OIL PALM AND THE NEW TRANSMIGRATION IN INDONESIA: EXAMPLES FROM KALIMANTAN

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Did Transmigration die in 1998?

- ‘Indonesia’s Transmigration Programme – An Update’ Adriana Sri Adhiati and Armin Bobsien, *Down to Earth* 2001

- “…the official transmigration programme, as implemented during the Suharto years, appears to have been quietly dropped… However, there is a real danger that transmigration in a new guise may take over where the old programme left off. Both the central government and the newly empowered local governments are relying on natural resources exploitation… to generate revenue. The model of large scale commercial exploitation aimed at export markets is being actively encouraged by… the IMF and the World Bank. If this continues, the demand for labour in areas of low population will increase, fuelling a new migration – and possibly transmigration – boom.”
• This overview was written during the height of Indonesia’s democratic *reformasi* period, which followed the fall of the Suharto government in 1998, and soon after the implementation of regional autonomy or decentralisation in 2001. Considerable power had thus been transferred to the districts and away from the central office in Jakarta.

• Many districts outside Java were eager to attract investors, especially oil palm companies looking for a compliant labour force.

• The authors were therefore cautious in their assessment that transmigration was finished, even though by 2000 the number of families moved was only 2,265, in contrast to 90,762 in 1996-7.
Organising the New Transmigration

• By 2005 a new program was being organised on a district-to-district basis, with ‘sending districts’ (in Java, Bali, NTT, NTB, Lampung) liaising with ‘receiving districts’ (in Sumatra, Kalimantan, Sulawesi, Papua). It was co-ordinated by the (renamed) Ministry of Manpower and Transmigration.

• Costs were supposedly shared between the central office, the districts involved and the plantation beneficiaries.

• In 2010, 22 plantations contributed 74% of the total cost, 70% of them in the wealthy province of East Kalimantan.

• There were said to be 238,590 families (more than a million people) interested in transmigrating, but quotas were imposed and some potential ‘receiving districts’ refused to participate.
A revised government regulation (No 29 of 2009) updated the types of official transmigrants and the responsibilities towards them of district governments and investing companies.

‘General transmigrants’ (TU) were poor people who would receive maximum district government assistance, being supplied with a house, seeds, implements and 2 hectares of land. It was expected that they would become day labourers on a nearby estate and would sometimes be offered a *kemitraan* (partner) arrangement for smallholder land on the estate. The estate would work that land on their behalf and pay them a ‘rent’ for the value of their oil palm fruit.

‘Semi-assisted transmigrants’ (TSB) were provided with 2 ha but received less direct assistance and were expected to enter into the same sort of partner agreement with an estate. As the return from the ‘rent’ paid by the estate was low, they would also work as labourers.

‘Independent transmigrants’ (TSM) were supposed to have more resources and were only given a house lot (0.75ha). They were also expected to become labourers, especially building new towns (KTM).
• All were supposed to be assisted with food from the district government's for a minimum period (depending on the location) and their lands were expected to be ‘clear and clean’, ready to cultivate and free of outside claims.

• Local people were to be reserved 50% of places on all new sites.

• As one aim was poverty reduction, there was a focus on ‘spatial affinity’ as the basis for areal development. Three types of districts were highlighted: backward areas; districts close to international borders; and strategic, fast growing districts of high potential.

• In 2011, backward areas were mainly identified in Sulawesi, border districts were in West Kalimantan, Papua and NTT, while fast growing districts were in Central Kalimantan and South Sumatra.
• Central to the ‘spatial organisation’ of the new transmigration was the founding of new towns or cities, *Kota Terpadu Mandiri* (KTM), ‘integrated self-sufficient city’. The reasoning was that several former transmigration sites had eventually become district or sub-district capitals or prosperous villages, a process which had taken 30-50 years. The aim was to reduce that time to 15 years.

• The KTM were described by the Minister for Manpower and Transmigration as the ‘icons’ of the new transmigration ‘paradigm’.

• The surrounding transmigration regions, usually with associated oil palm estates and independent transmigrant workers (TSM), would form the ‘embryo’ for the new towns.

• Payment for KTM development was supposed to be 30% by both the central and district governments and 40% by investors.
• In East Kalimantan, a KTM was planned in fine detail for Kaliorang, Kutai Timur, which included a large new port, Maloy, for handling cargoes of crude palm oil (CPO) from nearby estates.

