

Public Sector Pensions

Myths & Facts



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Protecting Public Services
Supporting Public Servants

Preface

Dear Friend

Distinguishing fact from fiction, truth from fallacy and reality from myth can be difficult in a world in which the globalised media specialises in promoting a sense of values and “*realities*” which reflect its ideology of corporate and wealthy interests and reinforces the power and privilege of a self interested elite.

This is the first of a number of publications that NIPSA, Northern Ireland’s largest public sector Trade Union, intends to produce to enable trade union members, citizens and local politicians alike to see through this propaganda.

In the front line of the assault from this elite, along with social security, health and education provision, are public service pensions. Incredibly, in the wake of the financial crisis caused by casino banking, unscrupulous greed and the race to maximise profit by the private sector and their cheerleaders in successive Governments, the focus on what is wrong with our system has turned from the financial institutions and their practices to the demand to slash spending on public services. This switch of emphasis could only have succeeded with a compliant media refusing to highlight how those who “*rescued*” the global financial system, ordinary workers, are now being asked to pay again for its rescue as Governments raid pension funds and cut pay in real terms.

Leading the charge against public service pensions are organisations such as the Confederation of British Industry (the organisation for the captains of industry) right wing think tanks lavishly funded by the wealthy and, since May 2010, a Cabinet of millionaires who run the Conservative/Liberal Democrat Coalition.

The model of ‘market fundamentalist’ capitalism derides state intervention (unless of course it is in support of business and capital), regulation,

comprehensive public services and progressive taxation. It promotes the market above all else, encourages the cut throat dog-eat-dog version of economics and starves the public purse with its off-shore tax avoiding banking arrangements. This is about governing for the City not the citizen.

NIPSA fundamentally opposes this world outlook which denies that there is *"such a thing as Society"*. We unashamedly proclaim that economic equality, social justice and a decent society should take precedence over corporate interests and the maximisation of profit.

We hope that this brief but informative examination of public service pensions and the agenda of those who lead the attack on them will help dispel the myths and fabrications.

Yours sincerely

A handwritten signature in black ink that reads "B. Campfield". The signature is written in a cursive, slightly slanted style.

Brian Campfield
General Secretary

The Attack on

Public Sector Pensions

Introduction

At the 2011 Liberal Democrat conference Business Secretary Vince Cable stated that *“we now face a crisis that is the economic equivalent of war”*¹ and referred to the historic need to put national interest above Party advantage during the Second World War as a comparable justification for his own Party’s participation in a coalition with the Conservative Party.

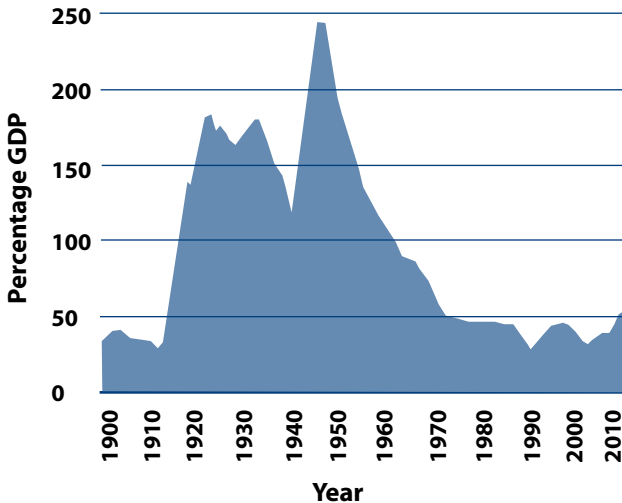
It is ironic that any member of the current Government should refer to this era, given that they (and their immediate predecessors) could not be further from the mission and, indeed, have chosen to accelerate what has been a decades-long assault on the 1945 ‘settlement’. At its most radical and however flawed in delivery, the mission that informed immediate post War social policy was to fight the five giant ‘evils’ – ‘want’, ‘disease’, ‘ignorance’, ‘squalor’ and ‘idleness’ that had blighted the lives of millions, particularly in the *“Hungry Thirties”*. Within the social security and societal construct element of this vision was the aim to provide protection from *“the cradle to the grave”* so that, in combating these ‘evils’, citizens might experience both longer and better lives. Obviously one aspect of such protection was pension provision including an interaction between occupational and statutory provision.

