

PRESIDENTIAL DECREE
NUMBER 107, YEAR 2004
CONCERNING
WAGE COUNCIL

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering : that, in the framework of enforcement of the provision of Article 98 of Law No. 13/2003 concerning Manpower, it is necessary to stipulate a Presidential Decree concerning Wage Council.

In view of : 1. Article 4 paragraph (1) of 1945 Constitution;
2. Law No. 21/2000 concerning Workers/Labor Union (State Gazette of 2000 No. 131, Additional State Gazette No. 3959);
3. Law No. 13/2003 concerning Manpower (State Gazette of 2003 No. 39, Additional State Gazette No. 4279).

H A S D E C I D E D :

To stipulate : PRESIDENTIAL DECREE CONCERNING WAGE COUNCIL

CHAPTER I
GENERAL PROVISIONS

Article 1

Hereinafter referred to as:

1. Wage Council is a non-structural, tripartite institution.
2. Workers/Labor Union is an organization formed of, by, and for workers/laborers, either in the company or outside the company, which is free, open, independent, democratic, and accountable to struggle for, defend and protect the rights and interests of workers/laborers and to improve welfare of workers/laborers and their families.
3. Employer Organization is an organization of employers appointed by the Chamber of Commerce and Industry to handle labor problems.
4. Minister is the minister responsible in labor affairs.

Article 2

Wage council includes:

- a. The National Wage Council, hereinafter is called *Depenas*;
- b. The Provincial Wage Council, hereinafter is called *Depeprov*;
- c. The Regental/Municipal Wage Council, hereinafter is called *Depekab/Depeko*.

Article 3

- (1) *Depenas*, as set forth in Article 2 point a, is established by the President.
- (2) *Depeprov*, as set forth in Article 2 point b, is established by the Governor.
- (3) *Depekab/Depeko*, as set forth in Article 2 point c, is established by the Regent/Mayor.

CHAPTER II
THE NATIONAL WAGE COUNCIL

Section One
Duties

Article 4

Depenas has the duty to give recommendations and advice to the government in the framework of formulation of wage policy and development of national wage system.

Article 5

In performing its duties, *Depenas* may cooperate either with government or private institutions and other related parties, if deemed necessary.

Section Two
Organization

Sub-Section 1
Membership

Article 6

- (1) Members of *Depenas* consist of elements of the government, employer organization, workers/labor union, higher learning institution, and expert.

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- (2) Members of *Depenas* consist of elements of the government, employer organization, and workers/labor union with a ratio of 2:1:1.
- (3) Members of *Depenas* consist of elements of higher learning institution and expert which number is adjusted to requirement.
- (4) Total members of *Depenas*, as set forth in paragraph (1), must be odd in number.

Article 7

Membership composition of *Depenas* is:

- a. Chairperson and member from the government;
- b. Two (2) Vice Chairpersons and members, respectively from workers/labor union and employer organization;
- c. Secretary and member from the government representing the institution responsible for labor affairs;
- d. Members.

Sub-Section 2 Secretariat

Article 8

- (1) To support the acceleration of duties, *Depenas* shall be assisted by a Secretariat.
- (2) The Secretariat, as set forth in paragraph (1), shall be implemented by one of the work units established and exists within the government institution responsible for labor affairs.
- (3) The Secretariat, as set forth in paragraph (1), is established by the minister pursuant to the applicable laws.

Sub-Section 3 Commission

Article 9

- (1) If deemed necessary, *Depenas* may form a Commission to perform a certain task.

- (2) Membership of the Commission, as set forth in paragraph (1), consists of members of *Depenas*.
- (3) Provisions on membership structure and work procedure of the Commission, as set forth in paragraphs (1) and (2), will be further stipulated by the Chairperson of *Depenas*.

Section Three Appointment and Dismissal

Article 10

Members of *Depenas* shall be appointed and dismissed by the President at the Minister's proposal.

Article 11

To be appointed as member of *Depenas*, a candidate member must fulfill the following conditions:

- a. Indonesian citizen;
- b. A graduate of Strata-1 (S-1), at least;
- c. Having experience or knowledge in wage matters and human resource development.

Article 12

Members of *Depenas* is appointed for 1 (one) term of office of 3 (three) years and may be re-appointed for another 1 (one) term.

Article 13

- (1) Candidate members of *Depenas* consisting of elements of the government, as set forth in Article 6 paragraph (6), are proposed by the related institutions to the Minister.
- (2) Candidate members of *Depenas* from workers/labour union are appointed by a workers/labor union, which has met the conditions for representation to sit fl tripartite labor affair institution.
- (3) The provision regarding representation of the element of workers/labor union, as set forth in paragraph (2) will be further stipulated by the Minister.

