



# FINANCIAL REPORT AND ACCOUNTS 2005

# States of Jersey Treasury and Resources Department

## FINANCIAL REPORT AND ACCOUNTS 2005

### **Treasury and Resources Department**

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Senator  
Deputy

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# Minister's Report

Treasury and Resources Department  
Financial Report and Accounts 2005



Although I present this Report as the Minister for Treasury and Resources, the Accounts reflect the financial results of the Committee system in place last year and as the President of the Finance and Economics Committee for 2005 I am happy to comment on the figures contained in the Report.

The single most telling figure in these Accounts is that the States have delivered on the promise to contain expenditure, with the Accounts showing that net revenue expenditure actually fell in real terms for the year, rising by less than 1.5%, during a year when the rate of inflation in the Island was 2.2%.

This spending restraint has undoubtedly been a factor in the fall in the underlying rate of inflation (RPIX) over the last three years, which I am pleased to report is now below its target rate of 2.5%.

Income is not rising as quickly as it did in previous decades, emphasising the need to continue with spending restraint. However income to General Revenues did rise by £9 million more than originally forecast in the 2005 Budget, leaving us in a healthier position for the year than initially expected. In fact on a basis consistent with that of the 2005 Budget, a surplus of £3 million was achieved, as opposed to the £19 million deficit for 2004.

These encouraging signs are set against a background of improving economic confidence and an upswing in the global marketplace. It would be prudent during these favourable times to be putting money into the Strategic Reserve to act as a buffer against any major downturns of the future or otherwise to save against the downswings experienced in all economic cycles.

However, as the economy adjusts to coming changes in our fiscal structure, the surplus funds we are currently experiencing are needed to fund largely one off spending pressures essential to avoid greater repercussions in the future.

2005 was an important year for consolidating stability within the economy by laying out the States vision for the future through the approval of the Economic Growth Plan and the Fiscal Strategy. This greater degree of disciplined strategic and financial forward planning, which will be underpinned yet further this year with the publication of the Strategic Plan, is an important influence over the improving confidence in the Island's economy which can only benefit every member of our community.

Last year also saw the introduction of a modern structure for the management of the States finances with the implementation of the new Public Finances (Jersey) Law 2005, which establishes an improved budgetary control and accountability framework fit for the 21st century.

As we strive for greater accountability, we have over the years provided an ever-increasing amount of information, however that additional information has increased the complexity of the Accounts. As a remedy to this we have embarked upon a project to deliver accounts which more fully comply with Generally Accepted Accounting Policies (GAAP). This will allow more ready comparison of the costs of our services with other jurisdictions, more effective assessment of our performance over time and most importantly better inform our decision making.

A major step towards a more complete picture of our finances is provided this year by the full acknowledgement of the States liabilities to its principal employee pension schemes.

During 2005 the States, capped its liability to the Public Employees Contributory Retirement Scheme and at the same time formally recognised its past service debt to that Fund, currently valued at £123 million. Whilst a significant debt, the bold steps taken by the States in limiting its liability represents a robust safeguarding of the future sustainability of our finances, whilst at the same time providing formal recognition of our debt to members of that scheme.

Opportunities to address the States liability in respect of the other principal scheme, the Teachers' Superannuation Fund are being pursued, but in the meantime the current value of the deficit of that fund, £116 million, as measured by accounting standards has also been recognised in these Accounts.

Even after fully recognising these debts, the States balance sheet remains remarkably healthy, showing net assets of over £1.3 billion. An exercise to be undertaken which will more accurately value land and property held by the States will show that the true state of our finances is even more robust than this figure would have us believe.

The healthy state of our public finances is thanks to the foresight of the members of the Finance and Economics Committee over recent years and I cannot let this opportunity go by without publicly paying tribute to those who served with me throughout the last three critically important years; Senators Ozouf and Routier and Deputies Crespel and Grime.

I am also proud of the staff at the Treasury and Resources and Impôts Departments, led by the indefatigable efforts of the Treasurer, Ian Black, the Comptroller of Income Tax, Malcolm Campbell, and the previous and current Chief Officers of Customs and Immigration, Steve Cole and Mike Robinson. We have all had a hectic, challenging yet exhilarating year shaping the Island's finances for a more positive future. I extend my wholehearted thanks to them and all the hardworking staff in their Departments.



Senator T.A. Le Sueur

18 May 2006

# Treasurer's Report

## 1. FINANCIAL REPORT AND ACCOUNTS 2005

Whilst the States now operates a ministerial system of government, the Accounts for 2005 have been prepared in accordance with the committee system which applied throughout the majority of that year.

On a basis consistent with, and allowing comparison to, the 2005 Budget, the States incurred a surplus of £3 million for 2005 as opposed to the £6 million deficit originally forecast in the 2005 Budget and the £19 million deficit for 2004.

The improvement against Budget arose largely from Income Tax receipts totalling £7 million more than the budgeted amount of £370 million.

Non-Trading Committee net revenue expenditure rose by less than 1.5% on 2004 levels.

The surplus on this basis differs from the income and expenditure account (as presented on page xvi) as it includes capital expenditure at its voted amount as opposed to the annual depreciation charge. Shown below is a high level summary on a basis comparable with the 2005 Budget.

2005 Budget £' million		Actual 2005 £' million	Actual 2004 Restated £' million
	<b>Income</b>		
370	Income Tax	377	363
53	Impôts	50	50
16	Stamp Duty	19	15
21	Other Income	23	18
460	<b>Total Income</b>	469	446
(423)	<b>Net Revenue Expenditure of Non-Trading Committees</b>	(423)	(417)
37		46	29
(43)	Capital Expenditure Voted	(43)	(48)
<b>(£ 6)</b>	<b>Surplus/(Deficit) after Capital Expenditure Voted</b>	<b>£ 3</b>	<b>(£ 19)</b>

As we move towards Accounts prepared in accordance with best practice, we have presented a single Total Income and Expenditure Account which in addition to General Revenues income and net revenue expenditure of the Non-Trading Committees included in the Budget, also includes the results of Trading Committees, Trading Funds, Separately Constituted Funds and the Waterfront Enterprise Board Limited (WEB).

