DCP and Injustice Against Oil Palm Workers: When Guarantees Fail to Reach the Most Vulnerable



Law No. 27 of 2026 on Employment Protection brings new hope through the mandatory Severance Reserve Fund (DCP). Yet for oil palm plantation workers—especially casual daily workers who labour for years without formal status, contracts, or social security—the DCP risks becoming a promise that looks good on paper but never reaches their hands.

Background of the issue

Article 253 paragraph (1) of Law No. 27/2026 stipulates: "Employers are required to provide a severance reserve fund as a source of payment for Workers'/Labourers' entitlements resulting from Termination of Employment." The fund is managed by a government institution and kept separate from company assets, aiming to ensure severance remains available when a company faces financial distress or bankruptcy.

In principle, this marks progress. Until now, many workers have lost their jobs without receiving severance because companies were unable to pay, evaded their obligations, or went bankrupt. The DCP has the potential to serve as a safety net preventing workers from falling into sudden poverty after losing their jobs.

However, protection cannot be measured by how well-crafted a legal article reads, but by who is actually protected. If the DCP only covers permanent workers or those with formal contracts, casual daily oil palm workers who have laboured for decades remain outside the

protection system.

Injustice in oil palm workers' employment status

In West Kalimantan, oil palm plantation workers frequently work over the long term yet remain classified as casual daily workers. This label is no mere administrative term; it determines whether workers are entitled to contracts, BPJS social security, holiday allowances (THR), leave, severance pay, and the DCP.

An investigation by Lembaga Teraju Indonesia into five oil palm companies in West Kalimantan found serious indications of abuse: the absence of written employment contracts, failure to register workers with BPJS, retention of identity documents, unexplained wage deductions, and workers labouring for more than a month without receiving pay. These findings demonstrate that the plight of oil palm workers is not merely a matter of low wages, but the stripping away of legal and humane protections.

Aspect	Ideal Condition Under the Law	Reality for West Kalimantan Oil Palm Workers
Employment status	Employment relationships are recognized and protected by law	Many workers labour for years yet hold casual daily worker status
Employment contract	Rights and obligations are written and clearly defined	Many workers have no employment contract
Wages	Paid as agreed and must not be deducted without valid basis	Unexplained wage deductions and delayed payments occur
Social security	Workers must be covered by BPJS Employment	Many workers are not registered with BPJS
Severance pay	Granted based on length of service upon termination	Casual daily workers are often ineligible or struggle to prove their entitlement
DCP	Set aside as a source for severance payments upon termination	Risks failing to reach workers without formal employment status.

The DCP and the risk of exclusion

The DCP will only protect workers if the state recognizes factual employment relationships, rather than merely the administrative status assigned by companies. If companies continue classifying workers as casual daily workers despite continuous employment, the DCP could instead entrench discrimination: formal workers receive guarantees, while the most vulnerable oil palm workers are left with nothing.

Severance provisions under Law No. 27/2026 calculate entitlements based on length of service. Workers with less than one year of service are entitled to at least one month's wages, while those with eight years or more are entitled to at least nine months' wages. This means length of service is the decisive factor. When an oil palm worker's tenure is unrecorded,

undocumented, or unacknowledged by the company, severance and DCP entitlements become virtually unenforceable.

Issue	Impact on Oil Palm Workers	Impact on the DCP
No employment contract	Workers struggle to prove an employment relationship	DCP claims may be rejected due to lack of administrative basis
Casual daily worker status	Workers are excluded from severance and social security rights	The DCP fails to reach workers who need protection most
No payslips	Length of service and wage amounts are difficult to prove	Severance calculations become uncertain
Unexplained wage deductions	Workers' income shrinks and household finances suffer	Workers lose trust in the protection system
Company bankruptcy	Workers lose both jobs and income simultaneously	If DCP contributions were never deposited, workers still receive no severance.

Disparity in protection

The core injustice lies in the reality that oil palm workers routinely shoulder heavy, hazardous, and continuous labour without receiving commensurate protection. Working in the plantations, they endure extreme weather, smoke from forest and land fires, injury risks, and relentless production targets, yet do not consistently receive healthcare coverage, occupational safety and health protections, or recognition of their rights.