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- (4) Candidate members of *Depenas* from employer organization shall be appointed and agreed from and by an employer organization meeting the qualifications pursuant to the applicable regulations.
- (5) Candidate members of *Depenas* from higher learning institutions and experts shall be appointed by the Minister.
- (6) Procedure for the proposing of members, as set forth in paragraphs (1), (2), (4), and (5), will be further stipulated by the Minister.

Article 14

Other than because of termination of their term of office, members of *Depenas* will be dismissed if they:

- a. Resign; or
- b. For 6 (six) months consecutively are not able to perform their duties; or
- c. Are punished because of committing crimes by a final and binding court verdict.

Article 15

Replacement of members of *Depenas* who are dismissed with the reasons as set forth in Article 14, will be proposed by the Minister to the President after receiving proposal from the related organizations or institutions.

Article 16

- (1) In case that members of *Depenas* resign at their own requests, as set forth in Article 14 point a, such requests shall be forwarded by the respective members to the Minister with carbon copies furnished to the proposing organizations or institutions.
- (2) The organizations or institutions, as set forth in paragraph (1), shall propose the replacement of the members to the Minister to be furnished to the President.

Section Four Work Procedure

Article 17

- (1) Discussion on formulation of suggestions and considerations in *Depenas* shall be held in the following stages:

- a. Elements of the government and/or workers/labor union and/or employer organization and/or higher learning institution/expert shall prepare materials to be discussed in the meetings of *Depenas*;
 - b. Results of the discussion, as set forth in clause a, will be contained in the form of *Depenas'* opinions;
 - c. The opinions, as set forth in clause b, shall be forwarded to the government in the form of recommendations as suggestions and considerations in the formulation of wage policy.
- (2) *Depenas* shall hold meetings at least once in every 3 months.

Article 18

Depenas shall submit report on performance of its duties at least once in a year to the President via the Minister.

Article 19

Provisions regarding work procedure of *Depenas* will be further stipulated by the Chairperson of *Depenas*.

Section Five
Financing

Article 20

All costs needed for the performance of duties of *Depenas* shall be imposed on the expenditures budget of the government institution responsible for labor affairs.

CHAPTER III
PROVINCIAL WAGE COUNCIL

Section One
Duties

Article 21

Depeprov has the duties:

- (1) To give suggestions and considerations to the Governor in the framework of:
 - a. Designation of Provincial Minimum Wage (UMP);

- b. Designation of Regental/Municipal Minimum Wage (UMK) and Sectoral Minimum Wage (UMS);
 - c. Application of wage system in provincial level.
- (2) To prepare material for the formulation of development of national wage system.

Article 22

In performing its duties, *Depeprov* may cooperate either with other related government or private institutions, if deemed necessary.

Section Two
Organization

Sub-Section 1
Membership

Article 23

- (1) Members of *Depeprov* consist of elements of the government, employer organization, workers/labor union, higher learning institution, and expert.
- (2) Members of *Depeprov* consist of elements of the government, employer organization, and workers/labor union with a ratio of 2:1:1.
- (3) Members of *Depeprov* consist of elements of higher learning institution and expert which number is adjusted to requirement.
- (4) Total members of *Depeprov*, as set forth in paragraph (1), must be odd in number.

Article 24

Membership composition of *Depeprov* is:

- a. Chairperson and member from the government;
- b. Vice Chairperson and member from workers/labor union;
- c. Secretary and member from the government representing unit of organization of regional apparatus of the province responsible for labor affairs;
- d. Members.

Sub-Section 2
Secretariat

Article 25

- (1) To support the acceleration of duties, *Depeprov* shall be assisted by a Secretariat.
- (2) The Secretariat, as set forth in paragraph (1), is established by the governor pursuant to the laws.

Paragraph 3
Commission

Article 26

- (1) If deemed necessary, *Depeprov* may form a Commission to perform a certain task.
- (2) Membership of the Commission, as set forth in paragraph (1), consists of members of *Depeprov*.
- (3) Provisions on membership structure and work procedure of the Commission, as set forth in paragraphs (1) and (2), will be further stipulated by the Chairperson of *Depeprov*.

Section Three
Appointment and Dismissal

Article 27

Members of *Depeprov* shall be appointed and dismissed by the Governor at the proposal of Chairperson of Unit of Organization of Regional Apparatus of the Province responsible for labor affairs.

Article 28

To be appointed as member of *Depeprov*, a candidate member must fulfill the following conditions:

- a. Indonesian citizen;
- b. A graduate of Strata-1 (S-1), at least;
- c. Having experience or knowledge in wage matters and human resource development.