It says much about political degeneration, prior to and now *“justified”* by economic catastrophe that what would have been seen as a desirable ambition of society – the principle of *“decent”* pensions - is now under attack and the *“war”* has shifted – from a *“war on want”* to an attack on pensioners whose ‘longevity’ is seen as a ‘problem’.

This paper outlines how pensions and occupational public sector pensions in particular, a necessary and socially desirable provision, have been put ‘in the dock’. It then examines the validity of the ‘charge sheet’ and concludes by arguing that the debate needs to return to how all *citizens* – not ‘consumers’

or nominal members of an imagined PLC – are provided for in retirement. If Cable, a former economist for Shell, and the Government of which he is a member, wish to use the economic catastrophe as justification to talk of post-war austerity, they might wish to temper their own *“our hands are tied”* wailing about national debt or the language of *“rebuilding our broken economy from the rubble”*² as an excuse for regressive action and look more closely at their chosen historical comparator. They would then observe that the scale of Government debt, necessarily acquired to deal with the unique post World War circumstance of reconstruction, was over three times what it is today (see Figure 1).

Figure 1 Relative Debt – UK public Spending 1900 to 2011³



Furthermore while the recent high was attributable to rescuing the banks from their own recklessness, a greater post-war deficit did not stop the establishment of a ‘free at the point of use’ National Health Service, the modern Welfare State, free secondary level education and expanded public housing provision⁴.

Corporations set the tone

In an age of ‘spin’, or professional lying to give it a more accurate description, corporate think tanks and their well-funded public relations teams have reacted to the economic catastrophe by adopting the maxim *“Never let a serious crisis go to waste.”*⁵

This is exemplified by their shaping of the detail, scale and pace of a cuts agenda (for which no political party won a parliamentary majority) and by the wish-list they present to their 'organising committee' in Government, as priorities for reform. In terms of the scale of this influence:

There are dozens of groups in the UK which call themselves free-market or conservative thinktanks, but they have a remarkably consistent agenda. They tend to oppose the laws which protect us from banks and corporations; to demand the privatisation of state assets; to argue that the rich should pay less tax; and to pour scorn on global warming. What the thinktanks call free-market economics looks more like a programme for corporate power. The harder you stare at them, the more they look like lobby groups working for big business without disclosing their interests. Yet the media treats them as independent sources of expertise...even when the corporate funding of its contributors has been exposed, it still allows them to masquerade as unbiased commentators.⁶

Given this influence, the tactic is clear – to set the agenda as far in favour of a corporate elite as feasible. This begins with a prolonged propaganda offensive threatening how the *“heavens will fall”* if there is no immediate, dramatic change in a particular policy area. Irrespective of evidence, dramatic proposals to realise the aim of averting ‘catastrophe’ are then presented. These act as *“rangefinders”* from which, if necessary, some minor concession can still be negotiated with the balance of forces still offering little challenge to or having moved significantly onto the terrain of the corporate elite. A case in point can be found in how the Confederation of British Industry vehemently opposed the very *concept* of a minimum wage in Britain, subsequently warned the 1997 Labour Government of the *“terrible consequences”* for the economy should it be set at a rate that would significantly impact on low pay (*“Even a low minimum wage would reduce job opportunities and create major problems for wages structures in a wide range of companies”*)⁷ before finally, contentedly, admitting to the Low Pay Commission, six months after it was introduced, that while the measure had not had the impact on wages and prices about which they had warned, the negligible effect was a result of their achievement in having it set so low!⁸

This shamelessness and tactic of exaggerated language⁹ to establish the terms of engagement has been repeated in the ‘debate’ on public sector pensions. In 2008 the then leader of the Opposition, David Cameron, set the

tone by initially defining the pensions 'crisis' as one between public and private sector provision and referring to a pensions "*apartheid*". This insensitive and offensive language, particularly as it came from someone who in 1989 as a member of the Conservative Research Department, went on a trip described as a "*sanctions-busting jolly*"¹⁰ to South Africa, was mirrored in the title of the Institute of Directors pamphlet on the issue "*The Pensions Apartheid*"¹¹. In this way the idea that all public sector workers were privileged "*Sir Humphreys*" with gold-plated pensions, started to infect the mainstream media's coverage of the issue.

