CNV Internationaal

Fair Work Monitor

A Minimum Wage is not a Living Wage

The Fair Work Monitor results amongst palm oil workers in Indonesia

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Summary

In Indonesia, the lives of palm oil workers are shaped not only by the hours they work but also by the wages they receive and the conditions in which they live.

The Fair Work Monitor surveyed 1,072 workers across the provinces of Jambi and East Kalimantan, uncovering stark contrasts in both income and daily realities.

In Jambi, many workers, especially daily labourers and those without union membership, earn below both the statutory minimum and the living wage. In Bungo, a quarter of workers report salaries more than Rp100,000 below the minimum, and nearly all fall short of a wage that would allow them to live in dignity. Low pay is closely tied to poor housing, food insecurity, high healthcare costs, and limited access to essential services. For those living in company-provided housing, losing a job can mean losing a home, deepening their vulnerability.

By contrast, East Kalimantan paints a slightly more hopeful picture. Wages there are more uniform and generally meet sectoral minimums, thanks to stronger unions and active participation in wage councils. Yet even here, remote locations, high transport costs, and inflated local prices mean that earning the official living wage does not always guarantee security. Health challenges, food shortages, and children missing school persist.

Across both provinces, extra payments, bonuses, and in-kind benefits play a paramount role in sustaining livelihoods.

The study highlights that statutory minimum wages alone cannot secure a decent life, and living wage benchmarks, while useful, do not fully capture local realities. Worker-driven data from the Fair Work Monitor is essential for understanding the true cost of living and for supporting meaningful, evidence-based social dialogue. Union representation, structured consultation, housing arrangements, contract types, and target-based pay all influence workers' financial stability and well-being.

Closing the gap to living wages requires coordinated action across the palm oil sector. Growers must prioritise vulnerable workers, formalise insecure contracts, and implement strategies to raise pay. Buyers and the RSPO should integrate living wage considerations into purchasing and certification practices, support social dialogue, and make use of worker-driven data to reflect local realities.

With phased roadmaps, ongoing monitoring, and collaboration with trade unions, the sector can move closer to ensuring that all workers earn wages that allow them to live safely, securely, and with dignity.

1.Introduction

Do palm oil workers in Indonesia receive a wage that enables them to live in security and dignity? That is the leading question in this report. For the first time, CNV Internationaal conducted the Fair Work Monitor in Indonesia. In the provinces of Jambi and East Kalimantan, a total of 1072 workers participated in the Fair Work Monitor, answering questions about their wages, living conditions, and labour rights. The results of this digital worker-driven survey, conducted in close cooperation with Indonesian palm oil trade union F HUKATAN and the wider trade union network on palm oil JAPBUSI, can inform local negotiations on minimum wages and empower unions in developing evidence-based positions. Moreover, the findings can be used to further develop benchmarks and standards for living wages in the palm oil sector. Such living wage standards are the bare minimum necessary for a decent living for workers and their families.

1.1 Towards Living Wages in Indonesia: national context

How minimum wages are set in Indonesia has been subject to change recently, in a turbulent political context. Whereas minimum-wage setting took place mostly on the provincial level throughout the 1990s, this changed in a process of decentralisation that allowed for more variation in minimum wages and gave more responsibility in this respect to district-level governments (Merdikawati and Izzati 2025, pp. 193-194).

On the level of provinces and districts, the minimum wage is set in consultation with a tripartite wage council. Local government, employers, and workers are – or can be represented in wage councils, who subsequently advise provincial governors or heads of districts in the minimum wage setting. The Omnibus Law on Job Creation in 2021 eliminated this system of sectoral minimum wages and proposed a new formula. After Indonesia’s Constitutional Court ruled that parts of this highly controversial Job Creation Law was invalid (ITUC), the minimum-wage setting once again relies on province- and district-level negotiations through wage councils.

This Fair Work Monitor round was conducted across plantations of twelve companies in Jambi and fifteen in East Kalimantan. Collective Bargaining Agreements (CBAs) are in place at seven companies in Jambi (six in Tanjung Jabung Barat (TJB) and one in Bungo districts), as well as five in East Kalimantan (one in Berau and four in Kutai Timur districts).

1.2 The need for Social Dialogue in achieving Living Wages

CBAs play a key role in promoting living wages. They include rules on how wages are defined, which (minimum) wage regulation the company adheres to, what the different components of a wage are, and possible additional payments. As such, CBAs provide a structured platform for workers and management to negotiate fair compensation above the legal minimum, ensuring more sustainable income for employees.

The presence of CBAs in the above-mentioned areas in Jambi and East Kalimantan demonstrates the effectiveness of social dialogue within the companies, achieved through bipartite cooperation. Social dialogue plays a vital role in ensuring that wage policies strike a balance between providing workers with a decent standard of living and maintaining business sustainability.

In line with the International Labour Organization (ILO) approach that explicitly supports tripartite, evidence-based social dialogue – as emphasised again in a recent policy brief on living wages – the Fair Work Monitor aims to inform local tripartite wage negotiations. Because the Fair Work Monitor collects data through a participatory survey process, it is remarkably well-placed to also provide the necessary context in explaining the resulting data. The expertise and lived experiences of workers are invaluable in making sense of the data and to make evidence-based assessments on whether their actual wages are able to meet their needs for a secure and dignified life. As this report shows, a minimum wage is not sufficient to meet a living wage.

1.3 Responsible Global Value Chains

The responsibility to provide palm oil workers with a living wage transcends local and national boundaries. As the world's largest palm oil producer, Indonesia is often at the start of a complex palm oil value chain that leads to a variety of consumer markets. The harvested and processed palm fruits end up in food, cleaning, or cosmetic products.

The buyers of palm oil carry a responsibility to ensure that their sourcing practices support – not suppress – fair wages, as laid down in the OECD Guidelines and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

The Roundtable on Sustainable Palm Oil (RSPO) has an important role to play in this respect, as a leading global platform where key stakeholders engage to work towards sustainable practices in the palm oil sector. Under its 2024 Principles and Criteria, the RSPO requires members to go beyond compliance with legal minimum wages by progressively ensuring that all workers are paid a living wage. This is operationalised through a formal living wage policy and the RSPO Living Wage Strategy (2023), which mandates annual calculations of prevailing wages, comparison with living wage benchmarks and concrete steps to close identified gaps. Progress must be monitored and verified, with employers expected to demonstrate continuous improvement.

In that context, too, the Fair Work Monitor delivers valuable data. Auditing companies, valuating in-kind benefits, or monitoring the performance of palm oil companies across time periods and regions - the Fair Work Monitor holds a variety of contributions to the RSPO and its members.

More importantly, worker-driven data on wages and living conditions that boosts evidence-based social dialogue might be the basis for collective action in the supply chain.

