

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY SENATOR B.E. SHENTON
ANSWER TO BE TABLED ON TUESDAY 1st DECEMBER 2009**

Question

“In respect of the ongoing funding position of PECRS, can the Minister publish the estimated total service shortfall as at 3rd November 2009 on an ongoing basis and a discontinuance basis?”

Can the Minister also confirm that responsibility for funding this deficit lies with the Scheme Members and not with the Jersey taxpayer?”

Answer

I am unable to tell the House what the estimated total service shortfall is as at 3rd November 2009, as this information is not available.

As Chief Minister I deal with formal valuation figures as and when they are published, not interim figures which are not finalised nor based on agreed assumptions and membership data, as would be the case with a formal valuation report.

The Committee of Management’s established policy is that a formal actuarial valuation shall be made every three years, the most recent being 31st December 2007. At that date a deficiency of £63.2 million was revealed and negotiations are currently under way in order to deal with that deficiency. Members are referred to R.130, recently published, and R.88, for full details.

There are no Regulations under the PECRS legislation that deal with discontinuance of the Scheme.

If a deficiency is revealed by a formal valuation of the fund there are a number of actions that may be taken, namely:-

- If, having considered the Scheme Actuary’s advice, the Committee of Management and the Principal Employer are of the view that the deficiency is of temporary nature, a recommendation that no action should be taken, or if the deficiency is not seen as temporary, an agreement to increase in the contributions payable by the members and/or in the contributions payable by the employers to the Scheme.
- If there is no agreement between the Chief Minister and the Committee of Management, within six months of the formal valuation being laid before the States, after an additional period of three months, the Committee of Management, under the legislation is bound to reduce or cancel any increase in pensions in order to eliminate the deficiency as far as possible.
- If the Actuary’s report indicates that even after the reduction or cancellation of pension increases a deficiency is likely to continue to exist, the Chief Minister shall submit proposals to the States for an increase in the contributions payable by the members, and/or the employers and/or a reduction of other benefits payable under the Scheme.

Therefore the primary responsibility for funding any deficit in the Scheme lies with the scheme beneficiaries and not with the Jersey taxpayer.