On that basis, the States had a surplus of £39 million (2004: £4 million) before the exceptional and non-recurring item relating to the acknowledgement by the States of the past liability of £123 million in respect of the Public Employees Contributory Pension Scheme.

Whilst the funding of this debt, arising from service up to 1987, will be paid over 82 years, accounting rules dictate that the liability be fully recognised in 2005 and, largely as a result of this, the States as a whole, suffered a deficit of £84 million for 2005. The comparable figure for 2004 was a £4 million surplus.

2005 sees the first year of accounting in accordance with FRS17 for the liabilities in respect of the defined benefit Jersey Teachers' Superannuation Fund (£116 million) and the Jersey Post Office Pension Fund (£1 million).

Even after these pension liabilities are accounted for, the States as a whole has net assets of over £1.3 billion as measured by current prudent accounting bases.



# Treasurer's Report

## 1. FINANCIAL REPORT AND ACCOUNTS 2005 (continued)

Key features of the 2005 Accounts are as follows:

### Income

- Income tax receipts at £377 million were up by 3.9% on 2004 levels.
- Impôts duties receipts at £49.8 million were down by 1% on 2004 and £3.3 million less than budgeted.
- Stamp Duty at £19.0 million rose by 25% on 2004.
- Investment income arising from the States investments in utility companies rose by over 60% on 2004 levels to £10.5 million.
- The value of the Strategic Reserve increased by £38 million in the year, representing a rise of 9% as a result of robust investment performance. Of this gain, £13 million arose from the revaluation of investments and was thereby unrealised at the year end.
- The surplus from the Jersey Currency Notes and Coinage Accounts showed a small increase to £3 million for 2005, unrealised gains on investments of the Currency Fund totalled £494,690.

### Net Revenue Expenditure of Non-Trading Committees

- Net revenue expenditure rose by less than 1.5% in 2005, compared with an increase of 5% in 2004. Expenditure for Health and Social Services accounted for 30% of the net revenue expenditure, whilst 21% was incurred by Education, Sport and Culture and a further 19% was incurred by Employment and Social Security.
- Whilst the original budget for Committee net revenue expenditure amounted to £412 million, this was supplemented by carry forwards of £5.2 million, pay awards of £12.8 million and other transfers from the General Reserve and other votes of £2.5 million, providing total funds available of £432.5 million. Against this total amount voted £422.8 million of expenditure was incurred, leaving £9.7 million unspent at the year end.

### Capital Expenditure

- The States approved £43 million of new capital expenditure in the 2005 Budget, however actual expenditure out of the Capital Fund for the year totalled £46.5 million (2004: £41.6 million), this difference occurs due to the time which elapses between funding being voted by the States and expenditure actually being incurred.
- Expenditure in the year included £8.7 million on the rebuild of Le Rocquier School; £5.0 million on the new Magistrates Court and Probation Offices; £3.4 million on Phase 1a of the Le Squez housing redevelopment; £3.0 million on D'Auvergne School and £2.5 million on the new Prison Cell Block.
- A further £2.3 million was transferred to the Housing Development Fund from the Capital Fund to meet the cost of future developments and commitments in respect of subsidies to Housing Trusts. During the year capital expenditure of £20.4 million was incurred from the Housing Development Fund in respect of social housing, of which £8.1 million related to the Le Coie Hotel site development and £9.3 million on Hodge Nursery Phase 2. £1.4 million was expended on interest subsidy support for Housing Trusts.