Cases where oil palm workers were reassigned to fight forest and land fires starkly illustrate this disparity. Workers were forced to choose between continuing to work in hazardous air quality or staying home and risking lost wages. Research also documents workers injured or falling ill on the job receiving no coverage from their companies, including a female worker who was terminated after a prolonged illness.

These conditions show that the plight of oil palm workers is not merely an economic issue, but a matter of social justice, human rights, and state governance. The state must not allow a sector generating substantial foreign exchange to stand on the suffering of unprotected workers.

Wage violations as a criminal offence

Law No. 27/2026 treats wage violations not merely as administrative matters, but as criminal offences. **Article 287 paragraph (1) states: "Any Employer who fails to pay Wages to Workers/Labourers in accordance with the agreement as referred to in Article 135 paragraph (3) shall be subject to imprisonment for a maximum of 4 (four) years and a fine of at most category IV." Paying wages below the minimum wage also carries a maximum penalty of four years' imprisonment and/or a category IV fine.**

Violation	Provision	Criminal Penalty
Failure to pay wages as agreed	Article 287	Maximum four years' imprisonment and category IV fine
Paying below the minimum wage	Article 288	Maximum four years' imprisonment and/or category IV fine
Failure to pay wages pursuant to Article 149 paragraph (2)	Article 289	Maximum four years' imprisonment and/or category IV fine
Failure to pay overtime wages on holidays or rest days	Article 285	Maximum one year's imprisonment and category II fine
Intentional failure to pay severance	Article 295	Maximum one year's imprisonment and category II fine.

These provisions matter because wages are far more than numbers on a payslip. Wages put rice on the table for children, pay school fees, buy medicine for elderly parents, cover rent, and sustain workers' families. When wages go unpaid or are deducted without basis, what is stolen is not only an individual right, but the economic stability of families and communities.

Lessons from institutional corruption

Indonesia's experience shows that public funds are not automatically safe simply because they are state-managed. The BLBI and e-KTP scandals demonstrate that corruption can occur through collusion among bureaucrats, politicians, businesspeople, and state institutions—not merely through isolated individual wrongdoing.

In the BLBI case, Bank Indonesia disbursed up to IDR 147.7 trillion to 48 banks, while an audit by the Supreme Audit Board (BPK) indicated irregularities amounting to IDR 138 trillion. In the e-KTP case, a project worth IDR 5.9 trillion allegedly caused state losses of up to IDR 2.3 trillion due to weak oversight, opaque procurement, and informal backroom deals behind formal procedures.

The core lesson is clear: corruption is not just about stolen money, but about a system that allows money to be stolen. Unless the DCP's managing body is insulated from political interests, independently audited, and transparent to workers, the DCP risks repeating the very same mistakes.

Weak law enforcement

The greatest challenge lies not only in the text of the law, but in its enforcement. In West Kalimantan, oil palm workers who report wage deductions frequently encounter obstacles from local authorities. In a case in Sekadau, workers' complaints regarding wage deductions reportedly received no adequate explanation; instead, workers who broke an attendance machine were reported to the police and terminated, even though they had been questioning the unexplained wage deductions since 2023 without receiving answers. Cause and effect played no part when authorities swiftly acted on the company's report.

Such patterns foster structural fear. Workers standing up for their rights risk becoming criminal suspects, while alleged corporate violations are not pursued with equal resolve. This reveals that police still tend to prioritize management complaints rather than protecting the most vulnerable working citizens.

Actor	Expected Role	Reality on the Ground
Sector Police (Polsek)	Receive, investigate, and follow up on worker reports impartially	Worker reports are often not taken seriously, while company reports are prioritized
Resort Police (Polres)	Oversee tiered enforcement of labour laws	Not yet fully integrated into worker protection and anti-exploitation programmes
Polri Labour Desk	Serve as a complaint and protection channel for workers/labourers	Needs to be expanded and strengthened in the regions and elevated into a special directorate for labour/employment
Manpower Office (Disnaker)	Monitor corporate compliance and resolve disputes	Oversight remains suboptimal, particularly in remote areas
Prosecutor's Office	Prosecute wage crimes and labour exploitation	Prosecution remains limited and is not yet a priority
Local Government	Guarantee public services and worker protection	Worker access to services remains hindered by distance, infrastructure, and bureaucracy

Connection to the National Police Chief's programme

The National Police Chief's programme to reduce unemployment—specifically Police Care for Unemployment (POLIRAN)—is a sound concept. Launched by National Police Chief General Suyudi Ario Seto on 11 November 2026 through Polri's Community Guidance Corps (Korbinmas Baharkam Polri), the initiative involves local governments, Manpower Offices, Vocational Training Centres, training institutions, and the business sector.