• Nothing much exists yet at either place, except the estates and a trans-migration settlement, half empty when visited in September 2011 due to a dispute over land.
The new transmigration ‘paradigm’ and reality in Central Kalimantan

- Central Kalimantan is one of the least populated provinces in Indonesia, with just 2.2m people in 2010, 12 per sq km. It has a majority indigenous Dayak population (several different groups, especially Ngaju and Maanyan), with significant minorities of Banjarese (originally from South Kalimantan) and Javanese.

- It is second to Riau (Sumatra) in the area under oil palm, with 1,085,158 ha in 2010 distributed over 148 estates, only 45% of which was mature. Smallholders owned a mere 10% of the oil palm area, in contrast to Riau with almost 50%.

- Since 1960, 100,591 transmigrant families have been accommodated in Central Kalimantan, one of the largest intakes of any province.
Where are the transmigrants?

• The following map shows transmigration sites from about the end of the 1990s to 2011, with the 13 new sites (from 2006) indicated separately. Sites dated 2011 did not receive migrants until November 2011 at the earliest.

• The failed ‘Million hectare rice scheme’ (PLG) was the focus of transmigration in the last years of the Suharto government. Although many of the 15,000+ families were repatriated to Java following its declared failure, about half have remained.

• The most important sites remain the ex-PLG, together with the locations of most rapid oil palm growth, such as Parenggean (Kotawaringin Timur) and parts of Kotawaringin Barat, with a scatter in remote locations like Puruk Cahu, more accessible now with a new road.

• We studied three of the new sites in June 2011 and another in September. They are discussed here, together with four older sites, one of which, Lamunti, is a planned KTM.
Transmigration old and new, Central Kalimantan

Source: Ministry of Manpower and Transmigration, Jakarta
New sites1: Kumai Seberang

- Across the river from Kumai town, a tidal swamp with highly acid soils but which will grow rice (with some difficulty).

- Local transmigrants (50%) are Islamic Melayu who still live in their villages. The 1100 settlers, who arrived in 2008, are from West and Central Java, together with second generation transmigrants from Lampung (Sumatra).

- Women work at the nearby oil palm estate as day labourers, earning Rp43,000 +1/2kg rice (i.e. below the minimum plantation wage of Rp50,000 = AUD $5.3; rice cost about Rp6,000 /kg in the market).

- They have one hectare for the house, yard and rice farm. The second hectare (not yet sub-divided) is for oil palm or rubber. They have also been promised a ‘partner’ agreement (eventually) with the plantation.

- Main problems: no electricity; access hard in the rainy season; at present must work elsewhere to survive.
Rice growing in Kumai Seberang:
Need lime to combat the acid soils, but yields mediocre. Many pests trouble the crops.
This settlement seems relatively lucky: it is not far from the port of Kumai and the city of Pangkalan Bun, from where boats travel cheaply to Java. Some settlers have already been back several times. They also sell vegetables and other produce in nearby markets, even in Java when prices are right.

They say they prefer the money in Central Kalimantan, although initially shocked at the primitive nature of the settlement and how difficult it was to work the tidal swamp soils.

While the women are not earning a lot from the plantation, they are happy that such a source of cash is available. They relate easily to their Melayu neighbours, sharing the same religion.
New sites 2: Kandan

- Settlement began in 2008 (100 families) and was gradually added to, reaching 410 families by 2010. The original inhabitants are Dayak, the newcomers again from Central and West Java and Lampung.

- This location lies in an area of 4m deep peat. The earlier settlers are still struggling to produce oil palm or rubber on their first hectare: the soil will not grow rice. The newest settlers have yet to receive any land beyond their house lot, on which they plant vegetables. All must buy chicken manure for anything to grow.

- A new oil palm estate (PT NSP) is being established close to the settlement, on which many people are working, both men and women. They receive Rp49,600 for a day’s work as labourers and find this essential for their survival.

- One new settler described his feelings towards the place as ‘between good and bad’. He had a house and land, but no experience with peat soil and no capital.
Kandan, the deep peat

- The Deputy Head of the section is Dayak, his Secretary, Javanese. Most Dayaks here are Moslems, minimising religious differences.
- All are said to get along well, though the Dayaks prefer to grow rubber, which they regard as more flexible than oil palm.
Casual Workers at PT NSP

- These 8 men came to the plantation from Java seeking work. They live in a plastic tent, must buy their food and have no benefits, such as insurance. They may earn Rp 1 m per month (close to the minimum wage), but with their expenses they are much worse off than the transmigrants.

- Seedlings at the estate are overgrown but cannot yet be planted out until the soil is firmer.
New sites 3: Wuran – back to the deep peat

• This location is in Barito Selatan, just north of the ex-PLG. Here there are two sets of transmigrants, one of 100 families (2007), the other of 200 (2008). The newcomers are from Lampung, Java and Flores. Local people are Christian Dayak Maanyan, some Islamic Banjarese.