Political opportunism dressed up as crisis management

Having assisted in poisoning the well of public opinion on the issue, once in power, Cameron could present the means of 'rescue'. Appropriately enough, given the Tweedledum/Tweedledee parliamentary economic consensus since the mid-nineties, a former Labour Minister, John Hutton, was asked by the Lib Dem/Conservative Government to chair the 'Independent Public Service Pension Commission'. The Commission's Terms of Reference were to 'conduct a fundamental structural review of public service pension provision and to make recommendations to the Chancellor and Chief Secretary on pension arrangements that are sustainable and affordable in the long term, fair to both the public service workforce and the tax payer and consistent with the fiscal challenges ahead, while protecting accrued rights'.¹² Hutton published an Interim Report in October 2010 and a Final Report in March 2011. This concluded that there was a case for increasing member contributions, raising the pension age in line with state pension age and transferring members to career average schemes.

The Government, however, was ready to pounce and even before the Commission's full findings could be considered, the Comprehensive Spending Review set an average contribution increase from employees at 3.2%. In addition, again before waiting for the Review's outcome and despite the Hutton Commission's reference to the importance of trust and confidence protecting current employees "from a sudden change in their pension benefits or pension age", ***the Government announced that it was to index pension increases by the Consumer Price Index (CPI) not the Retail Price Index (RPI), at a single stroke devaluing public service pensions by approximately 15%.***

In terms of this indexation, Stephen Webb, the Pensions Minister told the National Association of Pension Funds (NAPF) that CPI would tend to be **“around one per cent”** lower than RPI over the long term, as if this was a matter of little importance. Even the Daily Telegraph thought this was a deceit

“you do not need to be an actuary to see that losing ‘around one per cent’ of the purchasing power of your money each year for the 22 years and six months that the average man can now expect to spend in retirement will cut the real value of pensions by more than a quarter. Women, who can expect to live for an average 24 years and eight months beyond retirement age, will suffer an even greater reduction in their standard of living”.¹³

Public Sector Pensions as an easy target

This attack on pensions presents an interesting contrast of political priorities. To the ‘problematic pensioners’ (those paying into a scheme and hoping to avail of its benefits), the Government, in just over a year, delivered the Hutton report and switched to CPI indexation. This added to other reform measures, had by April 2012 delivered a 25% cut in pensions and is forecast to harvest (in terms of the Cumulative Contribution increases) £6.3bn¹⁴ for the Treasury. This is a stealth tax on the pensions of public sector workers and **a theft of their deferred pay.**

By contrast, despite a similar timeline of pre-Review announcement (June 2010) and a report by September 2011, Britain’s largest banks are merely being *invited* to change operating systems (ring fencing their high street businesses from the **“casino”** investment banking arms) by 2019 while the token levy on them (£2.7m) is dramatically less than the pension raid on public servants.¹⁵

The Chancellor of the Exchequer, in justifying austerity, has often used the analogy of the national **“deficit”** being the equivalent of Governments **“maxing out on the credit card”**. In priority and action, however, he has shown himself to be remarkably relaxed about this national credit card being gifted to the compulsive gamblers of the City of London and the debts of their speculation being met by those who pay their full taxes and save **“as they go”**. Perhaps this is what the Governor of the Bank of England, Mervyn King had in mind when he said

“never in the field of financial endeavour has so much money been owed by so few to so many...with little real reform.”¹⁶

Similarly in terms of “*easy*” versus powerful targets, the pension changes the Government has announced were spun as protective of low paid workers in that no one earning less than £15k would pay any additional contribution, while the contribution of those on earnings of £15-18K would be capped at 1.5%. The sleight of hand in relation to this stunt, however, is that the figures relate to ‘full time equivalent’ salaries. In this way, a part-time worker’s salary is calculated on a full-time basis and should this be over the £15,000 threshold, they will pay the increased contribution. It is estimated that this “this could affect over a million part-time workers, the vast majority of them women”¹⁷.