1.4 The Palm Oil sector in Indonesia

The palm oil sector is key to Indonesia's economy. According to recent data from the Ministry of Agriculture, the total number of workers employed in the palm oil industry increased from 12.5 million in 2015 to approximately 16.5 million in 2024. Of the 16.5 million workers employed in Indonesia's palm oil plantations, 9.7 million are direct workers: 5.2 million work in smallholder palm oil plantations and 4.5 million are employed by state-owned or private palm oil plantation companies.

The sector accounts for 4.5% of Indonesia's total GDP. The expansion of oil palm area in Indonesia over the period 1980-2024 has been very progressive. In 1980, Indonesia's palm oil area was 294,000 hectares, expanding to 14.59 million hectares in 2020. A sharper increase in the following years led to 16.83 million hectares in 2023 (Indonesian Ministry of Agriculture, 2024).

Together with Malaysia, Indonesia shapes the global market for palm oil. World Bank figures of 2023 show that both Indonesia and Malaysia exported between 3.5 and 3.6 billion kg of crude palm oil, worth over USD 3 billion. The importance of the palm oil sector for Indonesia and its role in global markets comes with significant environmental destruction, human rights violations and poor working conditions, as a vast body of literature – academic and non-academic – has documented.

(see for example: Human Rights Watch in 2021 ; Friends of the Earth in 2024; Profundo in 2018 for the RSPO; Fair Labor Association in 2018). This Fair Work Monitor report acknowledges the impacts of the palm oil sector in Indonesia and recognises the significant size of the workforce employed in this sector. Zooming in on workers' living wages, this worker-driven survey contributes to the existing body of knowledge and intends to inform ongoing negotiations on (living) wages in local, national and global contexts.

2. Methodology

2.1 Worker-Led Survey: Key partners and Geographical Focus

At the heart of the Fair Work Monitor lies a carefully developed methodology, created in consultation with the renowned Ankers Research Institute and tested in eight countries since 2022. This report is the result of the first Fair Work Monitor in Indonesia, conducted by CNV Internationaal and four unions in Indonesia that represent palm oil workers. Our primary partner in this Fair Work Monitor is F HUKATAN, or Federasi Kehutanan, Industri Umum, Perkayuan, Pertanian dan Perkebunan. Representing workers in the forest sector, plantation sector including palm oil and the agricultural sector, F HUKATAN is member of the wider union confederation KSBSI (Konfederasi Serikat Buruh Sejahtera Indonesia).

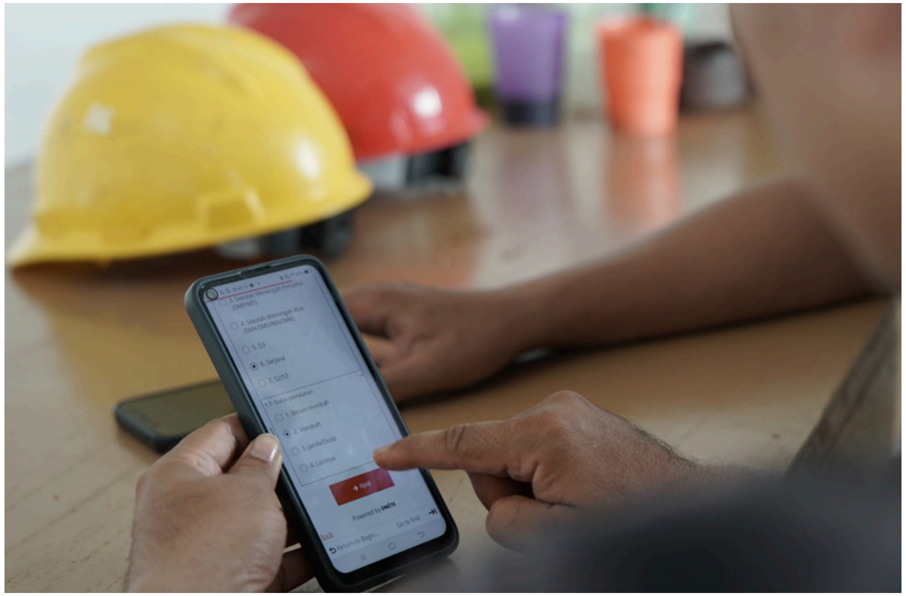
F HUKATAN is also a member of the JAPBUSI network (Jejaring Serikat Pekerja Buruh Kelapa Sawit Indonesia), which unites trade unions that promote justice and welfare for palm oil workers in Indonesia. The following members of the JAPBUSI network also contributed to the implementation of the Fair Work Monitor: FSB NIKEUBA, FSP PP - KSPSI ATUC, and F SPPP - SPSI Pembaruan. Within Indonesia, the islands Sumatra and Kalimantan are the primary producers of palm oil. The survey was conducted on both islands: in the province of East Kalimantan with a focus on Kutai Timur and Berau districts, and in the province of Jambi with a focus on Bungo and Tanjung Jabung Barat districts.

2.2 Survey Development and Implementation

The Fair Work Monitor process consists of several stages that all involve the active participation of unions and workers. First, the questionnaire was designed to reflect both the sound approach of the Ankers Research Institute that is specialised in researching living wages around the world, and the local context in terms of relevance and terminology. The rigorous process of designing the questionnaire involved a pilot in which 20 workers tested the questions for its accessibility, completeness and length. Second, the FWM facilitators who set out in the field to support data collection amongst workers were trained.

Two FWM trainings took place, one in Jambi and one in East Kalimantan at the end of May 2025, training 60 facilitators primarily on the background of the FWM, the questionnaire and the technicalities of the digital survey. Third, facilitators were assigned a specific plantation or company for the purpose of data collection. Because facilitators were selected based on their local embeddedness, they were positioned well to support both unionised and non-unionised workers to fill in the FWM survey. The trainings prepared them to work with KoboToolbox, a web-based tool designed to collect information in difficult environments with restricted communication and connectivity using mobile devices or smartphones.

All answered questionnaires were uploaded to the KoboToolbox platform for aggregation and data analysis. The digital monitoring system ensures anonymous and voluntary participation. Following a convenience sampling method, workers were selected at random from a readily available group. In total, 1072 workers filled in the FWM survey (see Annex I for the full characterisation of respondents and the key findings). Throughout the data collection process, monitoring took place to ensure significant representation of different groups within the research population. Still, the sampling method inherently includes a possible bias. The reliance on trade unions in distributing the survey results in a majority of union members among the respondents.



This number is significantly higher than the overall share of unionised workers in the palm oil sector in Indonesia. The resulting data was cross-checked within CNV Internationaal's team of data analysts. Furthermore, the data was analysed in close consultation with CNV Internationaal's trade union partners in Indonesia. During a two-day meeting in Jakarta in August 2025, the FWM results were presented and discussed in depth so that the data – including unexpected findings – could be explained by those who are most familiar with the local context of palm oil workers. This process of triangulation enriches the findings of the Fair Work Monitor for palm oil in Indonesia, providing both local context and invaluable insights into the relation between social dialogue and (living) wages.

