

**INCORPORATION OF JERSEY POST AND JERSEY TELECOMS: REVISED APPROACH (P.90/2000) -
AMENDMENT**

**Lodged au Greffe on 20th June 2000
by the Deputy of Trinity**



STATES OF JERSEY

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At the end of paragraph (a) insert the following words, except that the proposal that there should be no requirement upon the new companies that new employees recruited after incorporation should be members of the Public Employees Contributory Retirement Scheme would not be implemented unless the States had decided, after debate, to do so.

DEPUTY OF TRINITY

Report

In considering the report of the recommendations made by the Working Group referred to at the end of paragraph 7 (page 8) of the Committee's report, I have no difficulty if it is decided to reflect "unfunded" pension liabilities in the balance sheets of Jersey Post and Jersey Telecoms, although I will be arguing an alternative proposal to this particular treatment at another time.

What does particularly concern me, however, is the possibility of the companies setting up new pension arrangements outside PECRS which could most certainly affect potential new staff members into the future. If it became necessary to reduce pension costs there are ways of doing this, if thought appropriate, for all "States" employees without picking on staff at Jersey Post and Jersey Telecoms.

I do not wish to use this report to argue in detail different types of pension provision but will endeavour to circulate members with detailed information and happy to make myself available to any member who wishes to discuss the issues involved. The time for detailed debate would be if either Jersey Post or Jersey Telecoms decided to make alternative arrangements to PECRS as at that time members could be put in possession of the latest thinking and information.

I can say, however, that the States should recognise that as shareholders of Jersey Post and Jersey Telecoms, they would have a real responsibility to ensure that alternative arrangements are not made by the Boards of the Companies at any time without the arguments for and against being rehearsed in debate by the Assembly. It should be appreciated that the performance of the type of pension fund which might lead to some cost saving (money purchase scheme) directly affects the ability of pensioners to buy a pension and to provide for dependants. If the performance does not meet expectations, or if annuity rates at the time of retirement are particularly low, individual pensions and other benefits could be seriously affected. PECRS is designed and managed to reduce this risk as far as possible.

If Jersey Post and Jersey Telecoms remain as subsidiaries of the States of Jersey and new pension provision falls short of what PECRS can do, the States at some future date may be put under extreme pressure (moral if nothing else) to give the pensioners concerned improved benefits at considerable extra cost. The States as shareholders should be in a position to assess these risks at the time the decision to proceed along these lines is being made by either company. In my view such unfettered responsibility cannot be delegated to any particular Committee of the States to decide. This is not the time to assess the risks involved or to debate the issue in detail.

The Human Resources Committee together with the PECRS Committee of Management and independent legal counsel have been involved, with the help of the law draftsmen, in putting together clauses for the Jersey Post and Jersey Telecoms draft incorporation laws based on a considerable measure of agreement and it is to be deplored that at this late stage the proposed changes to what has been agreed have been put forward. What the staff must think of this about-face gives me much concern.

My amendment has not been put forward in any attempt to interfere with the commercial freedom of Jersey Post or Jersey Telecoms, but that freedom should be tempered by the need for a measured debate on any new pension provision and the alternatives available. The difference between the Policy and Resources Committee's proposition and this amendment is quite small, but fundamental, and reduces the risk that at some future date, maybe 30 years away, this Assembly might be debating a serious liability.