

SUMMARY OF DISCUSSIONS ON EMPLOYMENT INSURANCE PARAMETERS IN INDONESIA

WORKSHEET

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1. COVERAGE

| | Employee | | Civil servant | Migrant | Domestic workers | Part-time | Employer |
|----------|--|------------|---------------|---------|------------------|-----------|----------|
| | Permanent | Fixed-term | | | | | |
| Option 1 | 0 | 0 | X | X | X | X | X |
| Reason | <ul style="list-style-type: none"> ▪ Civil servant, Military/Police are excluded because they bound to laws on civil servant. | | | | | | |
| Option 2 | 0 | 0 | 0 | 0 | 0 | 0 | X |
| Reason | <ul style="list-style-type: none"> ▪ All workers have equal rights as long as they contribute. ▪ Except workers who voluntarily resign from work, passed away and retired. | | | | | | |

2. BENEFIT LEVEL

| | |
|-----------------|---|
| Option 1 | 50% of previous salary, up to 8 million rupiah. |
| Reason | <ul style="list-style-type: none">▪ According to ILO C168▪ To eliminate wages disparity. |
| Option 2 | <ul style="list-style-type: none">▪ 100% of local minimum wages for 1-3 months.▪ 75% 4-6 months▪ 50% 7-12 months▪ Minimum contribution period of 3 months. |
| Reason | <ul style="list-style-type: none">▪ Many employers are applying 3 months probation period and PKWT below 12 months. |

3. BENEFIT DURATION

| | |
|----------|------------------------------------|
| Option 1 | 3-6 months in one year (12 months) |
| Reason | |
| Option 2 | 1-3 months in one year (12 months) |
| Reason | |

4. EXCLUSION OF VOLUNTARY UNEMPLOYMENT

| | Longer waiting period | Shorter duration | Lower benefit | No benefit |
|----------|---|------------------|---------------|------------|
| Option 1 | | | ○ | |
| Reason | Receive training and other benefits, except cash. | | | |
| Option 2 | | | | |
| Reason | | | | |

5. INCENTIVE FOR EARLY REEMPLOYMENT

| | |
|----------|---|
| Option 1 | <ul style="list-style-type: none">▪ 50% of remaining benefits▪ Can be accumulated if involuntary unemployed again. |
| Reason | |
| Option 2 | |
| Reason | |

6. AGE AFFECTS BENEFITS?

| | Higher benefits for older persons | Longer benefits for older persons | No impact |
|----------|-----------------------------------|-----------------------------------|-----------|
| Option 1 | | | |
| Reason | | | |
| Option 2 | | | |
| Reason | | | |

7. YEARS OF CONTRIBUTION AFFECTS BENEFITS?

| | Higher benefits for longer contribution | Longer benefits for longer contribution | Higher frequency for longer contribution | No impact |
|----------|---|---|--|-----------|
| Option 1 | ○ | | | |
| Reason | | | | |
| Option 2 | | | | |
| Reason | | | | |

8. QUALIFYING CONDITION

| | |
|---------------|---|
| Option | <ul style="list-style-type: none">▪ Involuntary unemployment▪ Acceptable criminal cases only (with agreed criteria). Decision based on agreement with TU.▪ Minimum contribution of 12 months. |
| Reason | |
| Option | <ul style="list-style-type: none">▪ Include voluntary unemployment▪ Minimum contribution of 3 months. |
| Reason | <ul style="list-style-type: none">▪ Unemployed workers are considered helpless, therefore need assistance.▪ Want to give maximum support.▪ To avoid probation period. |

9. CONTINUATION OF BENEFITS

Option

- Regular reporting on job searching.

Reason

10. WAITING PERIOD

Option

7 days

Reason

11. SEVERANCE PAY AFFECTS BENEFITS?

| | Reduce UB | Delay UB | No impact on UB |
|--------|---|----------|-----------------|
| Option | X | O | X |
| Reason | <ul style="list-style-type: none">▪ Workers are willing to contribute provided that employers increase their contribution and government is also contributing.▪ The program does not disrupt other schemes.▪ Calculation on the amount of benefit for unemployment can be considered. | | |

12. CONTRIBUTION (BENEFIT)

| | Employee | Employer | Government | Other than UB |
|--------|--|----------|------------|---------------|
| Option | 0 1 | 0 2 | 0 3 | 0 |
| Reason | <ul style="list-style-type: none"> Workers and employers agreed to contribute with the composition of 1:2:3 for workers, employers and government. Government can contribute other than dues. It is in response to current condition, for the interest of all. Because it can provide protection for workers The method is insurance based. | | | |

ALMP

- Strive to return unemployed workers back to work within 6 months.
- Availability of integrated services of tripartite constituents and BPJS at provincial and district/city levels.
- To conduct verification of both voluntary and involuntary unemployment claims.
- Counselling service.
- Labour market information, including online base.
- Employers to be actively share vacancy announcements.
- Training is focusing on up skilling, but also subject to needs/preferences.
- Government subsidy for vocational training.
- Those who want to become entrepreneurs also supported.
- Administration agency should involve tripartite representatives.
- Government to provide public employment service (ALMP)

Institusional

- **TU:** Want to have new institution with tripartite representation at district/city levels.
- **Government:** Can use existing institution, but need capacity enhancement with collaboration between BPJS and Manpower Offices in each province/district. Employers and workers must report every termination of employment to the Offices for easier verification and claim for unemployed workers.
- The difference is in verification, which is done by tripartite representatives as a balanced control function.
- For transparency, TU should also report any termination of employment of its members.

SUGGESTION

Suggestion from TU:

- Government can make really fair regulation in terms of duration. It is hoped that contribution period is 3 months, not one year.
- The program should have transitional period to ensure readiness of the institutions and avoid the system not being able to cover claim from unemployed workers when implemented.
- Send this discussion draft before submission to government.

Thank you

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