

## **BBC Radio Four Today programme**

**30 June 2011**

### **Interview with Francis Maude Cabinet Office and Mark Serwotka general secretary PCS**

**Host**

I just want to ask about your credibility. The Prime Minister said the other day the reason we cannot go on the way we are is because the pension system is endanger of going broke...Do you stand by that claim?

**Francis Maude**

Well I just quote what Lord Hutton said the former Labour Pension Secretary when he did his report; he said very clearly the current status quo is not tenable.

**Host**

He didn't say that; that is not the quote, is it? Because I did my little Ctrl F search on the word "tenable", couldn't find it in his report.

**Francis Maude**

That is what he has said "that the system is not tenable"

**Host**

Did he say it was going broke if nothing was done, because I can only find that graph which shows the cost falling in terms of GDP burden? It has been reported so often that it is unaffordable, out of control, I just cannot see it in his report, he does not say that it is not affordable, he says that it is not fair and that is a very different justification for reforming pensions than it is unaffordable

**Francis Maude**

And he said that if we want the system of divine benefit pensions which few people elsewhere have to be sustained into the future long term reform is needed.

**Host**

Right...is it unaffordable?  
Is it unaffordable?

**Francis Maude**

It will be unless we make these changes

**Mark Serwotka**

That's not what he says

**Francis Maude**

Well it will be unaffordable... the cost to tax payers supporting public sector pensions

**Mark Serwotka**

Is falling

**Francis Maude**

has gone up by a third it's £32 billion per year and what Lord Hutton said in his report the extra costs of people living longer because the average 60 year old today is living 10 years longer than in 70's

**Host**

Have you read the report?

Have you read the report?

**Francis Maude**

Of course I have read his report

**Host**

Can you tell us why he shows the cost falling over the decades in terms of the proportion of gdp going to public sector pension's recipients? Just explain why it is going down because if you have read the report you will know the answer.

**Francis Maude**

Well the answer is that the expenditure on pensions by the tax payer has increased by a third....

**Host**

Why is it going down? In his report the big picture is its going down now why is that. Explain to the public why the cost is going down.

**Francis Maude**

Well the cost to the tax payer is going up that's the point...

**Host**

In proportion of GDP

**Francis Maude**

The cost of the increase...the cost of carrying... Paying pensions to people living longer which is obviously good news you cannot continue to have more and more people in retirement being supported by fewer and fewer people in work

**Host**

Can I read you a line?

**Francis Maude**

and that why it is so important we are going to ask people if we want to continue to have these very good pensions schemes which are a guaranteed level of pension available to few others. That's got to be paid for by higher contributions by those who are going to have those pensions and ask them to draw those pensions later.

## **"Yes No Minister!"**

### **Host**

I am going to read you a line and then I will ask you to whether you think the account you have given is the same as the one he gives "There have been significant reforms to public service pensions schemes over the last decade some of these changes have reduced projected benefit payments for the interim, blah, blah projected benefit payments fall gladly to around 1.4% of GDP after peaking in 2010/11 at 1.9%."

### **Mark Serwotka**

Exactly

### **Host**

that's just saying that it is not unaffordable we don't want to afford it is cheaper it is going to be 25% cheaper in the next few decades in terms of the burden on GDP than it is at the moment.

### **Francis Maude**

What he is saying long term reform is needed

### **Host**

Absolutely for different reasons

### **Francis Maude**

The point is there has been wide spread pension reform across the economy. People in the private sector have seen old divine benefit schemes disappearing.

### **Mark Serwotka**

This is the real agenda coming out now isn't it?

### **Francis Maude**

What John Hutton has said and we have totally agreed with this,

### **Mark Serwotka**

Race to bottom

### **Francis Maude**

We do not want to see a race to the bottom.

### **Mark Serwotka**

But that is what you are doing.

### **Francis Maude**

Ah Mark, we've said...we've said

### **Mark Serwotka**

We are trying to cut Public Sector Pensions so that the value is absolutely slashed, and you have been rumbled and the reason you are floundering this morning when you are under any detailed scrutiny is because you have tried to mislead people for weeks. The costs are

## **~~Yes~~ No Minister!**

falling you want people to work for 8 years longer, pay lots more money in and get less out because what this is really about is a cabinet full of people like you in a very privileged position want the most vulnerable and lowest paid to pay an enormous price to solve a problem they did not create and that's why hundreds and thousands of people are on strike today because it is absolutely unfair and unjust.