

**Conference on the Economy 2015**

**Sustainable Jobs Today for a  
Secure Retirement Tomorrow –  
*The negative impact of increasing  
forms of precarious work on  
pensions***

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# Widespread Precarious (Contract) Work – A Current Labour Market Trend

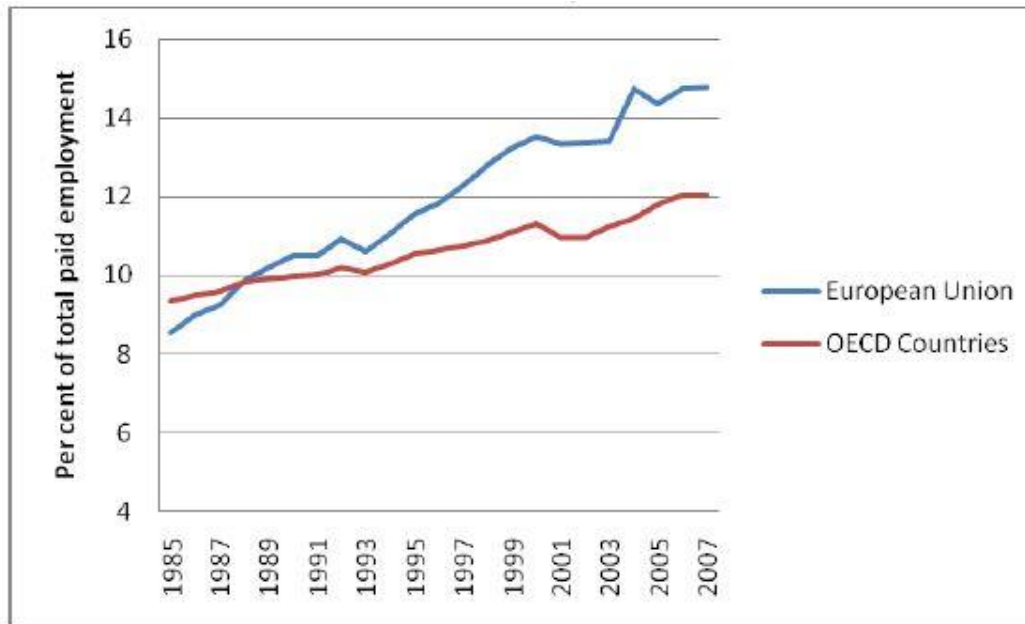
- In the current labour market, precarious work is a widespread and increasing phenomenon.
- First question: what is precarious work?

- Definition of Precarious Work:

“Precarious work refers to forms of work characterised by **atypical employment contracts, limited or no social benefits and statutory entitlements, high degrees of job insecurity, low job tenure, low wages and high risks of occupational injury and disease**. From a workers’ point of view, precarious work is related to **uncertain, unpredictable and risky employment**.” (Global Union Research Network 2009)

- Precarious work as a widespread phenomenon:
  - Over 60% of all workers do not have employment contracts
  - Among wage and salaried workers, 42% have permanent contracts (ILO 2015)

# Growth of Temporary Work in OECD Countries



Source: OECD.



## Industrial Court president: Contract labour hurting public service

The **growing trend of contract employment** in the public service is leading to a “**systematic dismantling and weakening of the public service.**” So says president of the Industrial Court Deborah Thomas-Felix speaking at a special sitting to usher in the new law term, at St Vincent Street, Port-of-Spain

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# Why has precarious work been increasing?

- Main contributing factor: process of **globalisation**
- Globalisation → 'buzzword' in recent times; but what is it really?  
Process of increasing free flow of goods, services, capital and people across countries leading to a further integration of economies and societies worldwide (Sharma 2008)
- Globalisation is underpinned by the **capitalist model of production** (Giles 2000)
- Therefore, **profit maximisation** in production is a primary objective. In order to maximise profits firms aim to have a **flexible system of production**. Having a **flexible labour force** is seen as an integral component of a flexible system of production (Munck 2002)
- Flexible forms of labour → contract labour and other forms of precarious employment

- As employers pursue more flexible forms of labour relations, an increasing number of persons find themselves in precarious employment.
- This has been described as the rise of the 'precariat' – an emerging class of workers employed in relatively unstable jobs (Standing 2011).