Fake gold in the workplace

The media onslaught alluded to above set the tone with two main charges against current provision: that public sector pensions were ‘gold-plated’ and that they are ‘unsustainable’. In relation to the first charge even the Government’s “*own man*” Hutton dismissed it:

“The Commission firmly rejected the claim that current public service pensions are ‘gold plated!’”¹⁸

Indeed far from ‘gold plated’, as the TUC has pointed out:

- Half of public sector pensions in payment are less than £5,600 a year;
- The average public sector pension is £7,000;
- The majority of public sector pensioners have pensions of less than £5,000;
- The average civil service pension in payment is £5,400 a year with a quarter of civil service pensions in payment being less than £2,000 a year;
- The average pension in local government is even lower at £3,800 with over half getting less than £3,000;
- In the Teachers’ Pension Scheme, 53% of pensions in payment are for amounts less than £10,000 a year. Among teachers with less than 20 years’ service, the average pension awarded in 2006-2007 was £3,750 a year;
- Any attempt to create ‘savings’ from public service pensions will have a greater impact on women pensioners, who have lower average pensions than men, due to their lower average salary levels and service records. For example the average pension in payment is £1,600 to women in the local government pension scheme. In the Teachers’ Pension Scheme, 65%

of pensions currently in payment for women are for amounts less than £10,000 a year¹⁹.

These far from *“gold-plated”* pensions have also been subject to sustained attack under New Labour and far from *“unreformed”*, as their critics maintain, they were altered in the revised schemes in 2007 in a manner that Hutton notes had *“reduced the value of pensions to members by around 10 per cent”* and the National Audit Office²⁰ estimates reduced future costs by around 14%. Furthermore, there has also been change in relation to an increase in the normal pension age for new members in most of the schemes and for all members in local government. The key element of these changes (‘cap and share’) means that unexpected increases in cost would only be met by employers up to this ceiling or ‘cap’. After this has been passed, members would be expected to bear the full cost of future increases. The Treasury has estimated that through the members’ increased contributions in this ‘cap and share’ arrangement £1 billion a year has been saved²¹.

The Pensions Divide

That a difference between public and private sector pension provision does exist is not in dispute but the most dramatic cause of it is not soaring public sector ‘privilege’ but the collapse of pension provision in the private sector. For example:

- In 1967 there were more than 8 million pension scheme members in the private sector and 4 million in the public sector. In 2006 the number of public sector scheme members had risen to more than five million (largely because of the inclusion of many part-timers), but the number of private sector members of pension schemes had fallen to 3.6 million.
- In just three years between 2004 and 2007 there was a 25 per cent fall in the number of private sector members of Defined Benefits (DB) schemes. More than half of DB scheme members in the private sector today are members of schemes that are closed to new members. This means that while they can carry on building up a pension, new staff can only join the replacement Defined Contributions (DC) scheme.
- DC schemes have not filled the pensions’ savings gap. The big picture remains a retreat by employers from providing pensions. Between 2005 and 2008 there was a 5.1 per cent drop in the proportion of the working population in the private sector in membership of a DB pension (18.6 per cent to 13.5 per cent).

- Newer and small employers very rarely provide any kind of pension, let alone a quality DB pension.
- Furthermore the overall growth in DC provision has been combined with a continuous increase in the percentage of employees without any pension coverage which has increased virtually ten percentage points between 2002 and 2008²².
- Overall, while 85% of public sector employees are members of an employer-sponsored pension scheme...In the private sector 40% of employees are members of an employer-sponsored pension scheme but only 15% of employees are active members of a DB scheme²³.

The 'Burden of Risk'- DB-v-DC Schemes

The nature of the limited provision that does now exist in the private sector is illustrative of how the switch to Defined Contribution (DC) schemes has been an ideological choice not an economic necessity. For example, in theory, scheme confidence and stability would be key features of pension provision in that they should provide the incentive and security to save for scheme users while offering Government the ability to plan in relation to revenue. In practice, however, the very model that might provide such stability – the Defined Benefit (DB) scheme - is the one that is demonised and/or abandoned. The reason for this relates to how the DB scheme, in offering a two-way commitment between employee and employer/Government, is alien to the fundamentalism of neo-liberalism – that employers in a 'flexible' labour market should be 'free' to walk away from such responsibility. This explains the vehemence of the elite opposition to the Defined Benefit Schemes in the public and private sectors.

The DB schemes are "*pensions with a promise*" in that those who pay into them can calculate what pension will accrue. They are paid into by employee and employer but **guaranteed by the latter**. By contrast Defined Contribution (DC) schemes, whether taken out by the individual or provided by the employer have no such 'promise' as return is vulnerable to the success of investment on your/your employer (in an employer backed scheme) contribution. **Risk in this regard is largely borne by the employee**. In this way, DC schemes are not pensions as such but savings 'vehicles'.

