



PETROLEUM AND NATURAL GAS SENIOR
STAFF ASSOCIATION OF NIGERIA

PENGASSAN

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**5th TRIENNIAL
DELEGATES
CONFERENCE 2018**

— THEME —

**FACING THE
FUTURE**

'FACING THE FUTURE': AFTER AN ACTIVE WORKING LIFE-
FRAMEWORK FOR SURVIVAL

BY

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BEING
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Background

PENGASAN is one of the greatest Trade Union in Nigeria, in this Triennial Delegate Conference, after three years of planning and responsibility sharing, has come today to review its past activities, ascertain whether the goals set have been achieved, and review, its Strength, Weaknesses, Opportunities and Threats (SWOT Analysis), which it has taken advantage of and have at the same time missed. In the course of this, you have extended your invitation to me to address you on this all-important subject, *Facing the Future*' which I am delighted to do, though I am not God, a mortal engaged in deductive reasoning. Thank you for inviting me. The topic which you have asked me to address today is an indication that you are serious minded Trade Union, which want to prepare its members for tomorrow, after an active working life.

This simply means that you have a plan to ensure that out of service, your member still leave a worthy life in the society. A plan is a deliberate course of action laid out in advance to manage the future, anyone who does not plan for the future, has only planned to be a failure when tomorrow comes. Once again, I am delighted to be associated with you in this noble course, in a crippled capitalist society which does not care for the aged and those that have spent the better part of their lives serving the state, that is, your and my country, Nigeria.

The Holy Book in Ecclesiastic 3: 1-10 averred that to everything there is a season, a time to be born and time to die, a time to plant and a time to pluck (v9). What profit remains for the worker from his toil? (v.13). Every man should eat and drink and enjoy the fruit of his labor. To these we shall add, there is a time to be born, a time to go to school, a time to join NNPC and time to belong to PENGASAN and finally a time to retire from service and to *Face the Future*, which we are here gathered in this Triennial Delegate Conference to reflect upon the Strength, Weaknesses, Opportunities and Threats (SWOT Analysis), that may face your members when they retire.

Ladies and gentlemen, being from the third world and particularly Nigeria, the life expectancy is precariously fixed at 65 – 70 years. Your education would have taken the first 22 years of your life (+48). Your working life commenced at about 25 years, when you take away 35 years of active working life, you are left with 13 years to be 70 years of age. After working 35 active years, one retires and is expected to live useful life without steady income but from Gratuity and Pension in a none-welfare state (a state where the government has but marginal care of its workforce).

The picture of Pensioners and stories thereof of senior citizens, dying, protesting and waiting to obtain their Pension and gratuity from their former employers' present pathetic sights, which we do hope should not be extended to PENGASAN. However, you spend time to reflect on it, condemn how the MDAs have treated senior citizens and call on the relevant authorities to behave responsibly and respectfully towards retirees. It is a duty you must perform because 'what goes around, comes around'.

Environment: The Nigeria State

The Nigeria state adopt the liberal economic principles herein referred to 'capitalism' but the Nigeria type of liberalism is a crippled one, where the directive principles of state policy is the unbridled exploitation of the working class. In this context it is a society where there are sellers and buyers and everybody were a commodity mask. You are known by what you offer for sale. It is a market society -where the worker is alienated from the product of his labor and paid sustainable wage only. In a capitalist state production is for the market and inequality is almost a policy. The major function of the capitalist state is to defend the interests of the ruling class against the workforce.

Characteristically, it is a system of economic production in which the means of production (MOP) are concentrated in few hands, profit is the major motive of production (hence, to sustain profit workers must be paid less), the so-called

competition regulates the market, contract dominate the economy, seeming equality is a rule as everyone is the same in the market place. Exploitation of the workers is the major driver of the economy and resistant by the worker only come when there is awareness, which many times are brutally suppressed. The conspiracy of the state arises from the fact that it is, those ruling elites who owns the industries, hence workers are to be denied essentials for profit to abound and to be appropriated. The state can therefore not provide a humane law to address the blatant exploitation. The state often looks away until the workers are unionized like PENGASAN to agitate and obtain their rights.