2.3 Living Wage definition and Methodology

CNV Internationaal follows the widely accepted definition and methodology of a living wage from the ILO. A living wage is:

(...) the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work; calculated in accordance with the ILO's principles of estimating the living wage (...); to be achieved through the wage-setting process in line with ILO principles on wage setting.

Living wage standards or benchmarks have no legal status. Moreover, real wages can sometimes be higher than living wage benchmarks, but this does not mean that people are indeed able to live in security and with dignity. Although not a perfect tool, we choose to use an internationally recognised living wage benchmark in order to enable wage gap calculations. Hence, such estimates function as a starting point and require explanations that can only be provided through local expertise, which is central to the worker-driven methodology of the Fair Work Monitor.

The ILO's Governing Body also reaffirmed, as recent as March 2024, that a living wage definition is a starting point and needs to take into account the local context:

The operationalisation of living wages should not be a one-size-fits-all approach and should reflect local or regional differences within countries. Both tripartite and bipartite social dialogue, particularly collective bargaining, are crucial mechanisms to operationalise living wages. Social dialogue, including collective bargaining, contributes to the fair distribution of the gains generated through value-added along global supply chains.

Methodologies for calculating a living wage vary across organisations and research, leading to different estimates for the same location. The Anker Living Wage is set by first determining what a typical family should spend on expenses to have a decent standard of living, and is subsequently divided by the average number of workers per family. The resulting living wage benchmarks for the provinces central in this study are between Rp3.450.380 for the most rural province and Rp5.096.650 for the most urban province, which converts to around EUR 175 and EUR 260.

However, Indonesia is characterised by large differences between provinces and even districts, as table 1 below shows.

Table 1: Minimum wages (2025) in FWM districts

Province	District	Minimum wage in Indonesian Rupiah	Minimum wage in Euros
East Kalimantan (Kalimantan)	Kutai Timur	3.743.820	192
	Berau	4.081.376	209
Jambi (Sumatra)	Bungo	3.234.535	165
	Tanjung Jabung Barat	3.329.595	170

This requires a living wage benchmark that recognises these variations. Contrary to the Ankers Research Institute, the Wage Indicator offers a living wage benchmark specifically for the province of East Kalimantan and the province of Jambi. Although this does not take into account differences between districts within one province, this benchmark was deemed the most appropriate and therefore used as the leading benchmark to calculate the wage gaps for palm oil workers in this report. The living wage estimates of the Wage Indicator are Rp3.906.878 for Kalimantan and Rp3.885.304 for Jambi. Table 2 below shows that although there is a slight difference in living wage estimates between the two provinces, this difference is relatively small compared to the existing differences between minimum wages.

Table 2: Living wages (estimated by Wage Indicator) in FWM districts

Province	District	Living wage in Indonesian Rupiah	Living wage in Euros
East Kalimantan (Kalimantan)	Kutai Timur	3.906.878	200
	Berau		
Jambi (Sumatra)	Bungo	3.885.304	199
	Tanjung Jabung Barat		

A few important considerations need to be taken into account before presenting the findings. First, the minimum wage in many countries is insufficient to provide a decent and secure living for people.

Second, an actual living wage is only a first step. While a living wage should cover the essentials for a basic standard of living, it does not necessarily guarantee full financial security, nor should it be seen as the ultimate goal for personal or societal development. In line with the ILO Governing Body as quoted above, social dialogue is a crucial instrument in further operationalising a living wage that fits the local reality of workers on the ground.

Third, living wage benchmarks are evidence-based estimates that do not sufficiently take into account on-the-ground data and local differences within a province. The Fair Work Monitor methodology is able to test the benchmarks - in this case of the Wage Indicator - and offer insights into the local circumstances. The findings in this report thus contribute to a better understanding of the expenses faced by workers that are possibly not covered by either the minimum wage or the living wage. This is particularly relevant for the case of Berau, where the minimum wage is Rp196.072 (EUR 10) higher than the living wage benchmark. As such, the Fair Work Monitor, centralising workers' knowledge and experiences, complements existing living wage benchmarks.

3. Key Findings: Living Wages and Union Presence

In this chapter, we take a closer look at wages, payments, and the role of trade unions across Indonesian provinces. Following the variety in minimum and living wages between the two provinces, this wage analysis is divided into sections on Jambi and East Kalimantan, and draws key conclusions based on the differences observed.

3.1 Jambi

When examining wage outcomes in the province of Jambi, one fact becomes immediately apparent: there is still a long way to go before all workers earn at least the minimum or a living wage. In the district of Bungo, 25% of workers report that their basic salary falls more than Rp100,000 below the minimum wage. The salary distribution for Bungo (average per 5% of workers) is shown in the graph, which illustrates that roughly 60% of workers earn around the minimum wage. The situation is similar in Tanjung Jabung Barat, where 37% of workers indicate that their basic wage is below the minimum wage.

The gaps to a living wage are even larger. In Bungo, 99% of workers do not earn a living wage, and in Tanjung Jabung Barat, 97% fall short. The median wage gap, which shows how much the worker in the middle of all earners would need to reach the living wage, is Rp650,000 in

Figure 1: Distribution of reported salaries in Bungo (Sumatra)

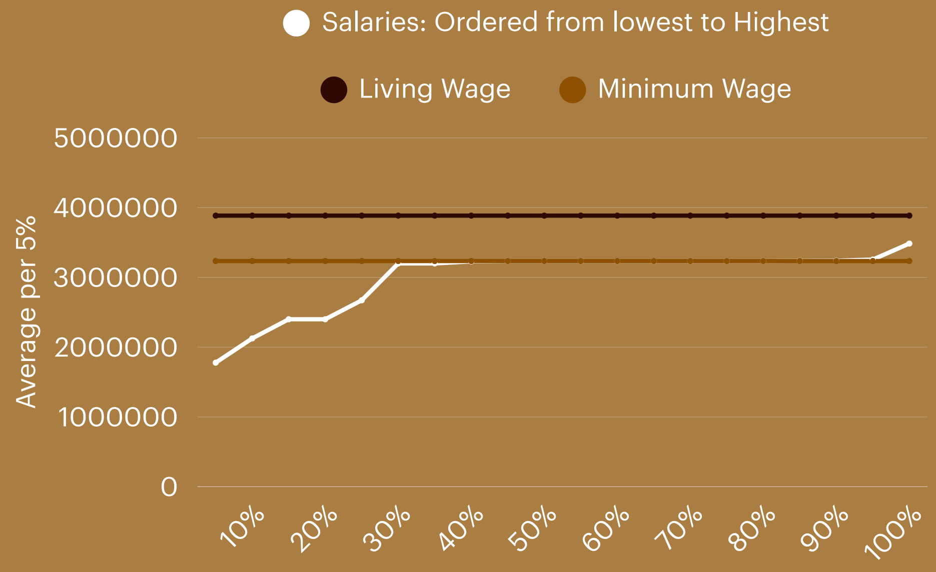
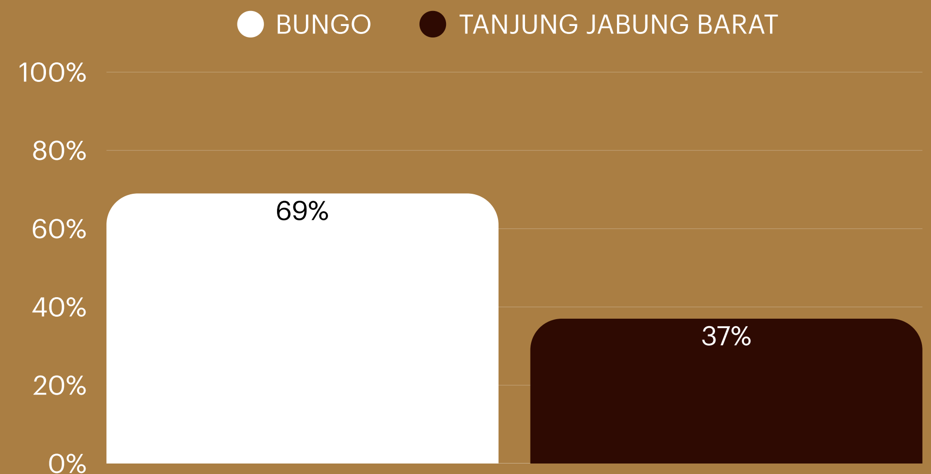


