not changed the maximum length of the FTC. Moreover, according to the Wagelindicator Labour Rights Index, 11 countries allow for a five-year FTC. These include countries from all continents, including Europe. The earlier compensation terms for terminating an FTC were exploitative for workers as those required the worker to compensate the employer for the remaining period of an FTC if they resigned prior to the expiry of an FTC. Under the new law, the compensation for the expiry or renewal or premature termination of an FTC has been introduced. While the compensation in cases of premature termination is lower, when compared with earlier compensation, this is still in line with the international labour standards.

**C. WORKING HOURS AND OVERTIME**

Under the Omnibus Law and GR 35, the maximum permitted overtime hours have been raised from three to four hours per day and from 14 to 18 hours per week. The law still requires the employer to obtain employee’s consent prior to engaging them for overtime. However, employees are not entitled to overtime pay if they hold certain roles with responsibilities as thinkers, planners, executors and/or controllers of the employer’s operations; have working hours that cannot be “capped” (especially for employees in managerial positions), and are paid higher salaries.

The new regulation requires that the employment agreement, company regulations or collective labour agreement may specify the roles which are excluded from overtime pay entitlement. The employee shall be entitled to overtime if exemptions are not stipulated in any of the above instruments.

Under the old legislation, workers with at least six consecutive years of service were entitled to at least two months long-service leave, if so provided in the company’s long-service entitlement policy. Under the Omnibus Law, the long-service leave entitlement has been removed, though parties may still mutually agree on this entitlement. Moreover, long-service leave is now applicable only to certain companies, the details of which are not provided in GR 35.
Comparison with International Labour Standards
Different ILO Conventions (001 and 030) and Recommendation (116) deal with the subject; however, these leave the decision to fix maximum working hours inclusive of overtime to the member states. However, ILO considers working hours to be excessive when these exceed 48 hours per week. The standard working hours in Indonesia are 40. If a worker works 18 overtime hours per week, their total working hours shall be 58 hours. Of the 116 countries covered under the WageIndicatorLabour Rights Index, maximum weekly working hours, including overtime, exceed 57 hours per week for 34 countries.

D. MINIMUM WAGE
The 2003 Manpower Law regulated the setting of minimum wage at three levels, i.e., the Provincial Minimum Wage (UMP); District/City Minimum Wage (UMK); and Sectoral Minimum Wage (UMSP/UMSK). The Omnibus Law removes the sectoral minimum wage; however, the sectoral wages notified earlier shall remain effective until they expire except in cases where the provincial or district wages are higher than the sectoral wages. The implementing regulation, i.e., the Government Regulation No. 36 of 2021 on wages (GR 36), is effective from 2 February 2021.

Under the 2015 Minimum Wage Regulations (GR No.78/2015), wages were determined based on the unit of time or unit of production. Under GR 36, the wages are based on the unit of time are no longer defined on a daily, weekly, or monthly basis; instead, it determines wages on an hourly, daily or monthly basis. Hourly wages are defined only for part-time workers. The minimum wage setting or revision formula has also changed under the new regulation.

GR 36 clarifies that the provincial minimum wage (determined/notified by the Governor under the recommendation of the Provincial Minimum Wage Council) is the primary benchmark. The Provincial Minimum Wage Council has representatives from the government, trade union, employers and academics. District or city-level minimum wage may also be determined if the district’s average economic growth is higher than the provincial growth rate for the last three years.

However, concerns have been raised about the new formula to calculate minimum wages under GR 36. The formula is not only different but also, while retaining the Council, takes away key functions of the Council. Under the Law 2003, the Council used to conduct a market survey to determine the cost of living (KHL - Decent Living Need) in the region/province. GR 78/2015 stipulates that Wages Council can still determine decent living need in the fifth year by doing a market survey and recommend the results to the Governor. The new formula in GR 36 has abolished the KHL. The formulation is based on economic and employment conditions with the variables of purchasing power parity, labour absorption rate, and median wages. All the economic data shall be provided by the National Agency of Statistics (BPS).

While the Omnibus Law exempts micro and small enterprises (MSMEs) from having to pay the minimum wage, the GR 36 requires the collectively agreed wage (at the enterprise level) to be at least 50% of the average provincial public consumption rate and 25% above the provincial poverty line. The earlier legislation (2003 Manpower Law) also allowed postponement of minimum wage for those employers who were unable to pay it. Omnibus Law, rather, regulates the issue and allows payment of a lower wage (in comparison with minimum wage) by meeting the above conditions.

Below is a short explanation of how proposed changes in minimum wage setting and application negatively affect workers’ rights in the country.