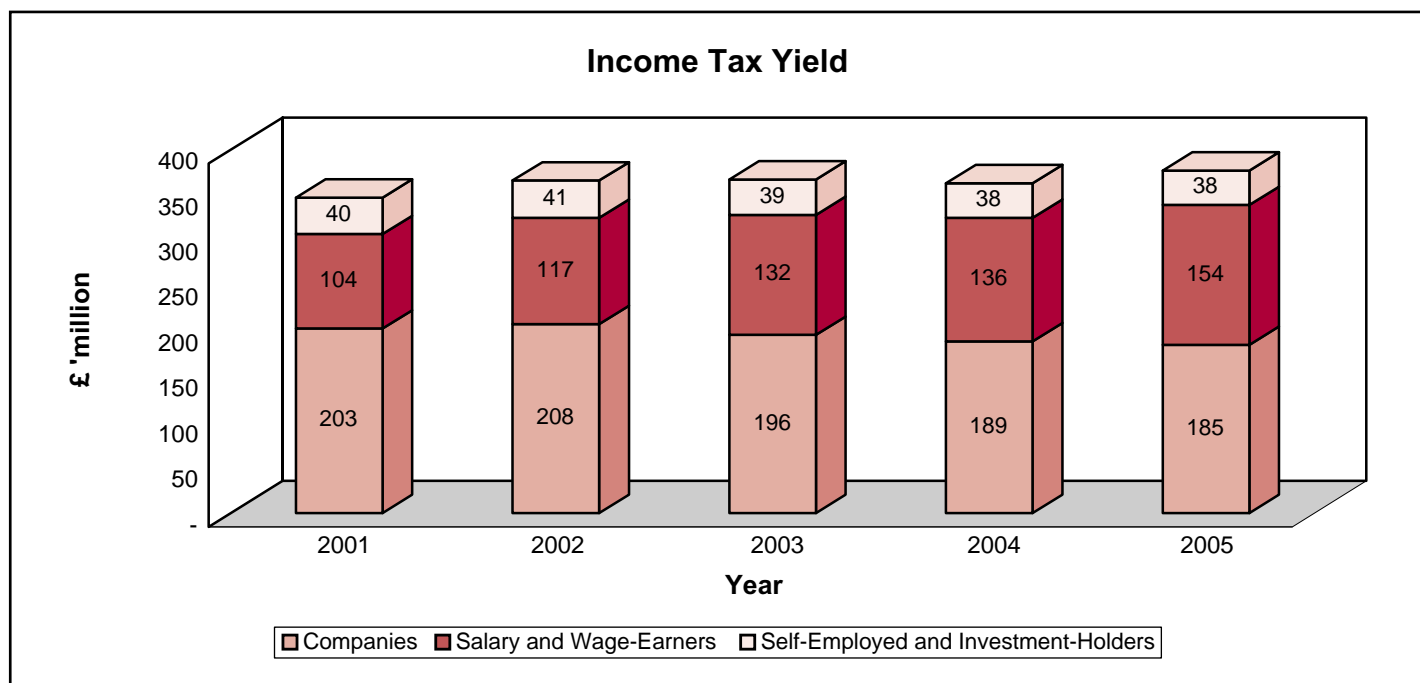
# Treasurer's Report

## 2. INCOME FROM TAXATION

### 2.1. INCOME TAX

The standard rate of Income Tax remained at 20 pence in the pound in 2005. International business companies are charged at lower rates than this on income and profits arising from international activities whilst the Exempt Company charge is a flat fee of £600. Total tax revenues were as follows:

Budget 2005 £' million		Actual 2005 £' million	Actual 2004 £' million	Increase/ (Decrease) %
144	Salary and Wage-Earners	154	136	13.2
40	Self-Employed and Investment-Holders	38	38	-
186	Companies	185	189	(2.1)
<b>£ 370</b>		<b>£ 377</b>	<b>£ 363</b>	<b>3.9</b>



Tax raised in 2005 arises from trading profits in 2003 and other income sources of 2004. The 1.1% decrease in tax yield in 2004 has been followed by a 3.9% increase in 2005, partly as a result of the freezing of allowances and increased collection.

Tax raised from Salary and Wage-Earners has increased by 48% since 2001, whilst that from companies has reduced to 9% below the level experienced in 2001.

# Treasurer's Report

## 2.1. INCOME TAX (continued)

### Income Tax Charged for the Year of Assessment 2004 as at 31 December 2005

	Actual 2005 £' million	Actual 2004 £' million	Increase/ (Decrease) %
<b>1 BY INDUSTRY</b>			
Agriculture	3.5	3.1	12.9
Fishing	0.4	0.3	33.3
Manufacturing	1.3	2.3	(43.5)
Construction and Quarrying	9.1	11.7	(22.2)
Wholesale and Retail	14.2	13.0	9.2
Hotels and Restaurants	5.9	5.9	-
Transport and Communications	3.7	2.0	85.0
Financial Intermediation	131.2	141.4	(7.2)
Real Estate (fee income)	0.5	0.6	(16.7)
Health and Social Work	3.5	3.3	6.1
Other business services	20.3	20.9	(2.9)
Other community, social and personal services	8.9	7.9	12.7
	<b>£ 202.5</b>	<b>£ 212.4</b>	(4.7)
<b>2 BY INDIVIDUALS</b>			
Employees	147.6	133.3	10.7
Rentiers and Retired	16.3	16.0	1.9
	<b>£ 163.9</b>	<b>£ 149.3</b>	9.8
<b>3 BY OTHERS</b>			
Investment Holding Companies	20.3	19.3	5.2
<b>TOTAL</b>	<b>£ 386.7</b>	<b>£ 381.0</b>	

The above analysis of income tax charged differs from the analysis of yield in the previous table as it is the gross charge for the 2004 year of assessment, whereas the previous table is the net charge after provisions and adjustments in the calendar year for all years of assessment.

# Treasurer's Report

## 2.2. IMPÔTS DUTIES

Impôts duties yielded £49.8 million in 2005, £451,000 down on 2004 and £3.3 million less than budgeted.

	Actual 2005 £' million	Actual 2004 £' million	Increase/ (Decrease) %	Duty Increase applied in 2005 Budget %
Spirits	4.1	3.8	7.9	-
Wines	5.8	5.4	7.4	-
Beer	4.8	4.7	2.1	-
Tobacco	12.5	13.9	(10.1)	9.8
Fuel	18.4	18.7	(1.6)	-
Vehicle Registration Duty	4.0	3.7	8.1	-
Goods Imported	0.2	0.1	100.0	-
	<b>£ 49.8</b>	<b>£ 50.3</b>	(1.0)	

There were no increases to Impôts duties in 2005 other than in respect of tobacco. The duty on twenty king size cigarettes was increased by 25 pence. Whilst rates of duty have increased on tobacco, the amount of tobacco legally imported and put to duty has fallen. Meanwhile the quantities for alcoholic drinks, fuel and vehicle registration duty show relatively modest movements that are not inconsistent with the long-term trends.

## 2.3. STAMP DUTY

The yield from Stamp Duty rose by 25% to £19 million, however this large increase was partly as a result of a small number of high value transactions.

Stamp Duty rates paid on house purchases were not increased in 2005. The Committee concentrated on closing loopholes, addressing equity in stamp duty rates and taking measures to further promote competition in the local mortgage market.

## 2.4. OTHER INCOME

Other income calculated on a basis consistent with that of the Budget 2005 is analysed below:

	Actual 2005 £' million	Actual 2004 Restated £' million
Interest Income	2	2
Jersey Currency Surplus	3	3
Dividend Income	11	6
Return from the Jersey Financial Services Commission	4	4
Miscellaneous Fines and Interest on Loans	1	1
* Internal Loan Repayments	2	2
	<b>£ 23</b>	<b>£ 18</b>