Figure 2: Percentage of workers that report not earning a minimum wage in Jambi (Sumatra)



Bungo and Rp535,000 in Tanjung Jabung Barat. For those at the very bottom (the 25% least earners), the difference is even more dramatic: their salaries would need to increase by as much as Rp1,600,000 to reach a living wage.

A closer look at Jambi Province reveals which groups of workers are especially vulnerable to earning below the minimum wage, and therefore deserve particular attention. Overall, 59% of workers in the province report not receiving the minimum wage. This challenge is especially common among those with little or no formal education, daily labourers, workers who are not members of a trade union, and employees in areas without Bipartite Cooperation, the local form of structured dialogue between employers and workers (see Annex II for detailed findings on wages).

When we zoom in on the district level, the disparities in Bungo are most pronounced between daily labourers and workers with fixed contracts, with 98% of daily labourers reporting earnings below the minimum wage. Union membership also appears to make a difference: 67% of unionised workers report not earning the minimum wage, compared to 89% of non-unionised workers. In Tanjung Jabung Barat, similar patterns emerge, though at lower levels: 31% of union members and 57% of non-members report earnings below the minimum wage, while 48% of daily labourers versus 34% of permanent employees fall below this threshold.

Overall, Bungo has a higher proportion of workers that report earning below the minimum wage, but the relative differences between groups are broadly consistent across both districts.

The way wages are calculated also plays a crucial role. Workers whose pay depends on meeting production targets are far more likely to earn less than the minimum wage compared to those paid based upon working hours. For example, 69% of target-based workers fall below the minimum wage, compared to 30% of workers who are paid monthly based upon working hours. These findings suggest that wage outcomes are not just a matter of individual effort, but also of structural conditions such as education, employment arrangements, union membership, and the systems through which wages are set.

3.2 East Kalimantan

In East Kalimantan, we observe a different and somewhat better situation regarding wages. This does not mean that challenges are absent, but it does show that progress is possible. Unlike in Jambi, wage levels appear much more uniform across workers. In the district of Kutai Timur, for example, 99% of workers report earning almost exactly Rp3,900,000, while in Berau, 95% of workers report earnings varying from Rp4,000,000 to Rp4,300,000 .

These answers reflect the sectoral minimum wage. The participating trade unions explained that companies in these districts tend to consistently implement this wage standard. This outcome is closely connected to the stronger presence of trade unions in East Kalimantan, which have played an active role in wage councils and successfully pushed companies to comply with sectoral minimum wages. These sectoral rates are higher than both the applicable minimum wage and the benchmark levels used in our study.

Because so many workers earn similar wages, it is more challenging to identify which groups are most vulnerable, compared to the case of Jambi. Still, the findings are notable. In Kutai Timur, the vast majority of workers earn a living wage, effectively closing the wage gap. In Berau, we observe the unusual situation in which the minimum wage is set higher than the living wage benchmark.

Figure 3: Distribution of reported Salaries in Berau (Kalimantan)

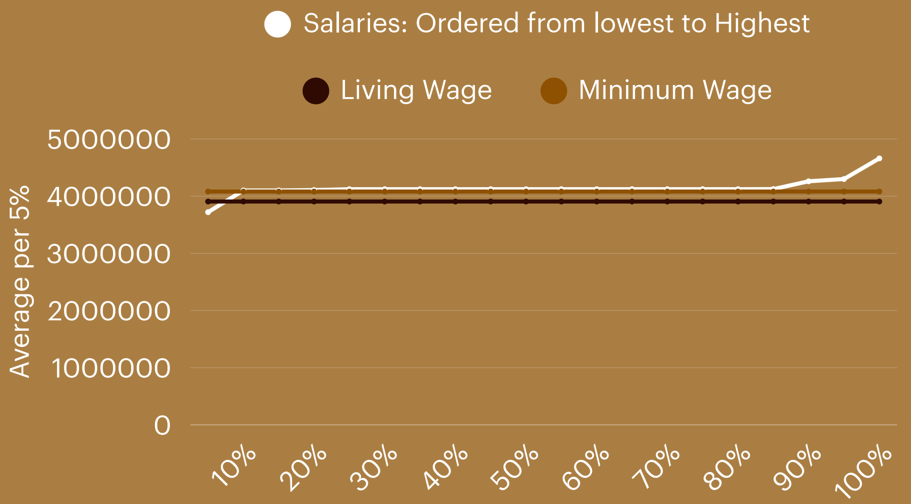
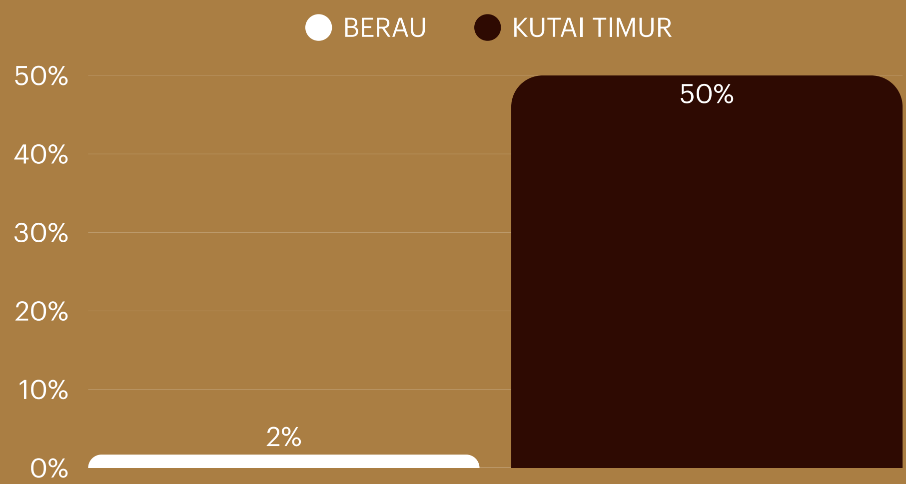