• There is a complex story about the land on which they and a nearby oil palm estate are located. The Dayaks say they gave the land to the government to bring in transmigrants, as they wanted the area to develop. But there was a delay in allocating the land and it was sold to the oil palm company.

• That land was situated on mineral soil, whereas the area the transmigrants now have to use is 6 m deep peat, with the usual problems. Rice will not grow, only rubber and oil palm (on mounds).

• Clean water supplies are difficult here in the dry season and malaria is endemic.
• One Dayak complained that only newcomers get work on the estate. He would like to grow oil palm, but the company will not sell him good seedlings. Those he manages to scrounge from the estate are usually unproductive. Other Dayaks grow rubber on their house lots. They were denied any transmigrant land by local officials, who claimed they already had enough land in their villages.

• All the Javanese were working on the estate (Rp47,400 per day as casuals). They hope to get smallholder land from the plantation, though most of the good land has been absorbed by the estate ‘core’.

• The group from Flores have largely returned home, saying they would prefer to try Malaysia: too difficult at Wuran. Their houses have been re-occupied and sometimes, rebuilt.
New sites 4 – Tapin Bini

• Tapin Bini lies in the northwest, in Lamandau district. It is regarded as remote as it is not accessible by road in the rainy season. The transmigrants came in 2006 from Java, NTB and NTT, the last being largely displaced East Timorese from Belu in West Timor.

• They had many early problems. Much of the land was claimed by local Dayaks and at first there were no oil palm estates, so no sources of income or markets for vegetables. The food (Jadup) supposed to be supplied by the district was unreliable, and there were claims of pilfering. About half the settlers left, their lands bought by others who planted rubber and oil palm.

• Following Dayak custom, some of those remaining cut swiddens in the forest to grow rice. When oil palm plantations arrived, they divided their time between estate work and rice growing, often living on the estate for some months.

• Now most have motor cycles and live in the settlement. They sell their palm fruit to the estate, but prefer to remain independent growers.
Livelihoods in Tapin Bini
Earlier sites 1: Desa Damar Makmur

• This village, situated in Parenggean (Kotim), dates from 1998. The population of around 400 is 35% local Dayak, the rest Javanese.

• In 2004 an oil palm company, PT HSL, arrived and began acquiring land, paying little to the traditional villagers but seeking the transmigrants’ second hectare, offering compensation of Rp 2.5m/ha.

• Some obtained compensation but a year later it stopped. The company moved to a smallholder partnership (kemitraan) with Damar Makmur’s co-operative, signed in Feb. 2008. The people have so far received no benefit. Some Dayaks sold their plots to Javanese, saying they could not afford to wait years until the crop was bearing.

• The remaining villagers have been trying to get their compensation money, were told they must stop working for the estate if their land claim continued. They hired a lawyer who advised them to stage a peaceful demonstration. After the demo, the lawyer was jailed for disturbing the company’s work and Dayaks employed by other companies lost their jobs. They are now very poor, unable to find oil palm work or maintain their former forest-based activities of damar and rattan collection.

• The Javanese are better off. Some grow vegetables to sell to the companies, while others have independent oil palm plots.
Dayak *adat* and the *Kaharingan* religion are strong here, but the oil palm companies do not respect local culture.
Earlier sites 2: Desa Biru Maju

- The people in this village (in Kotawaringin Timur) came from Java in 1997. They eventually received their 2 hectares, 680 ha of good land.

- In 2005 an oil palm estate (PT BAS, a Sinar Mas estate) tried to buy the land, but the transmigrants, not keen to sell, suggested a high price. One morning they discovered that the land had been bulldozed and they were given an ultimatum: accept Rp1-2 million per hectare for the land (a cheap price) or get nothing. Some took the offer but 50 families refused. The estate seized the land, planting it with oil palm.

- The village head, who had documents to prove ownership of 6 ha, asked the estate to stop planting his land, the boundaries of which were clearly marked. Once the trees on his land began bearing fruits he cut them on several occasions and left them on the ground. Finally, his young son cut the bunches and was accused of stealing the fruit. When his father returned from Jakarta, he was arrested and jailed for ‘disturbing the business of the plantation’. Eventually he was released as the Constitutional Court threw out this Article of the Plantation Act, but the Village Secretary, a Dayak, was jailed a month later and the charges against him were quickly changed to theft.
Demonstration at the village head’s arrest.
Fruit remains on the ground. Boundaries of TM land.
The army used as security to intimidate the villagers.
Earlier sites 3: Purworejo

• Purworejo is a former transmigration settlement (dating from 1984-5) in Lamandau district, south of the capital, Nanga Bulik.