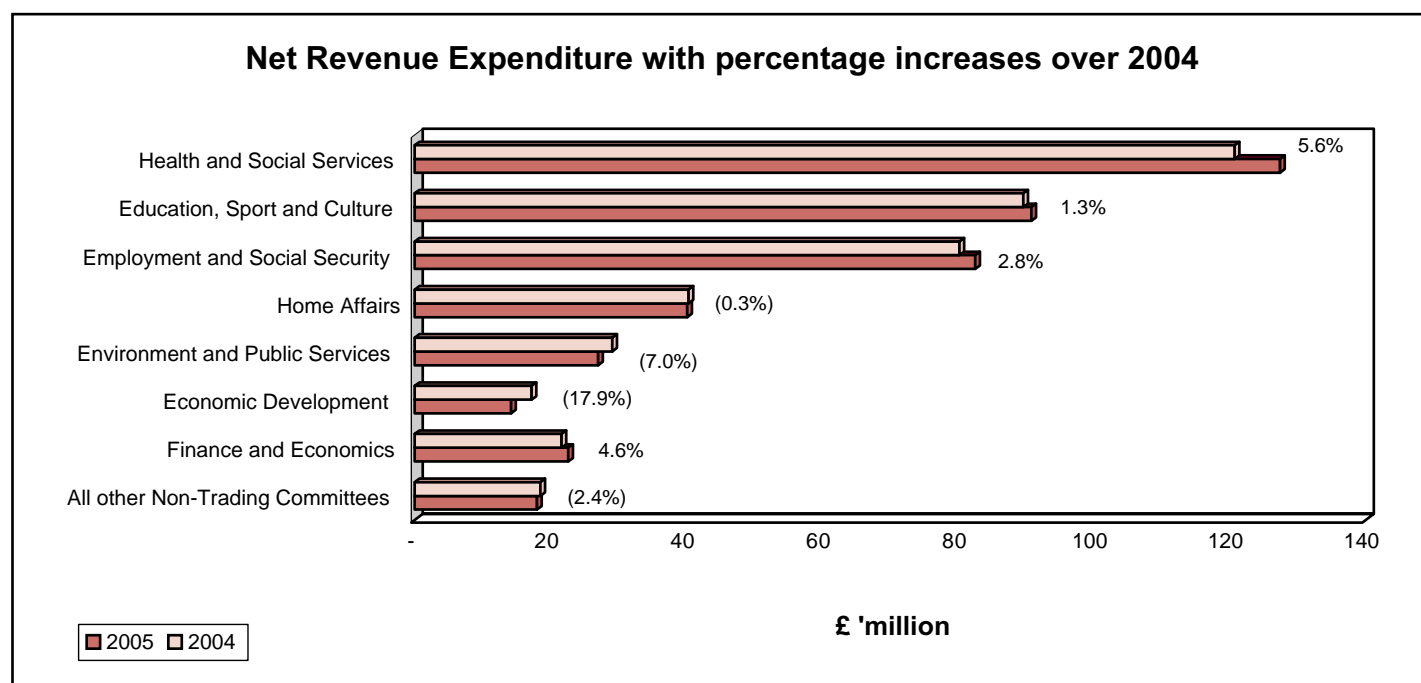
\* This amount is included in the Budget but excluded from the Accounts on the basis that it is an internal repayment.

Interest income arises from cash balances in the various bank accounts held in the name of the States of Jersey. Dividend income relates to income earned from the States strategic investments in the Jersey Electricity Company, Jersey Water and Jersey Telecom.

# Treasurer's Report

## 3. NON-TRADING COMMITTEES

The total net revenue expenditure (excluding capital servicing) of Non-Trading Committees totalled £423 million (£417 million in 2004), of which over 70% related to the Health and Social Services, Education, Sport and Culture and Employment and Social Security Committees. Expenditure variances are analysed below:



### Health and Social Services Committee

Net revenue expenditure increased by £6.8 million (5.6%) in 2005, compared with 2004. Those service areas with significant increases in expenditure during the year were Special Needs (£1.4 million) reflecting a transfer of clients from a nursing care to a social care setting together with costs associated with caring for clients previously being cared for in the UK; and Surgical Specialities (£1.2 million) and Theatres (£1.1 million) due in part to the cost of tertiary referrals to the UK for specialist treatment as well as costs associated with reducing the waiting time for elective surgery.

### Education, Sport and Culture Committee

Net revenue expenditure was £90.8 million in 2005, an increase of £1.2 million (1.3%) compared with 2004. The main increases in expenditure during the year related to increases in pupil and student numbers within both Secondary and Higher Education, totalling £1.6 million.

### Employment and Social Security Committee

Net revenue expenditure increased by £2.2 million (2.8%) in 2005, compared with 2004. A significant part, £0.9 million, of this increase related to native welfare costs being paid for by the States following the capping of the Parishes' liability. The remainder of the increase primarily relates to the annual up-rating of benefits to maintain their value.

# Treasurer's Report

## 3. NON-TRADING COMMITTEES (continued)

### Home Affairs Committee

Net revenue expenditure for 2005 decreased by £0.1 million (0.3%), compared with 2004.

### Environment and Public Services Committee

Net revenue expenditure for 2005 decreased by £2.0 million (7%) in 2005. Service areas that contributed to that reduction included Parks and Gardens (£0.3 million) and Cleaning (£0.2 million) arising from Fundamental Spending Review (FSR) cuts; Highways (£0.6 million) mostly as a result of high expenditure in 2004 in respect of repairing land slides; and Meteorology (£0.5 million) due in part to increased income and FSR reductions.

### Economic Development Committee

Net revenue expenditure for 2005 decreased by £3.1 million (17%), compared to 2004. Several service areas contributed to this decrease including, £0.7 million Agriculture Direct Financial Support, £1.1 million Tourism and Marketing and a write back of Training and Employment Partnership commitments of £1.4 million.

### Finance and Economics Committee

Net revenue expenditure (excluding net repayment of capital debt) increased by £1.0 million (4.6%) from the previous year. Of this Court and Case Cost expenditure increased by £0.6 million and there was an increase of £0.3 million in the Personal Tax Assessing service area.

### Other Non-Trading Committees

Net revenue expenditure of all other Non-Trading Committees decreased by £0.4 million (2.4%), compared to 2004. The most significant decrease relates to the Policy and Resources Committee, where expenditure fell by £0.7 million.