Such has been the extent of market failure in relation to such schemes (exemplified by the fact that the value of UK DC assets fell by one third between September 2007 and February 2009)²⁴ that even a traditional critic of the public

sector such as Civitas has expressed despair at the inadequacy of DC schemes stating that to call a *“DC scheme a pension is like calling a tent a home”*.²⁵

We discussed, above, the switch to such schemes or the abandonment of them across the private sector. Yet such a lack of commitment from the largest or ‘successful’ employers cannot be attributed to recession as shown by the fact that during the 1990s ‘boom’, many companies, **though not their employees** took *“pension holidays”* on the basis that pension funds were in surplus. This, according to Inland Revenue figures, saved employers £18bn. No doubt the company profits posted during this time (dramatically inflated by such *“holidays”*) were suitably rewarded in the Chief Executive Officer or Directors’ ‘performance’ pay.

Similarly, in terms of an ideological intervention undermining what was working (but not working in terms thought appropriate to the prejudice of market fundamentalists)²⁶ confidence in pensions per se was damaged by the action of Governments during the mis-selling of pensions scandal (1988–1994). This scandal costing the taxpayer £13.5bn (as always the taxpayer was called upon to clean up a private sector mess) saw *“popular capitalism”*, incentivised by Government, persuading thousands to leave occupational schemes for, what proved to be, inferior ones. This action, as a government actuary later admitted, went against their expert advice that specifically warned Ministers that mis-selling was inevitable and that it would *“open the door to people making irrational and financially detrimental decisions”*.²⁷

Real Treasure in the Boardroom

In order to find genuinely ‘gold plated’ pensions one only has to look behind the megaphones of those campaigning loudest against public sector pensions. In addition to the fact that CEO pay, relative to average earnings, rose from 10:1 in 1980 to 75:1 in 2006 (Isles 2007)²⁸ and Directors in the private sector are more likely to have separate pension arrangements than other staff; the TUC’s *“PensionsWatch survey”* (which analyses the pensions of top directors in the UK’s biggest companies) found in 2011 that a *majority* of CEOs were availing of the type of pensions (Defined Benefit) they denied their employees, were retiring at an age they regard as ‘too young’ to do so in the public sector and had pension pots that paid out an average of £224,121 per year.

In short, the average Directors’ pension is 34 times the average public sector pension and 74 times that of the average local government employee. For a group which expresses such concern about the pensions divide between

private and public sector they are remarkably silent on the fact that **within their own sector** directors' pension pots are worth more than 100 times as much as that of the average private-sector scheme member.²⁹

In addition, while the propaganda may focus on a mythical Sir Humphrey being compared to the neglected/abandoned private sector worker, this analysis is flawed on two counts. Firstly it fails to compare like with like – i.e. the tip of each sectoral pyramid (a Permanent Secretary with a FTSE 100 CEO perhaps)³⁰ and secondly, most importantly it fails to uncover the *“real”* cause of this divide - the private sector employers who have neglected or abandoned their employees.

Tax Relief on Pensions

Another 'dog that doesn't bark', from those who feign such concern about taxpayers' money going to waste, relates to the question of tax relief on pension contributions. Again the explanation for silence on the issue can be found in the traditional manner – follow the money.

While tax relief on pensions is available for all pension savers (including workers in the public or private sector) the major beneficiaries are those in the higher tax bracket with:

“60 per cent of the gross tax relief - more than £22 billion a year [going] to higher rate tax-payers (or those who would be higher rate tax payers if it wasn't for this relief)”³¹.

The net cost of paying 'unfunded' public sector pensions for 2009/10 was less than £4 billion pounds. The cost of providing tax relief to the one per cent of those earning more than £150,000 was more than double this figure and the cost of providing tax relief to all higher rate taxpayers more than five times as much³². Clearly, this Government, like the last, as described by Peter Mandelson are *“intensely relaxed about people getting filthy rich.”*³³

Are Public Sector Pensions Unsustainable?

One of the favourite themes of the media attack on pensions has been to argue that their costs are unsustainable. This has usually involved the use of apocalyptic projected figures to defend such a position. These figures, however, traditionally present a long-term (trans-generational) bill (into which it is conveniently ignored members are paying 'as they go') as in need of immediate payment. This is the equivalent of saying anyone who could not repay their entire mortgage or their lifetime's electricity bill from their next

salary had unsustainable needs. This is a billing mechanism that even the privatised utilities might balk at.

In addition in terms of this 'apocalypse' being informed by the longevity of pensioners, some caution is also required.