Figure 4: Percentage of Workers that report not Earning a Living Wage in East-Kalimantan



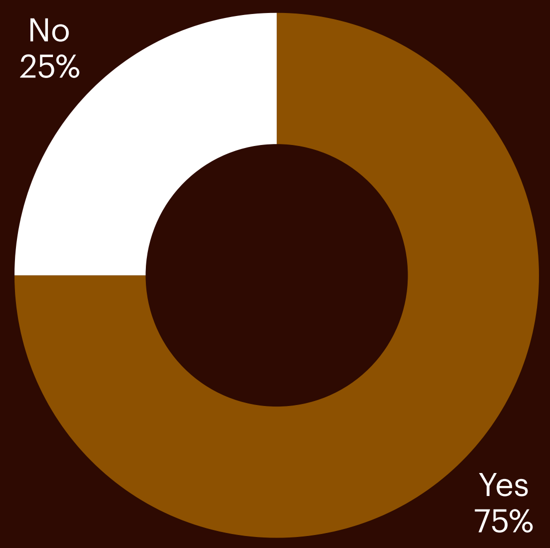
It is important to note, however, that the living wage benchmark does not fully capture the actual cost of living in rural East Kalimantan. Due to high transportation costs and limited local markets, many goods are more expensive than the benchmark assumes. As a result, even workers who earn a living wage or slightly more still struggle to meet their basic needs. The next chapter returns to this issue, using data on living conditions to substantiate these local concerns.

3.3 Extra Payments

For most workers, the basic wage is only a part of their income. What emerges clearly from both the survey data and local discussions is the wide variety of additional payments and benefits that play a role in workers' livelihoods. These can take many forms: bonuses, in-kind benefits such as housing and rice, quota-based payments, or other arrangements. Such extra payments not only differ in size but also in structure, and they vary across district, plantations, and time periods. While these differences make it difficult and time-consuming to collect consistent data on extra payments, the present survey offers some insights.

In Jambi, these additional payments are particularly significant because many workers depend on them just to reach the minimum wage. This dependence makes their income less predictable and creates financial insecurity.

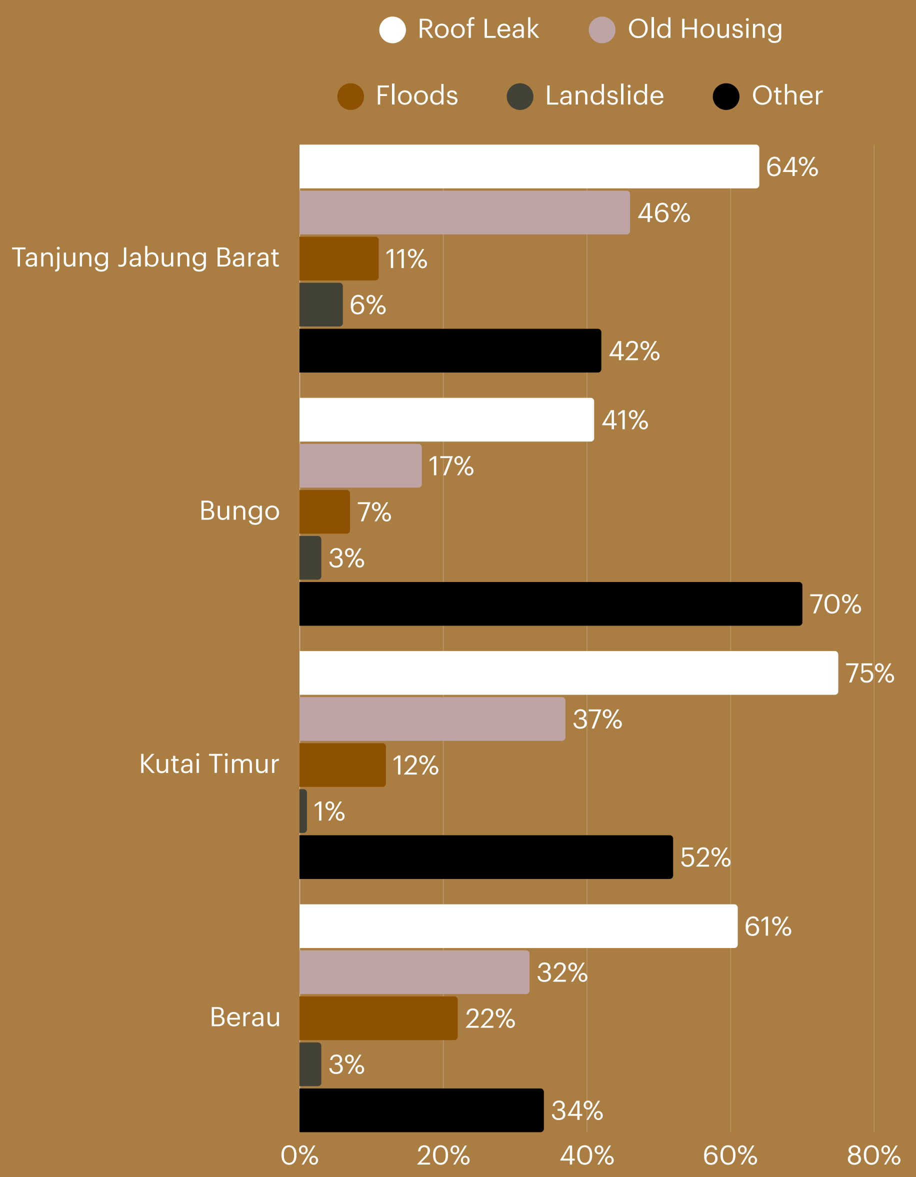
Figure 5: Percentage of Workers Reporting Receiving a form of Extra Payments



Without a reliable and steady wage, workers struggle to plan ahead, save, or invest in improvements to their lives. It also leaves them more vulnerable to employers.

Lastly, the existing bonuses or incentives potentially force workers to work harder or longer, risking their physical health and safety. Many such incentives are linked to quotas or targets. Although it is difficult to completely move away from a target-based system, the burden of high targets should be avoided - especially as they often fall on specific types of work, such as harvesting.

Figure 6: Housing Risks per District



4. Linking Wages and Living Conditions

In order to draw conclusions on living wages, the Fair Work Monitor includes questions on living conditions of workers, especially on the topics of housing, illnesses, food insecurity, and health insecurity. The results help us understand how closely wages are tied to workers' daily lives and well-being, and how these links can vary between provinces and districts (see Annex III for an overview of key findings on living conditions per district). This section first presents the key findings on risks associated with housing, before detailing the relation between wages and living conditions in Jambi and East Kalimantan.