Yet this programme will fall short if Polres and Polsek units focus solely on job placement without also enforcing workers' rights. Unpaid or unlawfully deducted wages directly strip purchasing power from working families, deepen poverty, and weaken both local and national economies.

Worker demands all too often end in termination. If the police cannot protect workers from exploitation, unemployment reduction programmes will remain rhetoric without tangible impact. Polres and Polsek officers must therefore be trained and directed to treat labour crimes seriously. Without protecting workers from exploitation, job-creation initiatives will remain empty words with no real-world effect.

Recommendations

To prevent the DCP from becoming a new instrument of discrimination, the government must enact firmer, bolder reforms. The following recommendations are designed to ensure oil palm workers are no longer left outside the protection system.

1. Recognize factual employment relationships as the basis for protection. The state must recognize continuously employed casual daily workers as full-fledged workers entitled to all rights, including severance pay and the DCP.
2. Mandate written employment contracts for all oil palm workers. No worker should labour without a contract, attendance records, and payslips.
3. Accept attendance logs, payslips, and production records as valid proof of tenure. Workers must not have claims rejected merely for lacking formal documentation.
4. Require companies to deposit DCP contributions from a worker's first day on the job. There must be no loopholes allowing companies to delay or evade their obligations.
5. Establish an independent and transparent DCP management body. The institution must be separated from state coffers and overseen by a board that includes worker representatives.
6. Mandate annual external audits and public disclosure of DCP balances. Workers have the right to know how much money has been deposited on their behalf.
7. Provide DCP claim services at the sub-district level and on plantation sites. Workers should not have to travel long distances simply to claim their entitlements.
8. Adopt a proactive outreach model for worker administrative services. Government officials must visit plantations to process ID cards (KTP), BPJS registration, contracts, and DCP claims.
9. Form a joint task force comprising Disnaker, Polri, the Prosecutor's Office, Komnas HAM, and trade unions. This task force must handle cases involving wages, termination, exploitation, and human rights violations in the palm oil sector.
10. Train Polsek and Polres officers on wage crimes. Police must understand that non-payment of wages is a criminal offence, not merely a civil dispute.
11. Prohibit the termination of workers who file complaints. Companies that dismiss workers for reporting violations must face criminal and administrative sanctions.
12. Enforce criminal penalties against companies that fail to pay wages or severance. Sanctions must be genuinely enforced, not left as empty threats on paper.
13. Establish a state guarantee for missing or undeposited DCP funds. The state must ensure workers still receive severance even if a company goes bankrupt.
14. Involve trade unions throughout the entire DCP oversight process. Workers must be active subjects, not passive objects, within the labour protection system.

Conclusion

Law No. 27/2026 on Employment Protection has the potential to mark real progress, yet it also risks becoming a new tool of oppression if applied inequitably. The DCP will only be meaningful if casual daily oil palm workers who have laboured for years are recognized as workers with full rights, rather than cheap labour to be used without guarantees.

If the state continues allowing oil palm workers to labour without contracts, BPJS, payslips, or protection from exploitation, the DCP will merely serve as a guarantee for those already protected, leaving behind those who need it most. The state must prove it can uphold workers' fundamental rights—wages, occupational safety and health, social security, freedom

of association, and protection from arbitrary dismissal—before adding new obligations such as DCP contributions.

Closing

The question is no longer whether the DCP is needed, but whom the DCP will protect. If oil palm workers who have laboured for years still receive no severance, then the DCP is not protection—it is the illusion of protection.

The state must not wait until workers starve, fall gravely ill, or are dismissed before taking action. The state must be present in the plantations, at guard posts, in sub-district offices, and at the negotiating table—not merely in parliamentary chambers. If wages can still be arbitrarily deducted and worker complaints go unheeded, the DCP risks becoming a system that shields corporations and bureaucracy rather than working families.

Justice cannot stop on paper. Justice must reach the soil, the plantations, the hands of workers, and the dining tables of their families. Otherwise, Law No. 27/2026 will remain a law that looks impressive on paper while failing to protect those who need it most.

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