A) REMOVAL OF KHL IN DETERMINING THE MINIMUM WAGES
The 2003 Manpower Law stipulated that minimum wage should make references to decent living needs (locally referred to as Kebutuhan Hidup Layak/KHL). There were 7 KHL components that covered 60 types of needs, namely: food and beverages; clothing; housing; education; health; transportation; and recreation and savings. Previously the annual KHL review was used by the Wage Council as the basis for calculating minimum wage. However, Government Regulation (No. 78 of 2015) changed the timeline of the KHL review from annual to five years.

The new law and regulation do not state KHL as a factor in determining the minimum wage. The new minimum wage formula considers the following three economic and employment conditions while determining and revising the minimum wages: purchasing power parity, labour absorption rate, and median wages. However, the new regulation considers inflation and local economic growth rate in determining the city and regency level wages.
B) NON-PAYMENT OF MINIMUM WAGE NO LONGER A CRIMINAL OFFENCE

Similar to the old wage rules, the new regulation GR 36/2021 prohibits paying wages lower than the minimum wage. However, the Job Creation Law 11/2020, in conjunction with GR 36/2021, changed the provisions of the Manpower Act 13/2003 by eliminating the criminal provision of paying wages lower than the minimum wage. Under the previous rules, paying wages below the minimum wage was a criminal offence. The company could be subject to a minimum imprisonment of 1 year and a maximum of 4 years and/or a monetary fine ranging between 100 million to 400 million.

The loss of legal security in the application of minimum wages is proven by Ministerial Decree (Permenaker) No. 2/2021 concerning the Implementation of Wages in Certain Labour-Intensive Industries During the Covid-19 Pandemic. This Decree opens the opportunity to adjust the amount of wages and the method of payment based on the agreement between the employer and the worker.

C) ELIMINATION OF SECTORAL MINIMUM WAGES

Other than Provincial and Regency/City minimum wages, wages could be determined according to the capabilities of the business sector and the region concerned. However, under the new regulations, the Sectoral Minimum Wage is abolished. Certain conditions must be met in order to set the Regency/City minimum wage; namely, the economic growth rate of the Regency/City must be higher than the provincial rate for three successive years. If certain conditions as intended are not met, the Governor cannot determine the minimum wage for regencies/cities that do not yet have Regency/City minimum wage. This means that there is potential that the Provincial Minimum wage is applicable in an area.

D) EXEMPTION FOR SMES AND THE UNIVERSAL RIGHT TO A DECENT WAGE

Exceptions to the Provision of Minimum Wages for micro and small businesses have never been made before. GR 36/2021 states that the minimum wage for micro and small businesses is determined based on an agreement between the employer and workers within the company under the following conditions:

a. It is at least 50 per cent of the average public consumption at the provincial level; and
b. It is at least 25 per cent above the poverty line at the provincial level, sourced from the National Agency of Statistics.

This regulation opens up opportunities for micro-entrepreneurs and small businesses to have a basis for paying wages below the minimum wage. Under the old rules, micro and small businesses were actually encouraged to pay the minimum wage.

Micro and small enterprises are defined as those relying on traditional resources and not engaging in high-tech and non-capital-intensive businesses. However, there is no supervisory mechanism to check whether the small and micro businesses meet the above conditions and are eligible for the exemptions.

This wage exemption rule is a clear violation of the universal right to wages, which states that everyone is entitled to a fair and decent wage without any discrimination in any form.2

Comparison with International Labour Standards

The reforms are in line with the ILO Convention on the subject, i.e., the Minimum Wage Fixing Convention 1970 (No. 131). The Convention requires wage setting in consultation with the representative organizations of workers and employers. It does not require different wage levels as these issues are left to the member states. The major requirement is to set wages while considering the needs of workers and their families and economic factors. However, considering the fact that since Micro and Small Enterprises (MSEs) “provide jobs to over 93 per cent of those engaged in wage employment”3, the reform has the potential to deprive millions of wage workers of their right to decent wages and ultimately decent work.

E. UNEMPLOYMENT INSURANCE

There was no provision for unemployment benefits under the 2003 Manpower Law. The Omnibus Law introduces unemployment benefits (Job Loss Security) under Indonesia’s Manpower BPJS system (Badan Penyelenggara Jaminan Sosial). The implementing regulation, i.e., the Government Regulation No. 37 of 2021 on unemployment insurance benefits (GR 37), is effective from 2 February 2021.

