

# STATES OF JERSEY



## DRAFT TELECOMMUNICATIONS (PUBLIC PENSIONS) (JERSEY) REGULATIONS 200-

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Lodged au Greffe on 20th February 2007  
by the Minister for Treasury and Resources

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STATES GREFFE





Jersey

# **DRAFT TELECOMMUNICATIONS (PUBLIC PENSIONS) (JERSEY) REGULATIONS 200-**

## **REPORT**

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The Minister for Treasury and Resources is seeking approval of the following Telecommunications (Public Pensions) (Jersey) Regulations 200- to provide JT Group Limited and its wholly owned subsidiaries that conduct their principal business in Jersey (“the Company” or “Jersey Telecom”), the freedom to choose whether or not to offer new employees a pension scheme under the Public Employees (Retirement) (Jersey) Law 1967.

At present the Telecommunications (Jersey) Law 2002 (the “Telecoms Law”) requires that 90% of the Company’s employees participate in a pension scheme under the Public Employees (Retirement) (Jersey) Law 1967, that scheme being the Public Employees Contributory Retirement Scheme (“PECRS”).

These draft Regulations, which are consistent with the arrangements already in place for Jersey Post Limited, remove the obligation on the Company in respect of any future employees allowing the Company appropriate commercial freedom to operate in a competitive market place. It is essential in the existing competitive market that the Company is afforded the flexibility to negotiate employment terms with new employees in the manner it sees fit.

An obligation to provide a defined level of pension benefits to new employees could rule out, financially, the Company’s ability to offer other forms of benefit such as bonuses. Other companies operating in the telecommunications market are not constrained by the Telecoms Law and are, therefore, at an advantage when attracting employees who value benefits such as bonuses. By intervening the States distorts the telecommunications labour market and consequently the provision of telecoms in Jersey.

The continued intervention of the States, provided for by this existing obligation, is inappropriate and quite possibly to the detriment of the Company’s future success. A telecommunications market now exists that enables those seeking work in the telecommunication industry in Jersey a choice of employer. It is this choice that ensures that appropriate benefits are determined for any new employees.

The Minister for Treasury and Resources as the Company’s shareholder, on behalf of the States, fully recognises the importance of the maintaining the rights of existing Jersey Telecom employees and confirms that the contractual pension rights of existing Jersey Telecom employees are unaffected by these draft Regulations.

The proposed change will allow the Company the flexibility to manage its pension arrangements in a manner which is consistent with industry practice, the contracts of employment of its existing employees and the rules of PECRS (which are otherwise unaffected by the draft Regulations).

The Minister for Treasury and Resources has committed in a separate proposition, lodged today, that the Company will be able to continue to be a participating employer in PECRS, in the same manner as it participates at present, after any sale of the Company, subject to the rules of PECRS.

### **Financial and manpower implications**

There are no direct financial or manpower implications for the States arising from the adoption of these draft Regulations. However, there should be an uplift of the valuation of Jersey Telecom resulting from the Company’s greater commercial freedom and ability to make independent decisions on the level of pension benefits provided to new employees. As this company is in States ownership this uplift would be to the benefit of the States and the people of Jersey.

## **Explanatory Note**

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The object of these Regulations is to reduce to nil the percentage of employees of the Jersey Telecoms group (the successor to the Telecommunications Board) who must be participants in a scheme (for example the PECRS) under the Public Employees (Retirement) (Jersey) Law 1967.





Jersey

## **DRAFT TELECOMMUNICATIONS (PUBLIC PENSIONS) (JERSEY) REGULATIONS 200-**

*Made*

*[date to be inserted]*

*Coming into force*

*[date to be inserted]*

**THE STATES**, in pursuance of Articles 46 and 65 of the Telecommunications (Jersey) Law 2002<sup>[1]</sup>, have made the following Regulations –

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### **1 Article 46(3) of the Law amended**

In Article 46(3) of the Telecommunications (Jersey) Law 2002<sup>[2]</sup> the percentage “90%” shall be replaced with the percentage “0%”.

### **2 Citation and commencement**

These Regulations may be cited as the Telecommunications (Public Pensions) (Jersey) Regulations 200- and shall come into force 7 days after they are made.

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[1]

*chapter 06.288*

[2]

*chapter 06.288*