Article 29

Members of *Depeprov* are appointed for 1 (one) term of office of 3 (three) years and may be re-appointed for another 1 (one) term.

Article 30

- (1) Candidate members of *Depeprov* consisting of elements of the government, as set forth in Article 23 paragraph (1), shall be proposed by the chairperson of unit of organization of regional apparatus of in province to the governor.
- (2) members of *Depeprov* from workers/labor union are appointed by a workers/labor union, which has met the conditions for representation to sit in tripartite labor affair institution.
- (3) The provision regarding representation of the element of workers/labor union, as set forth in paragraph (2), will be further stipulated by the Minister.
- (4) Candidate members of *Depeprov* from employer organization shall be appointed and agreed from and by an employer organization meeting the qualifications pursuant to the applicable regulations.
- (5) Candidate members of *Depeprov* from higher learning institution and expert shall be appointed by the Governor.
- (6) Procedure for the proposing of members, as set forth in paragraphs (1), (2), (4), and (5), will be further stipulated by the Governor.

Article 31

Other than because of termination of their term of office, members of *Depeprov* will be dismissed if they:

- a. Resign; or
- b. For 6 (six) months consecutively are not able to perform their duties; or
- c. Are punished because of committing crimes by a final and binding court verdict.

Article 32

Replacement of members of *Depeprov* who are dismissed with the reasons as set forth in Article 31, will be proposed by the chairperson of the unit of organization of regional apparatus in the province responsible for labor affairs to the Governor after receiving proposal from the related organizations or institutions.

Article 33

- (1) In case that members of *Depeprov* resign at their own requests, as set forth in Article 31 point a, such requests shall be forwarded by the respective Members to the Governor with copies furnished to the proposing organizations or institutions.
- (2) The organizations or institutions, as set forth in paragraph (1), shall propose the replacement of the members to the chairperson of unit of organization of regional apparatus of the province responsible for labor affairs to be forwarded to the Governor.

Section Four
Work Procedure

Article 34

- (1) Discussion on the formulation of suggestions and considerations in *Depeprov* shall be held in the following stages:
 - a. Elements of the government and/or workers/labor union and/or employer organization and/or higher learning institution/expert shall prepare materials to be discussed in the meetings of *Depeprov*;
 - b. Results of the discussion, as set forth in clause a, will be contained in the form of *Depeprov* opinions;
 - c. The opinions, as set forth in point b, shall be forwarded to the government in the form of recommendations as suggestions and considerations in the formulation of wage policy.
- (2) *Depeprov* shall hold meetings at least once in every 3 months.

Article 35

Depeprov shall submit report on performance of its duties at least once in a year to the Governor with carbon copy furnished to the Minister.

Article 36

Provisions regarding work procedure of *Depeprov* will be further stipulated by the Chairperson of *Depeprov*.

Section Five
Financing

Article 37

All costs needed for the performance of duties of *Depeprov* shall be imposed on the Revenues and Expenditures Budget of the Province.

CHAPTER IV
REGENTAL/MUNICIPAL WAGE COUNCIL

Section One
Duties

Article 38

Depekab/Depeko has the duties:

- a. To give suggestions and considerations to the Regent/ Mayor in the framework of:
 - 1) Proposing of Regental/Municipal Minimum Wage (UMK) and/or Sectoral Minimum Wage of the Regency/Municipality (UMSK);
 - 2) Application of wage system in regental/municipal level.
- b. To prepare material for the formulation of development of national wage system.

Article 39

In performing its duties, *Depekab/Depeko* may cooperate either with other related government or private institutions, if deemed necessary.

Section Two
Organization

Sub-Section 1
Membership

Article 40

- (1) Members of *Depekab/Depeko* consist of elements of the government, employer organization, workers/labor union, higher learning institution, and expert.
- (2) Members of *Depekab/Depeko* consist of elements of the government, employer organization, and workers/labor union with a ratio of 2:1:1.

- (3) Members of *Depekab/Depeko* consist of elements of higher learning institution and expert which number is adjusted to requirement.
- (4) Total members of *Depekab/Depeko*, as set forth in paragraph (1), must be odd in number.

Article 41

Membership composition of *Depekab/Depeko* is:

- a. Chairperson and member from the government;
- b. Vice Chairperson and member from higher learning institution/expert;
- c. Secretary and member from the government representing unit of organization of regional apparatus of the regency/municipality responsible for labor affairs-members.

Sub-Section 2 Secretariat

Article 42

- (1) To support the acceleration of duties, *Depekab/Depeko* shall be assisted by a Secretariat.
- (2) The Secretariat, as set forth in paragraph (1), established by the Regent/Mayor pursuant to the applicable laws.