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1GR No.7/2021 concerning Relaxation, Protection, and Empowerment of Cooperatives and Micro, Small and Medium-Sized Enterprises
This benefit includes access to job openings, training, and cash payments which are capped at six months’ salary, with IDR5 million (approximately USD350) as the maximum monthly salary. It must be mentioned here that the highest monthly minimum wage is in Jakarta, where the minimum wage is approx. IDR4.4 million per month. The Central Government and the recomposition of the accident and life insurance contributions (that previously existed and were valid at BPJS Manpower) pay the monthly premiums for unemployment benefits. The contribution to the unemployment benefits program is 0.46% of the monthly wages, of which the government pays 0.22 per cent. The rest (0.24%) are recomposed by 0.14 per cent from accident insurance and 0.10 per cent from life insurance. Workers and unions are of the view that implementation of contribution recomposition, as regulated in Minister of Manpower Regulation 7/2021, will reduce the benefits of accident and life insurance in the BPJS program.

Among other conditions, unemployment benefits are available only to Indonesian citizens who have not yet reached the age of 54 years while registering for the benefits and registered under the Manpower and Health BPJS programs. The benefit is available for six months (45% of a worker’s monthly wage for three months followed by 25% of monthly wage for the next three months, subject to the above limits). Workers can access unemployment benefits provided that they have a minimum insurance period of 12 months over the last 24 months and have made Manpower BPJS contributions for at least six consecutive months before the contract termination. If the employer has not registered the worker with the Job Loss Security Program, the employer is liable to pay the above-referred cash and job training benefits.

Comparison with International Labour Standards
There are two relevant ILO Conventions on the subject. The Social Security (Minimum Standards) Convention of 1952 sets the minimum standards on social security, while Employment Promotion and Protection against Unemployment Convention,1988 (No. 168) provides specific details on unemployment benefits. The periodic payments, under Convention 102, must at least be 45% of the reference wage, and the duration of benefits can be limited to 13 or 26 weeks in a 12-month period. Considering the fact that the unemployment benefits are being provided for the first time in Indonesia, it does meet the minimum standards set by the ILO Convention 102.

F. OUTSOURCING OF CORE ACTIVITIES
The Omnibus Law repeals articles 64 and 65 of the 2003 Manpower Law and amends article 66 on outsourcing. Government Regulation 35 also regulates outsourcing. The employment relationship between the outsourcing company and the worker may be based on an FTC (PKWT) or a permanent contract (PKWTT).

The new regulation provides that where the employment is based on an FTC, the terms of the FTC must expressly provide for a transfer of the worker’s employment protections upon a change of outsourcing company (in cases where the work still exists). This is required to ensure the continuity of employment protections for outsourced employees.

The earlier legislation had extensive requirements regarding outsourcing and prohibited the use of outsourced employees in main activities or any activities directly related to the production process of an enterprise. However, under the new regulations, the restriction to engage outsourced employees only in non-core business has been removed. There is no restriction on the type of work that can be outsourced as the Omnibus Law and GR 35 allow outsourcing both core and non-core activities.

Comparison with International Labour Standards
While outsourcing and subcontracting leads to precarious working conditions and can be exploitative, it is not illegal in terms of the International Labour Standards. The Private Employment Agencies Convention, 1997 (No. 181) regulates the working of employment agencies and secures the fundamental rights of workers. Hence, the above action, though contestable in national courts, is not against international standards.

G. EMPLOYMENT TERMINATION NOTICE
Under the 2003 Manpower Law, there was no termination notice requirement. The employers were required to negotiate a mutual agreement with the concerned employee to terminate their employment. If no mutual agreement could be reached, the employer could only unilaterally terminate the employment relationship after obtaining an order from the Industrial Relations Court (IRC). However, this procedure was not required if the worker was still in their probation period, resigned, reached the retirement age, or passed away or expiry of an FTC. Employment termination became quite burdensome for employers.
Under the **Omnibus Law** and its implementing regulation, i.e., the Government Regulation No. 35 of 2021 on fixed-term employment, outsourcing, hours of work and termination of employment (GR 35), effective from 2 February 2021, the employer may serve a written notice of termination, citing reasons of termination, at least 14 working days before the termination of the employment relationship. If the employee agrees to termination, this has to be reported to the Ministry of Manpower.

If the employee does not accept such termination, they have the right to submit a written response to the termination notice with reasons at the latest seven working days after receiving the notice. If the parties fail to settle the dispute mutually, the termination procedure follows the dispute mechanism through tripartite negotiation. If the parties still fail to resolve the dispute, either party may initiate the Industrial Relations Court proceedings.