# Treasurer's Report

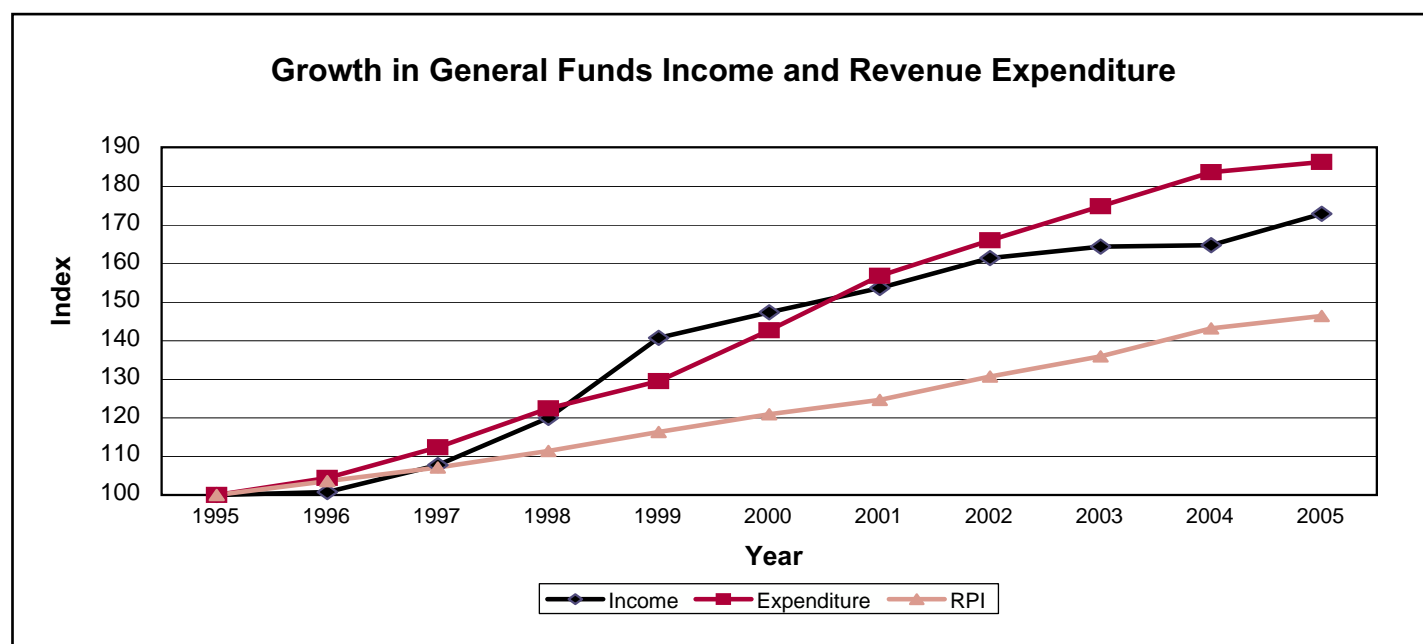
## 4. GENERAL FUNDS INCOME AND REVENUE EXPENDITURE

Year	General Revenues Income Restated**		Non-Trading Committees Net Revenue Expenditure Restated*		Jersey RPI as at December
	£' million	Increase %	£' million	Increase %	%
1995	270	3.8	227	3.7	3.7
1996	272	0.7	237	4.4	3.6
1997	291	7.0	255	7.6	3.5
1998	324	11.3	278	9.0	4.0
1999	380	17.3	294	5.8	4.4
2000	398	4.7	324	10.2	4.0
2001	415	4.3	356	9.9	3.1
2002	436	5.1	377	5.9	4.9
2003	444	1.8	397	5.3	4.0
2004	445	0.2	417	5.0	5.3
<b>2005</b>	<b>467</b>	<b>4.9</b>	<b>423</b>	<b>1.4</b>	<b>2.2</b>
<b>1995-2005 Total Increase</b>		<b>73.0%</b>	<b>86.3%</b>		<b>46.4%</b>

\* Expenditure excludes capital servicing.

\*\* Income excludes internal loan repayments.

The following graph illustrates the growth in General Funds income and revenue expenditure compared with the growth in RPI over the years 1995 to 2005 (amounts rebased to 1995).



# Treasurer's Report

## 5. RECONCILIATIONS

### 5.1. RECONCILIATION WITH 2005 REVENUE BUDGET

In addition to the amounts voted to Committees in the 2005 Revenue Budget additional funds were made available from the following sources:

	£' million
Net Revenue Expenditure approved in the 2005 Budget	412.01
Carry forward of Revenue Balances from 2004	5.18
Funds granted from the General Reserve for pay and pension awards	12.82
Funds granted from the General Reserve for voluntary redundancy/voluntary early retirement	0.95
Funds granted from the General Reserve for urgent and unforeseen items	2.56
Other sources including transfers (to)/from Capital Votes, including Central IT Vote	(1.02)
<b>Total Voted Budget</b>	<b>£ 432.50</b>

Details of the net expenditure for the Non-Trading Committees are as follows:

	Original Budget £' million	Carry Forward from 2004 £' million	General Reserve/ Other Vote Transfers £' million	Total Voted Budget £' million	2005 Net Revenue Expenditure £' million	Variance
Health and Social Services	121.32	(0.02)	6.15	127.45	127.49	0.04
Education, Sport and Culture	87.25	1.41	2.28	90.94	90.81	(0.13)
Employment and Social Security	82.73	0.85	0.98	84.56	82.46	(2.10)
Home Affairs	37.70	0.15	2.19	40.04	40.12	0.08
Environment and Public Services	26.97	-	1.87	28.84	27.04	(1.80)
Finance and Economics	22.93	2.21	0.46	25.60	22.64	(2.96)
Economic Development	15.67	(0.02)	0.31	15.96	14.16	(1.80)
Policy and Resources	6.28	0.36	0.25	6.89	6.23	(0.66)
Overseas Aid	5.52	0.07	-	5.59	5.57	(0.02)
Privileges and Procedures	5.23	0.16	0.12	5.51	5.01	(0.50)
Housing	0.50	-	0.70	1.20	1.35	0.15
Other Committees	(0.09)	0.01	-	(0.08)	(0.12)	(0.04)
	<b>£ 412.01</b>	<b>£ 5.18</b>	<b>£ 15.31</b>	<b>£ 432.50</b>	<b>£ 422.76</b>	<b>(£ 9.74)</b>

This analysis does not include income derived from the Vehicle and Garage Plant Account of the Environment and Public Services Committee in 2005 (£166,000).