4.1 Housing Conditions

It is common for palm oil companies in Indonesia to provide free housing for workers. 95% of the respondents indicated that they live in housing that is provided by the company they work for. Most respondents live in a housing unit with their families, while 21% share their housing unit with other workers. The houses provided are characterised by multiple risks. When asked which risks respondents experienced over the past twelve months, over 60% reported roof leaks and almost 35% reported risks associated with old housing conditions. Threats of landslides or floods were reported less frequently, but over 45% reported 'other' risks. Figure 6 displays the percentages for each district.

While providing housing on the plantation by the company can be experienced as good – and even necessary due to the remote locations of plantations – it also increases the dependency of workers on the company. For example, workers and their families are sometimes forced to leave their house as soon as they are dismissed.

The vulnerability of workers in terms of housing varies per type of contract. Respondents were asked whether they were permanent workers with a contract, regular daily workers with a contract, or daily workers. The findings on housing demonstrate in particular the vulnerability of the latter: daily workers.

Whereas 97% of regular daily workers and 98% of permanent workers indicated that they live in housing provided by the company, 84% of daily workers live in such housing. Figure 7 shows that 36% of them report bad or very bad housing conditions. That is a significantly higher percentage than regular daily workers (15%) or permanent employees (12%).

The biggest difference between these three groups is the presence of bathrooms and toilets. A staggering 40% of daily workers report that there is neither a toilet nor a bathroom present in their housing. These figures are much lower for regular daily workers (11%) and permanent workers (7%).

Figure 7: Workers that report the condition of their housing as being bad or very bad; per type of worker

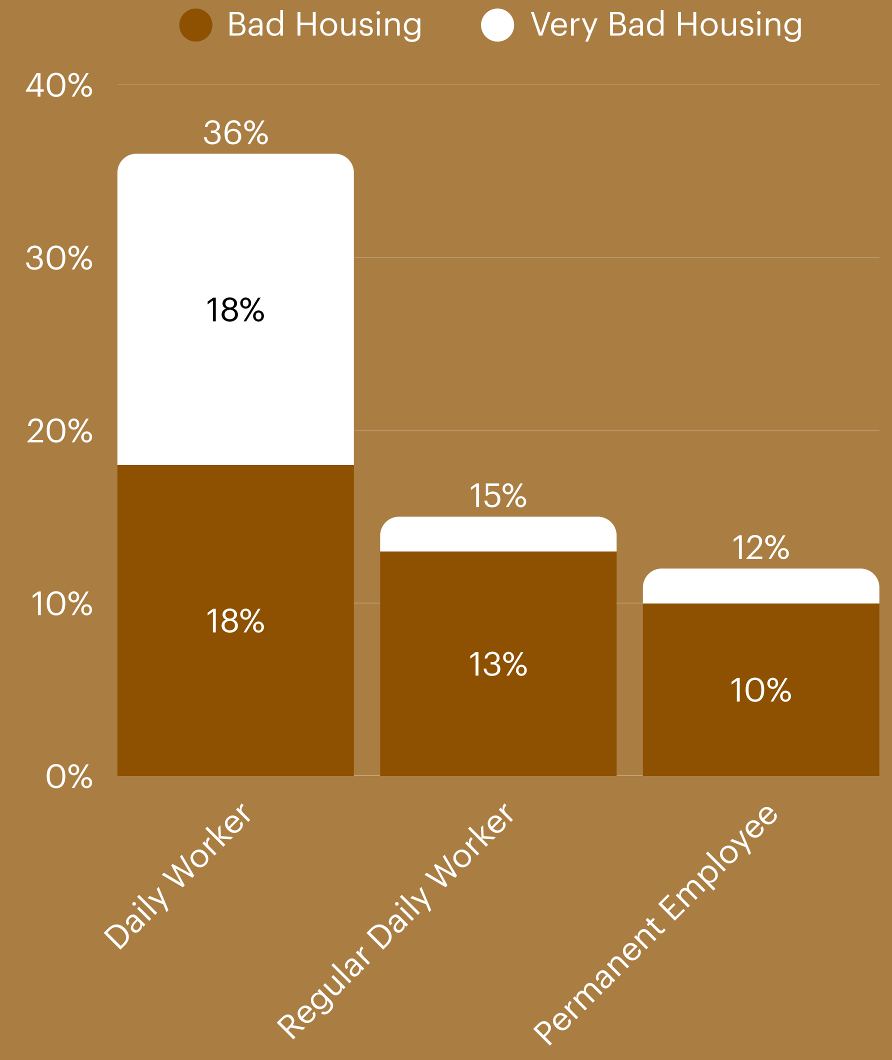


Figure 8: Food shortage in Tanjung Jabung Barat

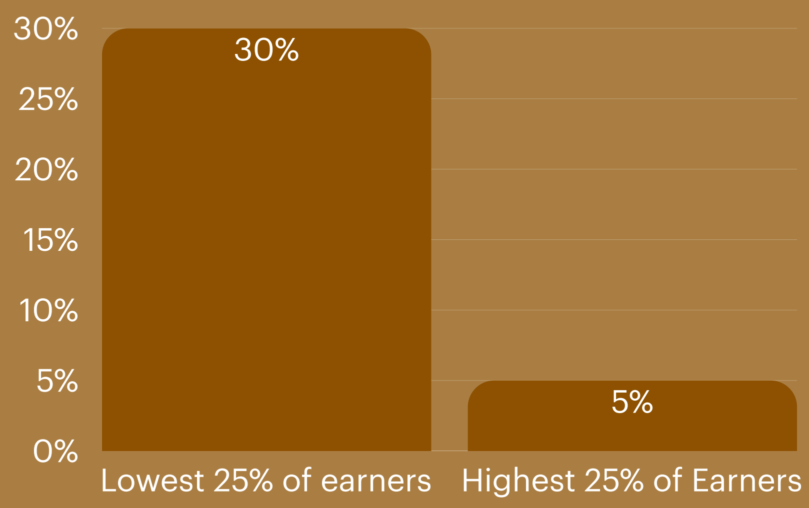
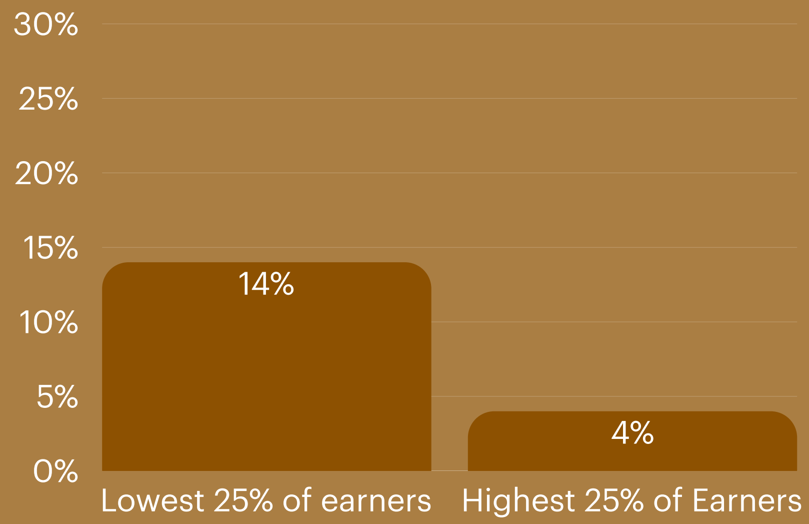