**Comparison with International Labour Standards**

**ILO Convention, Termination of Employment Convention, 1982 (No. 158),** sets the standards on termination of employment. It requires a reasonable notice period or compensation instead of notice except in cases of gross misconduct. The required notice period (14 working days) is appropriate, and a similar notice period is observed in many other countries. The WageIndicator, Labour Rights Index indicates that Australia, Canada, Cyprus, Malta, Democratic Republic of Congo, Ghana, and Guatemala require only two-week termination notice (although it increases with length of service) after one year of service. The new termination notice period in Indonesia is not in violation of ILO Convention 158 since the actual time terminating the employment contract will be much longer than 14 working days.

**H. TERMINATION PAYMENTS**

Termination payments under Indonesian labour law generally comprise three components: severance pay, (long) service pay and rights disbursement. There is a fourth element: separation pay and is payable in the event of voluntary resignation by the worker, and employment termination on the ground of misconduct or where the worker is detained for six months for a crime.

Under the Omnibus Law, the severance pay and rights disbursement have been reduced while the service pay remains unchanged. In rights disbursement, there is no longer a requirement for employers to pay housing, medical and healthcare allowances (earlier calculated as an additional 15% of total severance payment and service payment) on termination. The rights disbursement now includes only compensation for accrued but un-availed leave, repatriation costs and housing, as well as any other contractual entitlements. The maximum amount of severance pay and service pay is nine (for service of eight years or more) and ten (for service of 24 years or more) months’ wages, respectively. The micro and small enterprises are exempted from payment of severance pay, long service pay, and compensation rights, except where agreed between workers and employer. Exception of micro and small enterprises from termination payment as well as minimum wages has also never been made before. This regulation is a form of discrimination for micro and small enterprise workers.

The severance pay is still equivalent to two months’ wages per year of service if the employment termination is due to prolonged illness or disability arising from an occupational accident that prevents the employee from working for more than 12 months or in case of worker’s death. The severance pay is 1.75 months’ wages per year of service in the case of a worker’s retirement. Previously, if the employer did not enrol the employee in a pension program, a severance payment of 2 months’ salary per year was payable.

In all other situations (there are more than 20 cases), severance pay now ranges from 0.5 to 1 month’s salary per year of service, depending on the grounds for termination. In the event of voluntary resignation, only a rights disbursement payment is payable. A worker may also get separation pay if provided in the employment contract, company regulations or collective labour agreement. The details of all the other situation and benefits under the Omnibus Law are presented in Box-1 at the end of this brief.

**Comparison with International Labour Standards**

**ILO Convention, Termination of Employment Convention, 1982 (No. 158),** requires the states to provide a severance allowance or separation benefit on termination of employment. The amount of such benefit must be based on the length of service and the level of wages. While the amounts under Omnibus Law and regulations are considerably lower than the earlier amounts, however, the amounts are still reasonable when compared at the international level.
For example, consider the case where the company is conducting a merger, consolidation or spin-off and the workers is not willing to continue the employment relationship or the employer is not willing to accept the workers, the worker has the following rights under the Omnibus Law:

• 1x the severance pay;
• 1x the long service pay;
• Rights disbursement

Let’s assume that the worker, in the above-referred case, has five years of service. Such a worker will get the following benefits under the Omnibus Law:

• Severance pay (6 months’ wages);
• Long Service pay (2 months’ wages);
• Rights disbursement (depends on accrued leave, repatriation and housing costs)

The above example shows that a worker with five years of service if dismissed based on merger or acquisition, receives eight months wages as termination benefits. It is equivalent to 34 weeks of benefit after five years of service. World Bank data indicates that of the more than 190 countries, only Ghana, Sierra Leone, Sri Lanka and Zambia have their severance pay higher than Indonesia in cases of redundancy. The new benefits, though reduced, are still comparably quite high.

I. EMPLOYMENT OF FOREIGN WORKERS

The Omnibus Law removes the requirement of a written permit from the Minister for Manpower to employ foreign or migrant workers. This makes the employment of foreign nationals easier in Indonesia. The detailed provisions are found in Government Regulation No. 34 of 2021 on the Employment of Foreign Workers (GR 34), effective from 01 April 2021.

The Manpower Law required employers to obtain approval from the Ministry of Manpower for their Manpower Utilisation Plan (RPTKA). While the requirement is still there, the list of exemptions has been expanded. The Omnibus Law exempts employers from seeking RPTKA approval in the following cases of employment of foreign workers:

• in a vocational activity;
• in a technology-based start-up;
• in production activity on account of an emergency;
• during a business visit; and
• in research activity for a certain period.

If foreign workers failed to have an approved RPTKA, administrative sanctions could be imposed, including a fine, a temporary suspension of the RPTKA approval, and the revocation of the RPTKA approval. The amount of fine, calculated on the basis of per person per position per month, may range from IDR6 million up to IDR36 million.

