

STATES OF JERSEY



DRAFT PUBLIC EMPLOYEES (PENSIONS) (JERSEY) LAW 201- (P.28/2014): AMENDMENT

**Lodged au Greffe on 15th April 2014
by the States Employment Board**

STATES GREFFE

DRAFT PUBLIC EMPLOYEES (PENSIONS) (JERSEY) LAW 201- (P.28/2014):
AMENDMENT

PAGE 30, ARTICLE 7 –

In Article 7, for paragraph (2) substitute the following paragraph –

“(2) The caps referred to in paragraph (1) shall be rates expressed as a percentage of pensionable earnings of contributing members of the respective schemes, provided that in the case of the employer contribution cost cap, the rate that is set shall not exceed 16.5% of pensionable earnings.”.

STATES EMPLOYMENT BOARD

REPORT

1. The Draft Public Employees (Pensions) (Jersey) Law 201- makes provision for the setting of an employer cost cap and a member cost cap on the cost of funding pensions and other benefits granted under the proposed Public Employees Pension Scheme and the existing Public Employees Contributory Retirement Scheme. It introduces for the first time a formal cap on the costs that the employer is required to contribute, to fund pensions and other benefits granted under the Regulations. The employer cost cap excludes the costs of funding the PECRS Pre-1987 debt.
2. The Law, as currently drafted, requires the level of the employer cost cap and member cost cap to be prescribed in the Regulations. The formal offer to the Joint Negotiating Group, who negotiate on pension matters for States employees, includes an employer cost cap of 16.5% of pensionable earnings and a member cost cap of 8.25% of pensionable earnings.
3. The proposed amendment to Article 7 of the draft Law would make it clear on the face of the Law that the employer cost cap cannot exceed 16.5% of pensionable earnings. An employer contribution rate will be determined at each triennial actuarial valuation conducted by the Scheme Actuary. It is proposed that the Regulations would set the initial employer contribution rate at 16% of pensionable earnings.
4. The proposed amendment has the effect of preventing the Regulations from specifying an employer cost cap above 16.5%.

Financial and manpower implications

5. There are no immediate financial or manpower implications for the States arising from the adoption of this amendment. The initial employer cost of the scheme is 16% of pensionable earnings and therefore within the level of the employer cost cap proposed by this amendment. The amendment limits the potential future costs to the States to 16.5% of pensionable earnings.

Human Rights implications

6. No additional human rights notes are annexed because the Law Officers' Department indicated that the draft Law does not give rise to any human rights issues.

Re-issue Note

This amendment is re-issued because the original version incorrectly stated the Chief Minister as the proposer.