Given the ideology of capitalism which include the pedigree not to willingly pay for 'social security' (because it would reduce the amount they appropriate to themselves) and the wholesale position of the crippled capitalist system- Nigeria would default in payment and gross inefficiency to effect payment relating to social security at all time.

The Objectives

*The major objective of this address is to first of all ensure that (i) all retirees have **plan** to have enough income to live a more useful life out of service. Consequently, we are to draw up strategies for accumulating enough funds for a more enduring life after service. (ii) to identify areas of activities in which men and women of PENGASAN could get involve and how in order not only to add to their income, but also to prolong their lives through **plan 'B'**, where there was already a plan, we aim at reinforcing it. Especially where the government and the organizational plans are considered inadequate to take care of retiree's life after the active working session. The sight of retirees presently in Nigeria, made the subject of this keynote address a categorical imperative, if PENGASAN staff would not face the same situation in the future, which you are urged to condemn now.*

However, the ILO in 1952 in its meeting on social security (**minimum standard**) convention No. 122 defined traditional contingencies covered by social security to include;

- (i) Survival beyond a prescribed age, to be covered by old age pension;
- (ii) The loss of support suffered by a widowed person or child as a result of the death of the breadwinner (Survivor benefit).
- (iii) Responsibility for the maintenance of children (family benefit);
- (iv) The treatment of any morbid condition (involving pregnancy), whatever it causes; medical care (Medicare);
- (v) A suspension of earnings due to pregnancy and confinement and their consequences (maternity benefits);
- (vi) A suspension of earnings due to work resulting from morbid conditions (sickness leave benefit);
- vii) A permanent or persistent inability to engage in any gainful activity (disability benefit) (Frank, 2005 p.25).

Gleaned from the above the ILO put member nations on line to introduce social security in capitalist economy for its members in order to wade away from the impending revolution of the proletariat advocated by Karl Marx. Nigeria have not performed creditably on these scores.

The Nigeria State and Social security

Consequent upon the above, the Nigeria state introduced the *Defined Benefit System*. Pension under the Defined Benefit system are paid 100 per cent by the employer. The payment is calculated as a ratio of the income of the beneficiary at the time of retirement hence for anyone there was no steady percentage for setting aside Pension from the employer. How much a person earned is both a function of length of service and his income stream during his employment. The highest income or wage earned during the last five years of service before retirement is often the basis of calculations. This is based on pay-as-you-go

basis. The source of income is the tax levied on the payroll of current workers of the organization.

This was the case in Nigeria until the Pension Reform Act 2014 was enacted. This system explained the difficulties of Senior citizens to access their entitlements arising from the nature of the operational pension scheme before the 2014 Pension Act. This is one of the factors which gave room to the famous *Maina-gate* to access this and get them on board the new system,

The Problem

The problem which necessitated this discourse and question, is that Nigerians are witnesses to the unsavory and unpleasant experiences of senior citizens who have retired from service, after spending the better part of their lives serving the state. The visuals of retired military men, civil and public servants not being able to meet their socio-economic responsibilities as a result of lack of income nor social security to ensure adequate standard of living after retirement has generated a lot of anxiety in the minds of many people, hence many rejig their date of birth to stay longer in service, and in extreme cases cause people to violate established procedure (corruption) in order to accumulate resources in order to face the future after active service life.

It is instructive to note that before the New Pension Reform Act 2014, all members of PENGASAN except where otherwise applicable were captured in the *Defined Benefit System*, where retirees and those of you still active in service, are less sure of what their retirement income would be because (i) you do not know what is being transferred from old system into the new one (if you have migrated from Defined to Contributory or Chilean System). In this Pension system, the employer is obligated to pay 100% based on your salary grade in the last five years before retirement.

There are two critical problems in the future of retiring personnel, these are; when we stop working the major source of income dries up and as one gets

older it become apparent that your health would deteriorate. These are two critical elements of the human condition which welfare state have anchored its state social welfare policy.