# Treasurer's Report

## 5.2. RECONCILIATION OF NON-TRADING COMMITTEES NET REVENUE EXPENDITURE TO TOTAL STATES EXPENDITURE

£' 000

<b>Non-Trading Committees Net Revenue Expenditure</b>	<b>422,765</b>
Add back Non-Trading Committees Income	92,661
<b>Non-Trading Committees Expenditure</b>	<b>515,426</b>
Separately Constituted Funds Expenditure	18,694
Trading Committee Expenditure	70,621
Car Park and Other Trading Fund Expenditure	6,392
Net Capital Repayments	34,912
Leased Assets Charge	258
Waterfront Enterprise Board Expenditure	5,251
Provisions	925
<b>Total States Expenditure</b>	<b>£ 652,479</b>

## 6. RESERVES

### 6.1. GENERAL RESERVE

This was the States short-term Reserve, used to fund urgent and unforeseen items of expenditure and pay awards. The new Public Finances Law, introduced with the move to ministerial government, does not include any provision for a General Reserve.

The unspent balance on the Reserve brought forward from 2004 was £15.2 million. The States agreed to grant additional funds of £11.8 million in the Budget 2005, intended for pay and pension awards, providing total funds available of £27 million.

Of the £27 million balance, £12.8 million funded pay awards, £0.9 million provided for voluntary redundancies/voluntary early retirement to deliver efficiency savings, whilst £2.8 million was awarded to 'unforeseen' items of revenue and capital expenditure.

Movements of the Reserve can be summarised as follows:

£' million

Opening Balance	15.2
Additions	11.8
Pay and Pension Awards	(12.8)
Voluntary Redundancy/Voluntary Early Retirement Payments	(0.9)
Urgent and Unforeseen Expenditure Items	(2.8)
Balance Transferred for Contingencies*	(10.5)
<b>Balance held in the General Reserve</b>	<b>£ -</b>

\* As a General Reserve is not provided for in the new Public Finances Law, the remaining balance as at 31 December 2005 was transferred to fund expenditure in 2006 and beyond.

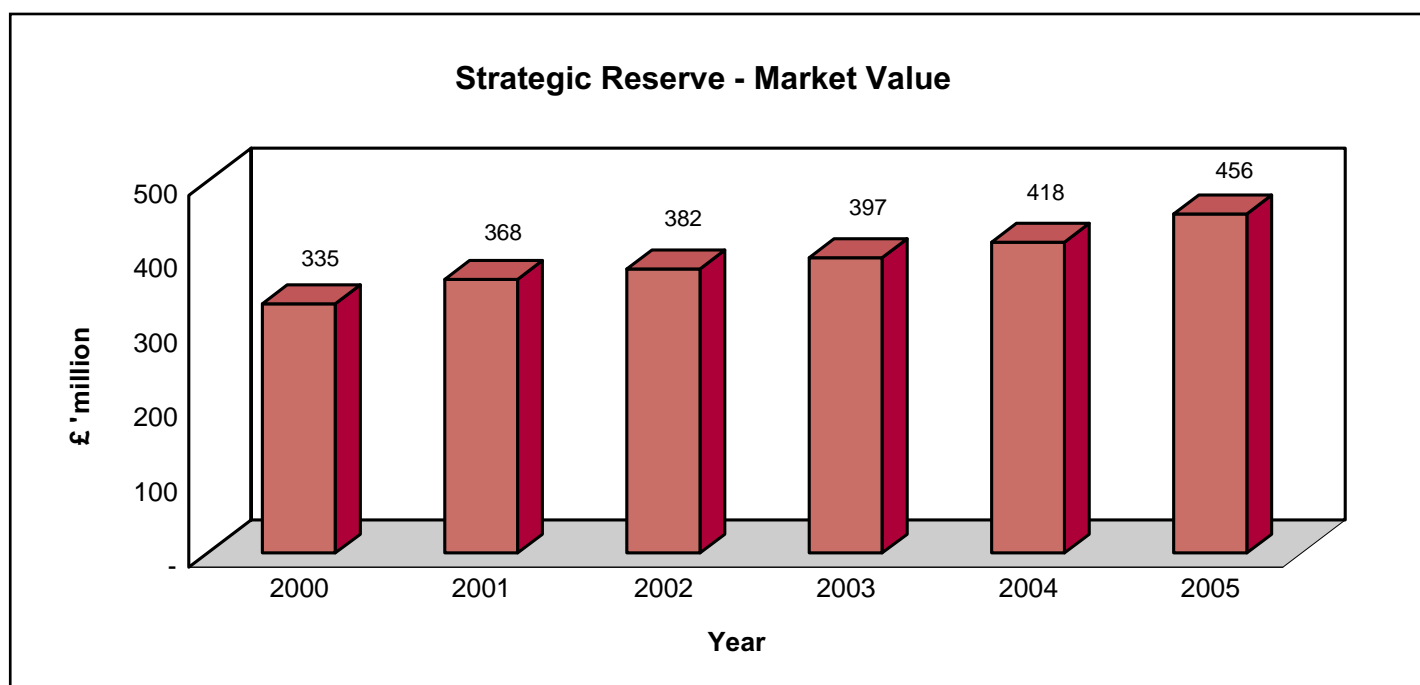
# Treasurer's Report

## 6.2. STRATEGIC RESERVE

The Strategic Reserve is the States long-term Reserve, set up in the mid 1980's to safeguard against a major downturn in the economy. The total value of the Reserve at the year end was £456 million (2004: £418 million).

This growth in the Reserve of 9% arose from investment performance, consisting of investment income and realised surpluses of £25 million and unrealised gains on investments of £13 million.