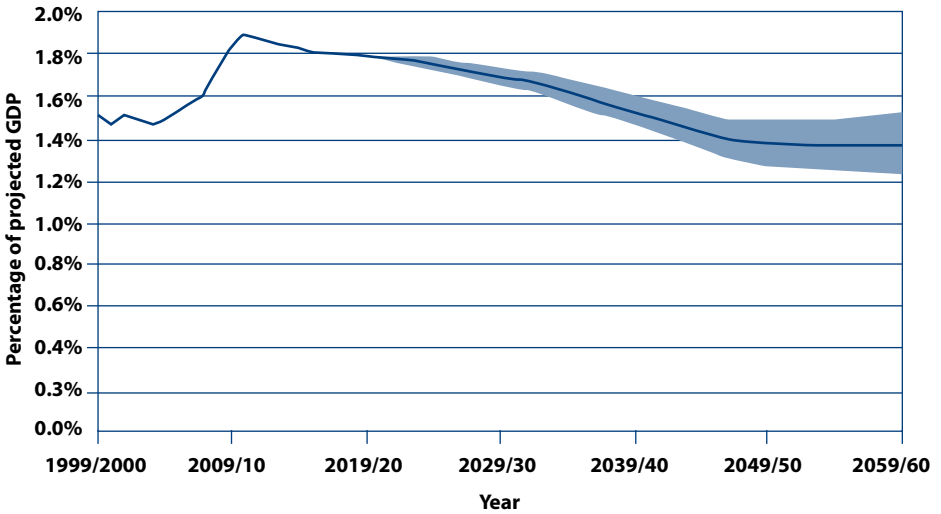
Leaving aside for a moment, as alluded to above, the ethical bypass involved in mourning the fact of decreased mortality rates (for some), it is important to remember that:

“Arguments about longevity recall Schumpeter’s 1943 observation that ‘Forecasts of future populations, from those of the seventeenth century on, were practically always wrong’ remains as valid today. The rate of increase of longevity is far lower than the rate of growth of output, GDP. Simple dependency ratios (the ratio of retired to working age populations) are often cited in support of the unsustainability hypothesis – they omit such elementary corrections as the labour market participation rate, or the per capita capital employed, which has been growing markedly for many decades, or the increasing quality of employees, or the number of dependent children. In short, they, in essence, deny any role for increasing productivity. They also omit to notice that since the mid 1990s, throughout the developed world, we are retiring much later – in 1995 the average age of retirement from the UK labour force was 63.1 years and most recently 64.5 years – over this period estimated life expectations have increased by approximately 3 years³⁴”.

On the specific issue of cost both Hutton and the National Audit Office (NAO) proposed that the gauge of public sector pensions’ *“long term affordability”* should relate to the proportion of GDP their future payment requires. In this case, the NAO firstly acknowledged the long-term burden employees were already being asked to shoulder in that even before the switch to CPI indexation *“the 2007-08 changes are likely to reduce costs to taxpayers of the pension schemes by £67 billion over 50 years, with costs stabilising at around 1% of Gross Domestic Product (GDP) or 2% of public expenditure³⁵”.*

In addition, once CPI indexation is taken into account the proportion **falls** from 1.9% of GDP to 1.4% by 2060. This is illustrated in Figure 2. (*see overleaf*)

Figure 2³⁶ Projected benefit payments as a percentage of GDP sensitivity analysis



Source: GAD Projections for IPSPC and IPSPC analysis.

These projections illustrate that

“the evidence on future cost of public pensions from the Government Actuary’s Department, the National Audit Office, the Office of Budget Responsibility and the Pensions Policy Institute [show] that in no case was the estimated long term cost of public service pensions higher than current costs. Thus on its own definition of sustainability and its own preferred cost measure the [Hutton] Commission fails to make a case for structural reform of public sector pensions on the grounds that they are ‘unsustainable’³⁷.