The third problem arises from the Contributory Pension Scheme (Chilean System) enacted into law in 2014, meant to;

- (i) cater for the livelihood of workers during old age;
- (ii) the rate of contribution shall be (a) a minimum of ten (10%) per cent by employer and (b) a minimum of eight (8%) by the employee (Section 4.1 p.2), these provisions mean that where the employees through their union are able, they could negotiate the rates higher with them in their collective interests. Every employer shall maintain a Group Life Insurance Policy -a minimum of three times the annual total emolument of the employee (is the premium being paid).

How do we ascertain that the employer is making its contribution as regularly as possible, in order to service the Retirement Saving Account (RSA) as at when due? How do we ensure that the RSA would if spread through the retirees expected life span, would be adequate to reasonably cater for his livelihood during old age?

Given the poor performance index of the Nigeria economy arising from poor governance -would the RSA proof adequate to take care of the rest of the life of the retirees? The main issues in the problem are; low wage of the worker would mean corresponding low Retirement Saving Account (RSA). Changes in economic indicators (inflation), inability of the employers to make regular contribution is but a grave problem, the withdrawal from the RSA we envisaged would be yet another.

The other problem included default by employers, state and private, and poor pension record keeping often, this is deliberate because 'corruption breeds more in the absence of fact and figures (Ogobuchi, 2007 p. 46). *Tardiness* in pension disbursement-this refers to the less than dignifying manner with which the

senior citizens are treated in this regard. One observes with dismay; how weak and frail-looking elderly citizens are compulsively required to travel long distances to the point of pension payment. Some die in the process. These are indicators of the true reflection of the faith of pensioners in Nigeria, which has led PENGASAN in this Triennial Delegate Conference, to strategize for the future.

Lastly, members of PENGASAN earned remuneration paid wholly out of moneys voted by parliament. Is it possible that the amount voted for NNPC or which the organization is allowed to spend may fluctuate thereby affecting what goes into Retirement Saving Account? These are the dimensions of the problems, which necessitated an examination of 'Facing the Future' a framework for survival.

Part II

Framework for Facing the Future: Social Security System

Given that we are concerned herein with facing the future, it instructive to recall that we are in an organizational environment the oil industry and PENGASAN. It is also important to note that the better part of the lives of the members-thirty-five (35) years, being the most productive years of anyone are spent in the service of the organization. It is only reasonable that;the organizations should be involved in guaranteeing 'social security' for the men and women that had kept it as a 'going-concern' all the years.

Social Security (is the foundation of economic security for retirees, disabled persons, and families of retired, or deceased workers. It provides income and health insurance. It is a monetary assistance from the state for people with inadequate income) is driven by Social Policy (the broad guidelines through which the State meet human needs for security).

The idea here is that employees through their unions should design new social security parameters into the Charter of Demand and attempt to get these from their organizations because one stream of pension, especially one calculated on the Defined Benefit System (DBS) may change upward or downward at the instances of the Management who carries the burden 100%. It may further change due to politics.

Facing the Future: The Paradigm

The essence is to plan to face the future while we are still working and have a good income in order to address the twin problems of finance and health. Recall that the health insurance scheme in this country is underdeveloped and when you are not captured because of lack of income, you remain out of it. Studies have shown that Nigerian are the least savers for retirement. The paradigm proceeds thus;

(i) Ensure Smooth Processes: While you are still in service, ensure that your employers have been paying your Pension contribution into the relevant account on your behalf and that it is promptly dispatched to the PFA/RSA as applicable. Where you are on the Defined Benefit System (DBS), using the platform of the union, set the mechanism for prompt payment of severance benefits for those retired before you, else you would become a victim and suffer from collective administrative amnesia. The examples of retirees suffering in the Nigeria system is instructive. It is therefore your business and that of the union to ensure that the processes of being paid severance benefit are completed for everyone before stepping out to face the future out of the work place.