Since 2001 no funds have been transferred into the Strategic Reserve from General Revenues.



## 7. CAPITAL EXPENDITURE

The States Capital Expenditure for the year amounted to £56.6 million (2004: £52.4 million) of which £46.5 million was financed from the Capital Fund. The breakdown of expenditure for 2005 is shown below:

Capital Expenditure financed from:	2005 £' million	2004 £' million
Capital Fund	46.5	41.6
Trading Funds	5.7	9.2
Vehicle and Garage Plant	0.2	0.5
ICT Fund	0.1	0.3
General Funds	-	0.1
Waterfront Enterprise Board	4.1	0.7
	<b>£ 56.6</b>	<b>£ 52.4</b>

# Treasurer's Report

## 7. CAPITAL EXPENDITURE (continued)

Those projects funded from the Capital Fund with spend over £1 million in 2005 are listed below:

Committee	Project	Spend in 2005 £' 000	Total Spend to date £' 000	Total Voted £' 000
Policy and Resources	Network Upgrade	1,092	1,936	3,541
Finance and Economics	Magistrates' Court	4,996	7,848	9,720
Environment and Public Services	Sea Defences	1,652	4,652	5,471
Health and Social Services	Adult Mental Health Rehabilitation Unit	1,319	1,319	1,319
Education, Sport and Culture	St Clements School	1,348	1,660	5,657
	D'Auvergne	2,993	5,281	6,108
	Hautlieu School	1,553	21,306	26,000
	Le Rocquier School	8,674	17,824	22,686
Home Affairs	Prison Cell Block Reconstruction - Phase 2	2,476	2,905	6,903
Housing	Le Squez Redevelopment	3,377	4,870	8,304

As at 31 December 2005 £126.8 million of Capital Fund expenditure approved by the States had yet to be incurred. Of this balance £12.1 million was held in the Capital Reserve Vote which represents both the unallocated balance on the General Reserve prior to its winding up and a sum identified to meet the cost of the inflation and risk on projects. Other unspent balances over £5.0 million were £11.3 million in the Computer Development Vote, £5.7 million for the Day Surgery Unit and £7.8 million as a sinking fund for the relocation of the Police Station and Headquarters.



Ian Black, BSc (Econ), CPFA  
Treasurer of the States  
18th May 2006

# Auditor's Report

To the Minister of the Treasury and Resources  
Department of the States of Jersey

We have audited the annual accounts of the Treasurer of the States of Jersey on pages xvi to xxxvii, as required by Article 11 of the Public Finances (Administration) (Jersey) Law, 1967. These accounts have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out on pages xx to xxiii.

## **Respective responsibilities of the Minister of Treasury and Resources, the Treasurer of the States and the States Auditor**

The Public Finances (Administration) (Jersey) Law, 1967 requires the Minister of Treasury and Resources to cause the annual accounts of the Treasurer of the States to be prepared. The Minister of Treasury and Resources delegates the preparation of these accounts to the Treasurer of the States, who is required to:

- select suitable accounting policies;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts.

The Minister of Treasury and Resources is responsible for regulating, controlling and supervising the public finances of the Island and for ensuring that the provisions of the Public Finances (Administration) (Jersey) Law, 1967 and of any rules made there under, are duly complied with. The Minister is also responsible for ensuring that reasonable steps are taken to safeguard assets and to prevent and detect fraud or other irregularity.

The Treasurer is responsible for preparing the Financial Report including, as described above, the annual accounts. Our responsibilities, as States' Auditor, are established by the Public Finances (Administration) (Jersey) Law, 1967, the Auditing Practices Board and our profession's ethical guidance. This report, including the opinion, has been prepared for and only for the Minister of the Treasury and Resources Department of the States of Jersey as a body in accordance with the Public Finances (Administration) (Jersey) Law, 1967 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts have been properly drawn up and are in accordance with the books of account. We report to you if, in our opinion, the Treasurer's Report is not consistent with the accounts, if the Treasurer has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We also draw attention to any circumstances which in our opinion are contrary to the Public Finances (Administration) (Jersey) Law, 1967 or otherwise irregular.

We read the other information contained in the Financial Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the Minister's Report, the Treasurer's Report, the Committees' Revenue Income and Expenditure Reports, and the Separately Constituted Funds' Reports.

## **Basis of opinion**

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit involves examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the States of Jersey, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## **Opinion**

In our opinion the accounts for the year ended 31 December 2005, have been properly drawn up and are in accordance with the books of account.

Pricewaterhouse Coopers CI LLP  
Twenty Two Colomberie  
St Helier  
Jersey, Channel Islands  
18 May 2006

# States of Jersey

## Total Income and Expenditure Account for the Year ended 31 December 2005

	Notes	2005 Actual £' 000	2004 Actual Restated £' 000
<b>Income</b>			
Income Tax		377,036	362,993
Impôts Duties		49,839	50,290
Stamp Duty		19,035	15,203
Trading Income		85,241	72,460
Non-Trading Committees' Income		92,661	89,756
Investment Income		30,242	27,601
Profit / (Loss) on Disposal of Investments		13,204	(9,705)
Return from the Jersey Financial Services Commission		4,100	4,100
Loan, Bank and Notional Interest Income		10,758	8,719
Sundry Income		16,984	9,875
		699,100	631,292
<b>Expenditure</b>			
		(652,479)	(626,168)
<b>Defined Benefit Pension Schemes FRS17 Adjustments (as set out in note 2)</b>			
Defined Benefit Pension Schemes - Other Finance Income / (Expenditure)		(4,302)	(3,898)
Defined Benefit Pension Schemes - FRS17 Pension Charges		(3,089)	2,334
Surplus for the Year before Exceptional Item		39,230	3,560
<b>Less Recognition of PECRS Pre-1987 Liability</b>	2	(123,152)	-
<b>(Deficit)/Surplus for the Year</b>	3	<b>(£ 83,922)</b>	<b>£ 3,560</b>
<b>Retained as follows:</b>			
Strategic Reserve	15	24,495	9,625
Trading Funds	15	(7,011)	11,171
General Funds	15	(92,470)	(22,858)
Capital Fund	15	(2,784)	12,390
General Reserve	15	(925)	-
Other Separately Constituted Funds	15	(6,271)	1,484
Waterfront Enterprise Board Limited	15	1,044	(8,252)
		<b>(£ 83,922)</b>	<b>£ 3,560</b>

This Total Income and Expenditure Account includes all the income and revenue expenditure of the States of Jersey and therefore includes income and expenditure of the Strategic Reserve and other Separately Constituted Funds as well as that of the General Funds which, in accordance with the Law, is subject to the annual budget process. In addition it includes the income and expenditure of the Waterfront Enterprise Board Limited.