• It consists of 6 co-operatives, including a central one that transformed the management of the smallholder land they had received from an oil palm estate 12 kms away, under an earlier system known as KKPA, which they joined in 1996.

• In 2005 they realised that they were receiving a low return from their 8-yr-old trees and began investigating company practices. They discovered that only 100 trees had been planted per ha, instead of 120, and young trees were mixed with older ones, so reducing yields.

• They were able to obtain a government audit which compelled the company to lift productivity, the management was handed over to the co-operative and production doubled. The farmer groups now run all the management themselves, although they still have their fruit processed by the estate. They receive Rp3-4m/month per 2 ha lot.
Earlier sites 4: Lamunti - ex-PLG, new KTM

• When Governor Nerang of Central Kalimantan suggested Lamunti as the Province’s only KTM (in 2009), it was a bold move, as it presumed that the PLG would be rehabilitated.

• It also reflected the philosophy of the Governor, a prominent Dayak, that such towns should not just be established in transmigration areas, but should benefit all the people, and be part of the province’s planning process. The population is 60% Ngaju Dayak and 40% Javanese, + some new TSM from Java.

• This part of the peatlands has new oil palm plantations. The original migrants, having tried and failed for several years to grow rice, also have their own oil palm, which needs much fertiliser. Dayaks grow rubber, while watermelons and pineapples are OK.

• To establish the KTM there was the need to interest a group of investors: it was calculated that Rp150 billion would be required, especially to improve access to the district capital, Kuala Kapuas.
• Also planned were a market, an industrial centre (oil palm and rubber factories), schools and health centre. By June 2010 the cost had doubled, but only Rp5 billion was available from local budgets, enough to build a KTM monument and improve the KTM office road!

• It was obviously going to be a slow process.
Conclusion

• There are many problems - social, economic and environmental - associated with the grandiose plans of the Department of Manpower and Transmigration, which aims to eventually establish 186 towns in ‘Outer Indonesia’ and resettle 25,000 transmigrant families per year.

• In a province such as Central Kalimantan, there are problems in the sites themselves, so often on marginal land, such as peat, especially in the huge devastated area of the PLG, where new settlements are continuing to be established.

• Not all sites are ‘clear and clean’, as exemplified in Tapin Bini, as many lands still have indigenous claims. In East Kalimantan groups of independent transmigrants (TSM), supposed to work on oil palm estates or build the KTM Kaliorang and the port of Maloy, left the area because of intimidation from locals, this time earlier Bugis settlers.

• Depending on the oil palm estates to treat people in a reasonable manner is dubious, with both indigenous Dayaks and Javanese being victims, not only of land grabs by the estates, but also of unfair treatment in the courts and by security forces.
• Dayak transmigrants tend to be less well treated than the Javanese where disputes arise, and their requests for assistance, for example in provision of oil palm seedlings or estate work, are often ignored.

• Environmental questions have not been much explored here, but it is obvious that expanding transmigration sites into more remote and forested districts will lead to continued forest destruction, while the problems associated with settling peat swamps, especially huge carbon emissions after fires, will be exacerbated.

• The much hyped port of Maloy will only be deep enough for big ships (50,000 tons) if a large coral reef blocking its outlet is destroyed. This ‘difficulty’ has led to a temporary postponement of further work.

• Depending on investment from oil palm plantations to fund 40% of the cost of building the towns, especially infrastructure, is risky, as exemplified in the case of Lamunti. While there are other economic activities, such as seaweed farming, cocoa or coffee, which could also attract investors, the locations of many KTM, especially those planned for the borders (12) will often be remote, therefore inherently unattractive to investors.
• Unlike the situation during the earlier transmigration era, people have higher expectations and many will not tolerate poor treatment. They will simply leave if conditions seem too difficult. Others manage somehow by adopting local agricultural practices, such as swiddening, frowned on by government authorities.

• Districts are finding it hard to handle their increased responsibilities, with the settlers often complaining that the food supplies to which they are entitled arrive only spasmodically. Fewer districts are now welcoming transmigrants.

• Some provinces are also having second thoughts. Governor Nerang recently announced a ‘moratorium’ on further transmigration to Central Kalimantan (from 2013) as he believed that existing sites needed improvement, including the ex-PLG. He also spoke of jealousy felt by locals towards transmigrants on some sites. The largest numbers in the history of transmigration for Central Kalimantan – 1370 families – are scheduled to arrive in 2012.

• It will be interesting to see how the overall program continues to unfold…
THANK YOU