(ii) The use of your skill and Hobby: Before anyone retires in an environment where social security is almost none existent, the expectant retiree should brush up his skills while still in working life, this is to enable him/her transit into another working life of his interest, hobby and skill, example Non-Governmental Organization (NGO). According to a study by Merrill Lynch

(2000) retirees who volunteer or move from retirement to another job mostly in the civil society advocacy groups-do have a strong sense of purpose, higher self-esteem, are both happier and healthier than those who do not. This is because after thirty-five (35) years of service, one's body become use to the dynamics of activities. Where there is no transition to other activities the person emaciates and look sickly and finally exit the world. We must ensure that this does not happen to PENGASAN members.

(iii) Share Holding System: This is a system of sharing in the ownership structure of a company by promoting it through investment in purchasing share capitals of various categories. In recent times, the profit of the companies has been on the rise and this mean higher profit for the shareholders. PENGASAN members should be sensitized to obtain shares in the Banking, Oil and gas, Manufacturing and other sectors of the economy. Investments would never let any of you go hungry even when the statutory state pension or your erstwhile Organization's pension is not forthcoming.

(iv) Investment in Land Holdings- Another area which PENGASAN members must exploit in facing the future is in obtaining land holdings no matter the location. Every member must as a rule obtain landed property in both your state of origin and in the city of residence. It is important to note that the development paradigm of Nigeria governments (National, State and Local Government) is urban based. Therefore, sooner or later, urbanization would catch up with the location of your landed property wherever the location. The value would then appreciate, translating into greater value for you.

(v) Volunteering: This is an altruistic activity where an individual or group provides services for no financial or social gain, especially when in the context of this discourse, an individual considered his retirement benefit adequate hence require no additional fiscal income. Volunteering may have positive benefits for volunteer as well as for the community served. Some serve on the spur of the moment as when there are natural disasters. This is to work for the disadvantaged people with organizations such as Rotary, Lions Club, Kiwanis, the American Peace Corps which was used by President Lyndon Johnson to launch *War On Poverty* in 1964. etc. Highly satisfied retirees could form or register Non-Governmental Organizations (NGOs) to pursue service delivery to mankind in a particular area of interest.

(vi) Livestock Farming, is yet another way of facing the future for those that had the interest yet the opportunity was not there because of the pressure of

daily work life. Who knows you could commercialized your farms and become suppliers of eggs and chickens to the various five-stars hotels in your locations. The ban on the importation of live and frozen poultry birds is an added opportunity. If it is an area of interest do not be deter by lack of technical experience because there are hundreds of graduates in the area to be recruited to manage the system while you become a manager-you must be involved in day-to-day administration of the farms. *One of the golden rule of investments by retirees as a means of facing the future is that you must be part of the new going-concern* where you place yourself on the staff nominal role and on salary as well. This ensures you live longer and have greater learning and supervisory roles in the business respectively.

(vii) Production of specialized Uniforms for schools- Schools are of different categories, creche, primary, secondary and some higher schools. You could venture into these areas and take the burden of the provision off the various school management on terms that is mutually beneficial. The market segmentation should not be limited to schools but should be extended to all uniformed organizations. Your negotiating ability would open the market to you.

(viii) Daycare Homes- located near work places with high concentration of women workforce is yet another way of confronting the future elegantly. All international protocols Beijing, CSW60 and other National women induced protocols, allow all employers of labor to allow the womenfolk time-off to attend to the children. Men and women out of work at retirement could leverage on this area to ensure mothers at work still have the opportunities to feed their babies and give the required attention for them to grow up into the children we desired.

(ix) The Hospitality Industry- This is where you could convert your building into either a two-star or one-star hotel to render clean and effective services to not only tourists but also the business community who are daily moving around.

Conclusion

Facing the Future in Nigeria after service is a function of Planning. The practice of forethought, establishing goals and designing the programs, or set of interrelated activities which would aid in the accomplishment of the set goals. Discipline to stick to the plan is yet another, that is where PENGASAN comes in to assist members with Cooperative Thrift and Savings Scheme. The sight of

those who have retired in the Nigeria economy is just the lessons required to sit up now to face the future tomorrow.

Your ability to face the future after retirement is directly proportional to the Plan you make today and now. This is because when you exit your job, your power and influence diminish.

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