Sub-Section 3 Commission

Article 43

- (1) If deemed necessary, *Depekab/Depeko* may forma Commission to perform a certain task.
- (2) Membership of the Commission, as set forth in paragraph (1), consists of members of *Depekab/Depeko*.
- (3) Provisions on membership structure and work procedure of the Commission, as set forth in paragraphs (1) and (2), will be further stipulated by the Chairperson of *Depekab/Depeko*.

Section Three
Appointment and Dismissal

Article 44

Members of *Depekab/Depeko* shall be appointed and dismissed by the Regent/Mayor at the proposal of Chairperson of Unit of Organization of Regional Apparatus of the Regency/Municipality responsible for labor affairs.

Article 45

To be appointed as member of *Depekab/Depeko* a candidate member must fulfill the following conditions;

- a. Indonesian citizen;
- b. A graduate of Strata-1 (S-1), at least;
- c. Having experience or knowledge in wage matters a human resource development.

Article 46

Members of *Depekab/Depeko* are appointed for 1 (one) term of office of 3 (three) years and may be re-appointed for another 1 (one) term.

Article 47

- (1) Candidate members of *Depekab/Depeko* consist of elements of the government, as set forth in Article 40 paragraph (1), proposed by the chairperson of unit of organization of regional apparatus of the Regency/Municipality to the Regent/Mayor.
- (2) Candidate members of *Depekab/Depeko* from workers/labor union are appointed by a workers/labor union, which has met the conditions for representation to sit in tripartite labor affair institution.
- (3) The provision regarding representation of the element of workers/labor union, as set forth in paragraph (2), will be further stipulated by the Minister.
- (4) Candidate members of *Depekab/Depeko* from employer organization shall be appointed and agreed from and by an employer organization meeting the qualifications pursuant to the applicable' regulations.
- (5) Candidate members of *Depekab/Depeko* from higher learning institution and expert shall be appointed by the Regent/Mayor.

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- (6) Procedure for the proposing of members, as set forth in paragraphs (1), (2), (4), and (5), will be further stipulated by the Regent/Mayor.

Article 48

Other than because of termination of their term of office, members of *Depekab/Depeko* will be dismissed if they:

- a. Resign; or
- b. For 6 (six) months consecutively are being able to Perform their duties; or
- c. Are punished because of committing crimes by a final and binding court verdict.

Article 49

Replacement of members of *Depekab/Depeko* who are dismissed with the reasons as set forth in Article 48, will be proposed by the chairperson of the unit of organization of regional apparatus in the Regency/Municipality responsible for labor affairs to the Regent/Mayor after receiving proposal from the related organizations or institutions.

Article 50

- (1) In case that members of *Depekab/Depeko* resign at their own requests, as set forth in Article 48 clause a, such requests shall be forwarded by the respective members to the Regent/Mayor with carbon copies furnished to the proposing organizations or institutions.
- (2) The organizations or institutions, as set forth in paragraph (1), shall propose the replacement of the members to the chairperson of unit of organization of regional apparatus of the regency/municipality responsible for labor affairs to be forwarded to the Regent/ Mayor.

Section Four Work Procedure

Article 51

- (1) Discussion on the formulation of suggestions and considerations in *Depekab/Depeko* shall be held in the following stages:
 - a. Elements of the government and/or workers/labor union and/or employer organization and/or higher learning institution/expert shall prepare materials to be discussed in the meetings of *Depekab/Depeko*;

- b. Results of the discussion, as set forth in clause a, will be contained in the form of *Depekab's/Depeko's* opinions;
 - c. The opinions, as set forth in clause b, shall be forwarded to the government in the form of recommendations as suggestions and considerations in the formulation of wage policy.
- (2) *Depekab/Depeko* shall hold meetings at least once in every 3 months.

Article 52

Depekab/Depeko shall submit report on performance of its duties at least once in a year to the Regent/ Mayor with carbon copies furnished to the Governor and the Minister.

Article 53

Provisions regarding work procedure of *Depekab/Depeko* will be further stipulated by the Chairperson of *Depekab/Depeko*.

Section Five
Financing

Article 54

All costs needed for the performance of duties of *Depekab/Depeko* shall be imposed on the Revenues and Expenditures Budget of the Regency/Municipality.

CHAPTER V
CLOSING PROVISIONS

Article 55

When this Presidential Decree is stipulated, Presidential Decree No. 58/1969 concerning National Wage Research Council becomes inapplicable.

Article 56

This Presidential Decree starts to be effective from the date it is stipulated.

Stipulated in Jakarta
On October 18, 2004
PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed
MEGAWATI SOEKARNOPUTRI