

**RSPO**

Roundtable on Sustainable Palm Oil

# ROUNDTABLE MEETING ON SUSTAINABLE PALM OIL



**Global Vision | Regional Action**  
2015 to 2020



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## Supporting labour rights in palm oil plantations: An inclusive approach



by Chris Wangkay (Oxfam in Indonesia)



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## 1. Overview of labour conditions in palm oil plantations

- Poverty and isolation create conditions under which the labour force is easily subject to exploitation.
- Workers from local communities are often highly dependent on employment in plantations because having lost their traditional farming or forested lands to palm oil estates they have few, if any, other employment options.
- Migrant workers are also a highly vulnerable workforce because of isolation from their communities and extended support networks.

### 1.1. Wages

- Agricultural workers make up about 36.5% of the work force and are the lowest paid category of workers throughout Indonesia.
- Although regional minimum wages rates themselves are often set below estimates of basic standard of living costs, wages on palm oil plantations fall even further below these minimum wages, at as little as USD \$41-72 a month. The situation is worst for casual workers, who have reported receiving less than a dollar a day.
- These wages also fail to account for the costs incurred by workers, who are often required to bring their own equipment. Unsurprisingly, many workers fall heavily into debt.
- Their standard of living is also very low and they are often unable to afford nutritious foods, clean water, adequate clothing, housing and their children often cannot access a proper education.

## 1.2. Precarious employment

- Palm oil companies often prefer to employ workers on a casual, day-hire basis to minimize costs. Casual workers are paid less than contracted workers and receive none of the social security benefits associated with formal employment, such as sick leave and health insurance.
- The lack of secure employment is very stressful and makes it almost impossible for workers to exercise control over their lives or make long term plans or decisions.
- Women workers, who make up the majority of informal plantation workers, are also denied access to many of their rights relating to reproduction – such as paid maternity leave and menstruation leave.

## 1.3. Women workers

- Women are subject to the worst conditions of all palm oil workers.
- Women are generally paid less than men, are more likely to be hired on a casual basis and are far less likely to be promoted to supervisory or other management positions.
- In some cases the women are viewed as only “assisting their husbands” in meeting high production targets, and their work goes unrecognized and unpaid altogether.
- Work undertaken by women is often the most dangerous because they are usually responsible for dealing with herbicide, pesticide and chemical fertilizers.

## 2. Challenges for organizing

### • 2.1. Distance and associated costs

- Palm oil plantations are usually very remote. For worker organizations, generally based in large cities and the national capital, travelling to those regions involves considerable time and expense.
- The remoteness of the plantations means that it is also difficult for palm plantation workers to network and organize amongst themselves into larger coalitions.
- Living in remote regions with limited alternative employment opportunities, they are also extremely reliant on their employers, and with very limited support from outside organizations, their bargaining power is very weak.

### • 2.2. Lack of education and awareness of labour rights

- Most workers have only elementary level education and extremely limited (if any) knowledge of their labour rights or labour laws, including the existence of minimum wage legislation.
- Most plantation workers also lack any understanding of unions and the concept of organizing.

### • 2.3. Lack of means for effective communication

- Workers have limited access to communication technology. Mobile phones are one of the few means with which palm plantation workers can communicate and organize with other workers.
- However relying on mobile phones is expensive for low-waged workers. This means workers are often very isolated and have little means to build networks that may help strengthen their capacity.

#### • 2.4. Lack of organisational support

- Few national unions have demonstrated a serious interest in and ability to support the welfare of palm oil workers. This may relate to a limited capacity compared to the time, effort and expense required to establish networks throughout this geographically vast sector.
- Many unions established within plantations are viewed “yellow” – that is aligned with management and unlikely to provide workers with education or advocacy support to advance their rights.
- There are also significant risks involved in organizing. Unionized workers or ordinary workers who make demands for their rights are often discriminated against- transferred to other estates or even dismissed.

### 3. The role for RSPO in supporting labour rights

#### 3.1. Support materials that educate workers on their rights.

- In a world where knowledge is power, palm oil workers are disadvantaged by very limited understanding of their rights. Worker organizations have difficulties in resourcing the production and dissemination of appropriate educational materials.
- Given the low levels of education and the lack of experience in organizing amongst palm plantation workers, it is important to start with an easily accessible issue. Compared to issues such as job security or freedom of association, the concept of wages is immediately tangible for plantation workers.
- Oxfam calls for RSPO companies to adopt a living wage, rather than merely the minimum wage. However Oxfam views the journey towards the living wage as a progression.

### **3.2. Create space for worker organizations to engage in social dialogue with palm oil companies**

- It is crucial that rather than speak on behalf of palm oil workers, organizations such as RSPO seek to create space for and strengthen the voices of worker organizations themselves.
- This enables workers and their organizations to articulate their own priorities and build greater understanding and a constructive relationship with private sector actors.
- A first step towards encouraging increased social dialogue between worker organizations and palm oil companies would be to support the participation of worker organizations in existing multi-stake holder initiatives in the sector.

- The participation of worker representatives may be enhanced by the development of a working group on labour issues, comprising of a range of stakeholders but particularly worker and company representatives.
- A future option would be the development of a separate dialogue process, that many involve stakeholders from existing MSIs, which aims to specifically address priority employment issues in palm oil.
- However, it may take time to develop the trust and good will required for worker representatives and companies to embark on such a process. Therefore, the involvement of workers in existing RSPO agenda may be a more appropriate initial step.

#### 4. Recommendations for RSPO

1. Continue to foster and develop its networks and relationships with worker organizations who are active in the palm oil sector and continue to gain a better understanding of key challenges for both workers and their organizations.
2. Support educational activities that develop the knowledge of labour rights and particularly living wage entitlements amongst palm oil workers. These activities should be conducted in collaboration with worker organizations.

3. Support worker organizations to improve their communication and information collecting processes about conditions in palm oil sector. This may include developing questionnaires and creating opportunities for worker representatives to share their findings with other sector stakeholders.
4. Call on companies who participate in RSPO to demonstrate progress in the fulfillment of employment rights, particularly on the issue of wages and recognition for women workers. These efforts will be enhanced by credible research on wages within the supply chains of participating companies.

5. Encourage the RSPO to develop and strengthen a labour rights working group, emphasizing the participation of worker representatives, which could spearhead initiatives such as:
  - a. The development of appropriate materials for workers.
  - b. The development of effective, accessible and responsive complaints mechanism for palm oil workers.
  - c. Recognise, document and promote instances of best practice on labour rights within the palm oil sector.

**Terima Kasih (thank you)**