Figure 9: Food shortage in Bungo



4.2 Wages and Living Conditions in Jambi

In Jambi Province, the link between wages and quality of life is especially clear. Workers with higher incomes consistently report better outcomes across a wide range of well-being indicators. For example, the top 25% of earners feel safe in their homes 97% of the time, compared with only 60% of the 25% poorest earners. Serious work-related illness is rare among high earners, with only 1% reporting such problems, while the rate rises to 12% among the lowest earners. Housing quality follows a similar pattern: 98% of top earners live in good-quality housing, compared with only 51% among those with the lowest wages. Healthcare costs also fall more heavily on low earners, 28% of whom cut back on other expenses to afford treatment, compared with just 7% of top earners.

Figures 8 and 9 show food shortage levels, measured by whether respondents reduced their food intake in the past three months due to financial constraints. Once again, we see sharp contrasts between top and bottom earners. In both districts in Jambi the gap is wide, and in Tanjung Jabung Barat nearly one in three workers with the lowest wages have cut back on food, a deeply concerning finding.

Taken together, these findings make a compelling case: raising wages in Jambi is not only a matter of fairness but also a direct pathway to better living conditions. Safer homes, healthier lives, and reduced financial stress are all strongly associated with higher wages. In this context, increasing basic pay is likely to be one of the most effective interventions for reducing poverty and inequality in the province.

4.3 Wages and Living Conditions in East Kalimantan

The situation in East Kalimantan, however, looks different. Wages there are relatively uniform across workers, making it difficult to identify clear relationships between income levels and living conditions. However, the data does show that workers still face significant challenges even though most workers do report earning a wage close to the living wage benchmark. For example, 19% report a serious work-related illness, and 20% live with chronic conditions they cannot afford to treat. Moreover, 30% are forced to cut back on other spending to pay for healthcare, and 20% report having run out of food with no money to buy more. Lastly, 10% of children are not in school because they are helping their families earn an income.

These findings reveal that a group of workers earning the official living wage in East Kalimantan still struggle with poor living conditions.

One explanatory factor, as trade unions highlight, lies in the remoteness of many areas. Long distances to health facilities, high transport costs, and inflated prices of basic necessities all mean that the living wage may not stretch as far as intended.

In conclusion, while raising wages in Jambi would likely have a direct and positive impact on workers' lives, the experience of East Kalimantan shows that a living wage is not sufficient in very remote areas for a significant group of workers. In such contexts, higher wages may be necessary, alongside direct investments in services and infrastructure, to ensure that workers can achieve a decent standard of living. The living wage benchmark that this report uses does not sufficiently capture what workers need to earn to be able to live in security and with dignity.

5. Conclusions and Roadmap Towards a Real Living Wage

The Fair Work Monitor amongst palm oil workers in Indonesia finds significant differences in living wages between provinces. Most workers in Jambi report not receiving a living wage. In the district of Bungo, 25% of workers report that their basic salary falls more than RP100,000 below the minimum wage. The findings show more uniformity in the wages reported by palm oil workers in the province of East Kalimantan. The reported wages come closer or even transcend the living wage benchmark.

These findings, **first**, strongly suggest that the wages of palm oil workers in Jambi - and particularly the district of Bungo - need to be raised. With the wages reported in the Fair Work Monitor, too many workers struggle to live in a decent and secure way.

Second, the sectoral minimum wage is more frequently paid in East Kalimantan due to the presence of strong unions in wage councils and at company level. Comparing the strong case of Berau with the weaker case of Bungo, important differences lie with independent union leaders, stable membership fees, strong social dialogue skills to be able to participate in LKS bipartite and tripartite forums, and strong government support for the existence of accessible and functioning LKS bipartite and tripartite forums.

The case of Berau in particular demonstrates the need for continuous pressure on companies to implement the negotiated applicable minimum wages. This is reinforced by the weaker presence of unions in the districts of Bungo and Tanjung Jabung Barat in Jambi, where the report finds lower wages.

Third, minimum wages should apply to all workers regardless of contract status or target-based pay. Target-based or contractual arrangements must never be used to deprive workers of their legal right to the minimum wage. Improving contractual practices and upgrading daily workers to contract workers will strengthen their rights to minimum wage in the Indonesian context.

Fourth, it is vital to point out that the findings also show difficulties for workers in Berau to finance a decent living. Achieving food and health security is still a challenge for many workers. Living wage benchmarks, such as the Wage Indicator used in this report, function only as an estimation and are not (always) able to capture local and regional differences. Worker-driven initiatives like the Fair Work Monitor are crucial to put data in its local context. The local embeddedness of trade unions central to the Fair Work Monitor process helped to explain, for example, why the relatively high minimum wage of workers in Berau is still insufficient: high costs of transportation of basic necessities in remote areas increase prices, and access to health care depends on more variables than a wage.

5.1 Recommendations: a Roadmap to Real Living Wages

Based on the FWM findings, we argue that the following steps are necessary for local, national and global actors to work together in order for palm oil workers in Indonesia to receive a living wage, enabling them to live in security and with dignity:

- **Local** affiliates of national (palm oil) unions need to actively participate in relevant wage councils. Whether wage councils on provincial- or district-level, trade unions should be included. Currently, (high) threshold criteria too often obstruct from doing so. Moreover, (the local affiliates) of unions need to be supported and trained in their efforts to participate effectively and in an evidence-based way in wage councils.

- Based on the Government Regulation Number 36/2021 on Wages, the minimum wage is only applied to the workers who have working experience less than 1 year. After one year, the employer shall pay more, based on wage structure and scale. However, this is not implemented on the ground, since we found that almost all workers, regardless of their years of service, receive the same wages.

As the leading global platform for sustainable palm oil, the **RSPO** should:

- support its members in closing the living wage gap through time-bound, enforceable implementation plans,
- strengthen support for social dialogue and union representation.
- require its members to develop phased roadmaps towards living wages, in consultation with local trade unions and local stakeholders.
- encourage its members to strongly promote freedom of association and ensure that social dialogue and collective bargaining are central to wage-setting processes.
- ensure that, for the first phase of the Living Wage Strategy, workers' data, such as that from the Fair Work Monitor, is used to calibrate the methodology for calculating salient wages in the pilot projects and becomes a standard part of the RSPO's wage data system.
- complement the benchmarks for living wages with worker(-driven) data
- promote and facilitate collective action projects between producers, buyers, and unions, encouraging the calculation of salient wages and the implementation of strategies to close the gap towards living wages.