# Impacts of Increasing Precarious Employment

- Lack of or limited access of workers to exercise their rights at work i.e. limited or even a total absence of trade union rights
  - Poor protection from termination of employment
  - Lack of access to social protection and benefits usually associated with full-time standard employment (pensions etc.)
  - Contract workers are often treated differently to permanent workers with respect to Health & Safety issues e.g. Rio Tinto contract workers receive older PPE
  - Lack of job security, lower wages and absence of social protection → lower living standards
  - This in turn can have major negative social impacts, increasing crime levels etc.
- (ILO 2011)

# Impacts of Increasing Precarious Employment for Retired Workers

- The trend of increasing precarious work does not only impact current workers.
- This form of employment could adversely affect pensions and hurt both current and future retirees.
- Recall that a characteristic of precarious work is: Lack of access to social protection and benefits usually associated with full-time standard employment e.g. pensions
- According to data from ILO World Employment and Social Outlook Report:
  - 51% of workers with temporary contracts are members of pension schemes
  - 80% of employees with permanent contracts contribute to pension schemesLower for low-income countries
  - less than 18% of temporary workers are contributing to pension plans



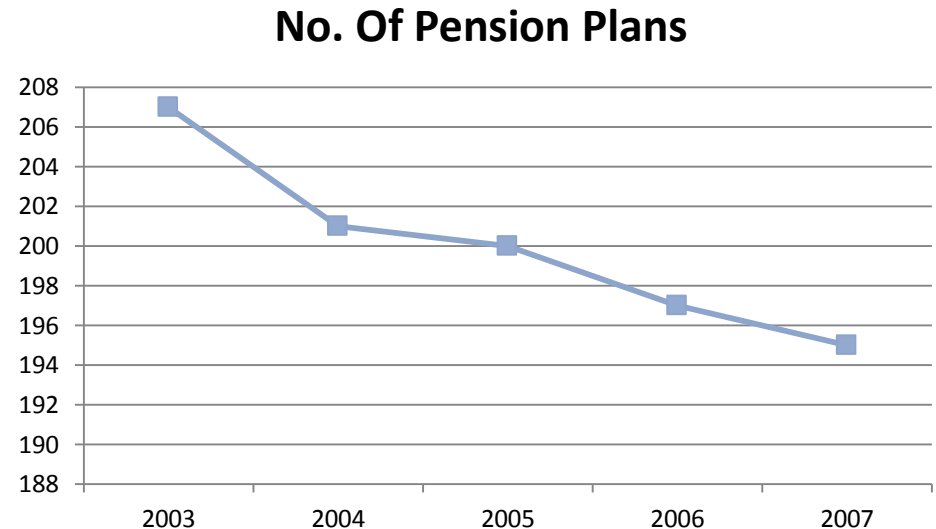
Increasing temporary and contract employment

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Lower participation of contract employees in pension plans

**= decline in contributions to existing pension schemes**

Year	No. Of Pension Plans
2003	207
2004	201
2005	200
2006	197
2007	195



Source: CBTT

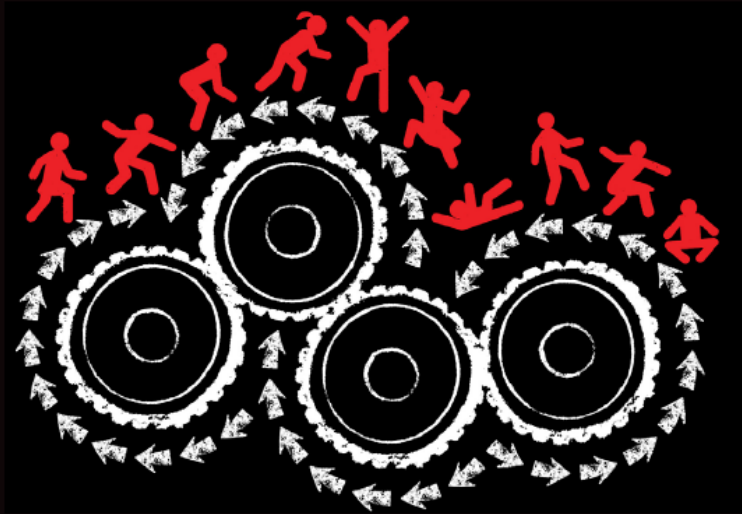
- A situation of declining pension fund contributions negatively impacts the pensions received by retirees:
  - the sustainability of these funds are compromised
  - difficult to provide increases for current pensioners to provide against inflation

## **Case of Petrotrin**

- Petrotrin and the OWTU have a Memorandum of Agreement (2003) which provides for increases to pensions related to the RPI
- Increases were paid for 2002, 2005 and 2008
- However increases were not paid for 2007 to 2010 and for 2010 to 2013.

# Conclusions

- Trend of widespread precarious work has negative impacts
- Not only for today's workers but also for the retirees of today and tomorrow.
- Increasing contract work could translate into decreased pension contributions.
- As a result: the sustainability of pension funds is potentially compromised; and the ability of funds to finance increases is reduced, i.e. the real income of pensions remains unprotected from inflation
- Therefore, there is an urgent need to reverse the trend in precarious employment, not only to protect today's workers but also to protect present and future pensioners.



**STOP**  
***PRECARIOUS WORK***