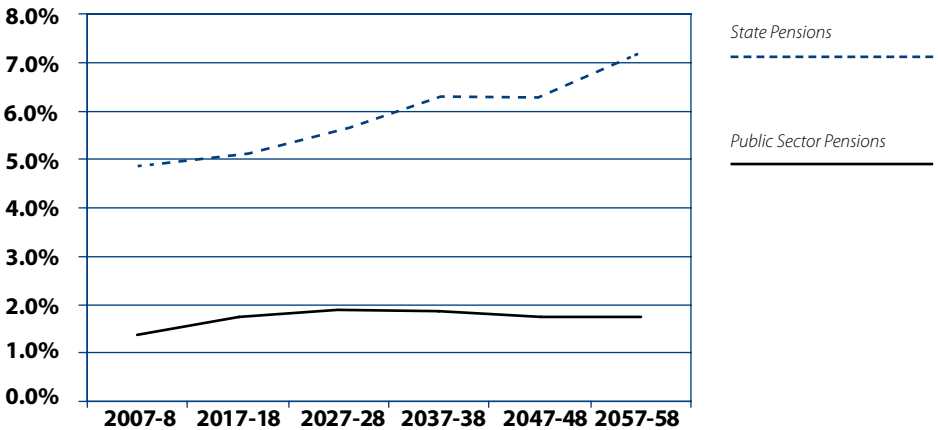
The Real Cost of Pension Negligence

As discussed above, critics of public sector pensions have presented a distorted projection of future cost. In so doing they continue to see public sector pensions *“as straightforward public spending [not]...as repayment by the government of the contributions made by members over the years and lent to government”³⁸*. Similarly, their ‘analysis’ ignores the destructive consequence **to all taxpayers** that the diminution of occupational pension provision brings about. That is, the less ‘adequate’ the occupational pension that an individual receives; the more state (i.e. taxpayer funded) provision will be needed in retirement.

Currently, for example, it is calculated that public service pensions offset pension credit entitlement by £2,152 for a single person and £2,414 for a couple.

The general failure to provide appropriate support in retirement is already well documented. For example in terms of gross replacement rates (i.e. the level of pensions in retirement relative to earnings when working) the average for 34 Organisation of Economic Co-Operation and Development (OECD) countries surveyed was 57%. The UK, however, was in the bottom range offering **“future replacement rates of less than 35% to people starting work today”**.³⁹ Furthermore, even though inadequate in comparative terms, the cost of taxpayers picking up a tab that the government/employer fails to is considerable and rising. See Figure 3.

Figure 3⁴⁰ Future cost of state and public sector pensions as a percentage of GDP



Even within the Cabinet, although not publicly stated, there is some awareness of this longer term consequence of inadequate occupational pensions policy. A leaked letter to the Treasury⁴¹ from the Health Minister Andrew Lansley, for example, stated that the pension reforms will prompt public sector workers to stop contributing to their pensions and that this **“would increase pressure on the social security budget”** in the long term as people would have nothing but state benefits to assist them in retirement.

The Risk of Opt-Out

As Mervyn King has stated real wages in 2011 are:

“likely to be no higher than they were in 2005...One has to go back to the 1920s to find a time when real wages fell over a period of six years”.⁴²

In this context, staff opting out of pension schemes is both a present fact and a future danger. On the former, it is now the case that thousands have already judged that they cannot afford to be in an occupational pension scheme with over a quarter of Local Government workers not in their Scheme, 15% of Health Service workers and 5% of Civil Servants opting out.

It is obviously too early to measure what effect the Government’s new legislation and NEST (National Employment Savings Trust)⁴³ will have. The slower timeline in relation to action required by employers with less than 50 staff and the fact that from 2018 employers’ contributions (3%) will be less than that required from employees (5%), however, does not suggest that ‘opt-outs’ will be arrested (despite re-enrolment requirements after 3 years) or more tellingly that the overall **“you’re on your own”** ethos that has dominated and done so much damage to all pension provision is being addressed.

Conclusion - Pensions as a Social Contract

In conclusion, we return to a theme that dominates the debate on any public service provision whether it is delivery or staffing – that of cost. In terms of pensions, these costs, as outlined above, are clearly sustainable. Provision can and should be enhanced. If this issue is truly about justice for taxpayers, the labour and trade union movement invite the critics of public sector pensions to join us in the campaign, that will support this and other funding requirements, for a progressive and just tax system and the vigorous pursuit of the £123 billion that currently goes uncollected due to tax avoidance, evasion or non-collection⁴⁴.

Public sector pension provision reflects how society values and rewards those who have served it and demonstrates a test of Governments’ commitment to honour a social contract with public servants. Such an investment prioritises those who contribute most to society before the parasitic rogue traders who speculate with money that is not their own. In short it is a sign that there *is* such a thing as society.

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