Responsibility to achieve living wages lies with every company in the palm oil value chain. Specifically:

- **Growers** should move beyond policy commitments by developing clear strategies to implement living wages, starting with wage assessments across all worker categories. Where gaps exist, companies should prioritise the most vulnerable and take practical steps, such as transitioning daily workers to secure contracts. Strengthening engagement with trade unions and worker representatives is essential, and in areas with weak union presence, alternative consultation mechanisms should be established. Transparency around challenges such as pricing can help suppliers work collaboratively with RSPO and buyers to find realistic, long-term solutions.

- **Buyers** play a key role in improving wages by aligning purchasing practices with sustainability goals. Buyers should therefore meaningfully engage with growers to understand the costs of achieving a living wage and adjust pricing and contracts —such as offering longer-term agreements for financial stability. Prioritising growers making progress on living wages and making responsible labour practices, including respect for trade unions, a sourcing requirement is essential.

Annex I: Characterisation of Respondents and Key Findings

Category	Type of Workers	Percentage in Sample
All workers	All workers	100% (1072)
Age	18-29	26%
Age	30-49	67%
Age	50-65	5%
Age	More than 65	2%
Education	None	10%
Education	Primary School (SD/MI)	15%
Education	Secondary School (SMP/MTs)	32%
Education	High School (SMU/SMA/MA/SMK)	41%
Education	Diploma 3	1%
Education	Bachelor	1%
Gender	Male	76%
Gender	Female	24%
Employment status	Regular Daily Worker	42%
Employment status	Permanent Employee (SKU)	41%
Employment status	Daily Worker	17%

Category	Type of Workers	Percentage in Sample
Province	East Kalimantan	50%
Province	Jambi	17%
District	Tanjung Jabung Barat	33%
District	Berau	33%
District	Kutai Timur	18%
District	Bungo	17%
Union Affiliated (Where Present)	Yes	85%
Union Affiliated (Where Present)	No	15%
Wage Structure	Wage based upon Working Hours	66%
Wage Structure	Wage based upon Volume or Target	31%
Wage Structure	Wage Based upon something else	3%
Workers with Extra Payment (Various Forms)	Yes	75%
Workers with Extra Payment (Various Forms)	No	25%
Bipartite Cooperation in Company	Yes	40%
Bipartite Cooperation in Company	No	18%
Bipartite Cooperation in Company	I don't know	42%

Annex II: Wages

Metric	Category	Bungo	Tanjung Jabung Barat	Berau	Kutai Timur
Percentage Below Minimum Wage	All	69%	37%	4%	1%
Percentage Below Living Wage	All	99%	97%	2%	50%
Median Wage	All	3.234.000	3.335.000	4.112.000	3.900.100
Median Wage Gap	All	651.304	535.304	No Gap	6.500
Median Wage Gap (%)	All	23%	14%	No Gap	0.3%
Average Wage of 25% Least Earners	All	2.274.958	2.833.375	4.026.740	3.878.723
Gap to Living Wage for 25% Least Earners	All	1.610.346	1.051.929	No Gap	28.155
Gap to Living Wage for 25% Least Earners (%)	All	41%	27%	No Gap	0.7%
Percentage Below Minimum Wage	No or Only Primary Education	39%	47%	2%	1%
Percentage Below Minimum Wage	Higher than Primary Eduaction	78%	35%	3%	1%
Percentage Below Minimum Wage	Daily Worker	98%	48%	8%	1%

Metric	Category	Bungo	Tanjung Jabung Barat	Berau	Kutai Timur
Percentage Below Minimum Wage	Permanent Employee (SKU) or Regular Daily Worker	57%	34%	3%	1%
Percentage Below Minimum Wage	Wage based upon Working Hours	77%	30%	3%	1%
Percentage Below Minimum Wage	Wage based upon Volume or Target	62%	69%	5%	1%
Percentage Below Minimum Wage	Affiliated Trade Union	67%	31%	3%	1%
Percentage Below Minimum Wage	Not Affiliated Trade Union	89%	57%	9%	1%
Percentage Below Minimum Wage	Bipartite Cooperation in Company	80%	37%	6%	1%
Percentage Below Minimum Wage	No Bipartite Cooperation in Company or Respondent does not know	69%	35%	3%	1%

Annex III: Living Conditions

Metric	Category	Bungo	Tanjung Jabung Barat	Berau	Kutai Timur
Health Insecurity	All workers	21%	46%	60%	64%
Health Insecurity	25% highest wages	6%	52%	75%	79%
Health Insecurity	25% lowest wages	27%	61%	45%	19%
Food Insecurity	All workers	16%	12%	27%	15%
Food Insecurity	25% highest wages	4%	6%	31%	4%
Food Insecurity	25% lowest wages	14%	30%	22%	11%
Safe home	All workers	74%	90%	86%	93%
Safe home	25% highest wages	94%	95%	76%	97%
Safe home	25% lowest wages	54%	72%	95%	96%
Serious Work-related Illnesses	All workers	7%	4%	23%	11%
Serious Work-related Illnesses	25% highest wages	2%	2%	34%	16%
Serious Work-related Illnesses	25% lowest wages	13%	11%	16%	4%
Bad or Very Bad Housing Quality	All workers	31%	10%	26%	12%
Bad or Very Bad Housing Quality	25% highest wages	11%	2%	31%	6%
Bad or Very Bad Housing Quality	25% lowest wages	53%	28%	24%	4%
Reducing other expenses to pay for healthcare	All workers	12%	15%	34%	23%

Metric	Category	Bungo	Tanjung Jabung Barat	Berau	Kutai Timur
Reducing other expenses to pay for healthcare	25% highest wages	0%	11%	48%	25%
Reducing other expenses to pay for healthcare	25% lowest wages	16%	31%	23%	8%
Living with chronic condition without treatment	All workers	5%	8%	21%	15%
Living with chronic condition without treatment	25% highest wages	2%	13%	29%	28%
Living with chronic condition without treatment	25% lowest wages	3%	12%	16%	4%
Run out of food with no money to buy more	All workers	4%	9%	22%	14%
Run out of food with no money to buy more	25% highest wages	0%	1%	26%	3%
Run out of food with no money to buy more	25% lowest wages	5%	26%	18%	11%
Children if not in school because helping parents	All workers	11%	28%	13%	5%
Children if not in school because helping parents	25% highest wages	0%	40%	11%	6%
Children if not in school because helping parents	25% lowest wages	6%	13%	2%	0%

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This report is also available in Bahasa Indonesia, edited by Shassy Cahyani

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