Protection of Indonesian Migrant Workers

Under the Omnibus Law, the licensing authority for Indonesian migrant worker placement companies in the Migrant Workers Law has been moved from the Minister of Manpower to the Central Government. The new law also requires that all branches of migrant worker placement companies must obtain a license issued by the relevant provincial government.

Comparison with International Labour Standards

ILO has adopted two critical conventions on the subject of migrant workers. These are “Migration for Employment Convention (Revised), 1949 (No. 97)” and “Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)”. Under Convention 97, states are required to apply treatment no less favourable than that which applies to their own nationals in respect of a number of matters, including conditions of employment, freedom of association and social security.

The removal of the requirement of employment permit in the above-referred fields removes discriminatory treatment and allows workers to secure employment. It is not in violation of the relevant international labour standards. Moreover, under GR 34, employers are required to insure foreign or migrant workers with less than six months of employment with a private insurance provider against occupational accidents. Earlier, the employers were required to register all migrant workers with more than six months of employment with the Manpower Social Security Administrator. This again is in line with Convention 97, which requires removing discriminatory treatment among local and migrant workers.

CONCLUSION

While there has been much protest on these reforms, our view is that these reforms are still in line with the international labour standards. The Omnibus Law provides unemployment benefits, severance pay for termination of an FTC, removal of an employment permit for some categories of foreign workers, and employment termination notice. While the reforms regarding termination payments, minimum wage and outsourcing are controversial, these do not violate any
international labour standard. The only remedy available is filing a case with the Indonesian Constitutional Court, which is already in progress. Reform in outsourcing practices now allows outsourcing of all activities, whether core or non-core, can lead to precarious employment and has the potential to erode workers’ rights in the country.

Similarly, the exemption of micro and small enterprises from payment of minimum wages seemingly deprives millions of workers of their right to decent wages and decent working conditions. These two areas, outsourcing and exemptions of micro and small enterprises from minimum wage payment, need to be explored further in cooperation with local organizations.
## BOX 1: COMPENSATION BENEFITS UNDER OMNIBUS LAW

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<tr>
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<th>Description</th>
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| 1 | The company is conducting a merger, consolidation or spin-off and the workers is not willing to continue the employment relationship, or the employer is not willing to accept the workers | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 2 | The company is being acquired                                               | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 3 | The company is being acquired, but the worker refuses to continue the employment due to changes to the terms of employment | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 4 | The company is taking efficiency measures due to losses it has suffered     | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 5 | The company is taking efficiency measures to prevent further losses         | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 6 | The company is closing down due losses suffered for two years, whether consecutively or not | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 7 | The company is closing down not because of losses                           | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 8 | The company is closing down due force majeure                               | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 9 | A force majeure event has occurred, but the company is not closing down     | • 0.75x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 10| The company is undergoing a delay or debt payment due to losses it has suffered | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 11| The company is undergoing a delay or debt payment but not due to losses it has suffered | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 12| The company has been declared bankrupt                                       | • 0.5x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
| 13| The worker has submitted an application to terminate the employment relationship (e.g. due to the assault, insult or threat by the employer) | • 1x the severance pay due  
• 1x the long service pay  
• Rights disbursement |
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|14| The industrial relations dispute settlement agency has issued a decision that states the employer is not guilty of the violation alleged by the workers, and the employer has decided to terminate the employment relationship | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|15| Worker’s voluntary resignation | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|16| The worker has been absent for five or more working days without serving written notice supported by valid evidence, and the employer has duly summoned the workers twice in writing | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|17| The worker has violated the employment agreement, company regulations, or collective bargaining agreement and has been served a first, second, and third successive warning | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|18| The worker has committed an urgent nature violation as stipulated under the employment agreement, company regulation, or collective bargaining agreement | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|19| The worker is unable to work for 6 (six) months because of being detained for an alleged crime that has caused the company to suffer a loss | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|20| The worker is unable to work for 6 (six) months because the worker has been detained due to an alleged crime that has not caused the company to suffer a loss | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|21| A court has convicted the worker of a crime that has caused the company to suffer a loss before the 6 (six) months period of detainment has lapsed | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|22| A court has convicted the workers of a crime that has not caused the company to suffer a loss before the six months period of detainment has lapsed | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|23| The worker is suffering from a prolonged illness or disability due to an occupational accident and is unable to work after more than 12 months | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|24| The worker has requested for termination of employment due to prolonged illness or disability due to an occupational accident and is unable to work after more than 12 months | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|25| Retirement | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |
|26| The worker passes away | • Rights disbursement  
• Separation pay according to the employment agreement, company regulations, or collective bargaining agreement |