

Our [first article \(11/09\)](#) created quite a stir and so here are some further thoughts.....

### **A. Public Sector Pensions - Future Funding**

It may be that the the mounting Public Sector Pension crisis is worse than thought.

In a detailed [document](#) published by the \*Public Sector Pensions Authority, "IOM Government Unified Scheme 2011, Annual Report and Accounts 2012-2013" there is a gloomy set of notes at page 30 about the PSP funding gap. It is expected to "increase as a larger proportion of the Scheme's membership reaches retirement and that additional funding will be required from the Treasury".

It's worth reading this page in the Report, if nothing else.

Almost 5 years ago PAG predicted this intolerable state of affairs. An [article](#) , written just after Allan Bell's 2010 Budget, declared "At the very least, the government should have announced the closure of the final salary scheme to any new entrants to the public sector".

A failure to take such action is an indictment of this administration to act decisively on this huge hole in public finances. Will it have the courage to do so before the next General Election in 2016?

Until such time, bear in mind that the Treasury gets its revenue from you and me, which indicates that this growing fiscal liability will have a drag on standards of living for the majority of working people in the IOM.

### **B. Additional Revenue Raising Suggestions**

## Pink Book reveals IOM Government living beyond its means - PART 2

Written by PAG

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In addition to any steps already being taken by IOM Government to balance the books, here are some suggestions:

1. The 'Tesco Tax' could be extended to utilities - telecoms, gas, Steam Packet? These should not affect the companies as they would effectively be taxes on the foreign jurisdiction of the parent.

2. A retention tax on Bank interest could be introduced for non-residents, where the jurisdiction of residence would impose a retention tax on a Manx resident depositor.

3. Introduce a Development Land Tax, when the value of land is increased purely as a result of 'a stroke of the pen' of Government, i.e. by rezoning, etc.

4. The Government should commence negotiations with the UK both directly and in conjunction with the Anglo-Irish meetings for the extension of our territorial sea to the median line with the adjacent Islands and/or a Quasi Exclusive Economic Zone to that point; and make better economic use of that resource.

Finally, the next two years will continue to pose significant challenges to our politicians. The nagging worry is that they have left it too late to tackle fundamental fiscal issues which have been staring them in the face for years.