## Statement of Total Recognised Gains and Losses for the Year ended 31 December 2005

	Notes	2005 £' 000	2004 Restated £' 000
(Deficit)/Surplus for the Year		(83,922)	3,560
Unrealised Gain on Revaluation of Investments		13,897	10,687
Actuarial Gain/(Loss) in respect of Defined Benefit Pension Schemes		31,801	(8,091)
<b>Total Recognised (Loss)/Gain Relating to the Year</b>		<b>(£ 38,224)</b>	<b>£ 6,156</b>
Prior Year Adjustment for FRS17	15	(121,561)	
<b>Total Loss Recognised since last Annual Report</b>		<b>(£ 159,785)</b>	

# States of Jersey

Balance Sheet as at 31 December 2005

	Notes	2005 Actual £' 000	2004 Actual Restated £' 000
<b>Fixed Assets</b>			
<b>Tangible Assets</b>	5		
Financed from Capital Fund		700,335	690,264
Financed from Trading Funds		51,698	50,393
Financed from General Funds		9,931	10,951
Vehicle and Garage Plant		2,497	2,543
Financed from the Housing Development Fund		8,787	-
Financed from ICT Fund		1,679	3,003
Waterfront Enterprise Board Limited		17,604	14,396
		792,531	771,550
<b>Advances</b>	6	42,458	49,160
<b>Strategic Investments</b>	7	82,458	82,458
<b>Other Investments</b>	8	463,559	397,857
		1,381,006	1,301,025
<b>Current Assets</b>			
Stock and Work in Progress	9	33,338	34,186
Debtors	10	69,313	73,170
Cash at Bank and in Hand	11	232,142	258,636
		334,793	365,992
<b>Current Liabilities</b>			
Creditors (amounts due within one year)	12	52,928	60,010
Currency in Circulation	13		
Jersey Currency Notes		64,472	62,840
Jersey Coinage		6,198	5,795
		123,598	128,645
<b>Net Current Assets</b>		211,195	237,347
<b>Total Assets Less Current Liabilities</b>		1,592,201	1,538,372
<b>Creditors (amounts falling due after one year)</b>			
Finance Lease Obligations	14	(26,431)	(28,154)
PECRS Pre 1987 Liability	14	(117,261)	-
Defined Benefit Pension Schemes Net Liability	14	(117,401)	(141,811)
Provisions for liabilities and charges	17	(2,889)	(1,964)
<b>Net Assets</b>		£1,328,219	£1,366,443
<b>Funds Employed</b>			
Accumulated revenue and reserve balances	15	£1,328,219	£1,366,443

2004 balances have been restated as a result of the adoption of FRS17 in respect of the accounting treatment of the Jersey Teachers' Superannuation Fund and the Jersey Post Office Pension Fund (see note 22).

# States of Jersey

## Cash Flow Statement for the Year ended 31 December 2005

	2005 Actual £' 000	2004 Actual Restated £' 000
<b>Operating Activities</b>		
Net Cash Inflow from Operating Activities	23,286	25,877
<b>Returns on Investment and Servicing of Finance</b>		
Investment Income	30,242	28,988
Interest Income	10,758	8,720
Interest Element of Finance Lease Rental Payments	(1,942)	(2,104)
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>	39,058	35,604
<b>Capital Expenditure and Financial Investments</b>		
Payments to acquire Tangible Fixed Assets	(56,686)	(52,442)
Receipts from Sale of Plant, Property and Equipment	5,872	1,262
Proceeds from Disposal of Housing Stock	1,651	4,133
	(49,163)	(47,047)
Loans Advanced	(145)	(608)
Loans Repaid	6,847	7,024
	6,702	6,416
Purchase of Investments	(413,858)	(647,135)
Proceeds from Disposal of Investments	369,385	676,247
	(44,473)	29,112
<b>Net Cash Outflow from Capital Expenditure and Financial Investments</b>	(86,934)	(11,519)
<b>Management of Liquid Resources</b>		
Cash on Deposit at 1 January	262,480	208,811
Cash on Deposit at 31 December	232,802	262,480
Decrease/(Increase) in Deposits	29,678	(53,669)
<b>Financing</b>		
Capital Element of Finance Lease Rental Payments	(1,904)	(2,232)
<b>Increase/(Decrease) in Cash</b>	<b>£3,184</b>	<b>(£5,939)</b>

The 2004 Cash Flow Statement and associated notes have been restated to reflect firstly a reclassification of operating and investment income and also the recognition of pension liabilities on adoption of FRS17.

# States of Jersey

## Reconciliation of Net Cash Flow to Movement in Net Funds

	2005 Actual £' 000	2004 Actual £' 000
Increase/(Decrease) in Cash in the Year	3,184	(5,939)
Cash used to (Decrease)/Increase Liquid Resources	(29,678)	53,669
Net Cash Inflow from Lease Financing	1,904	2,232
Change In Net Funds	(24,590)	49,962
Net Funds at 1 January	228,577	178,615
<b>Net Funds at 31 December</b>	<b>£ 203,987</b>	<b>£ 228,577</b>

## Notes to the Cash Flow Statement

### 1. RECONCILIATION OF (DEFICIT)/SURPLUS FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 Actual £' 000	2004 Actual Restated £' 000
Deficit for the Year	(83,922)	3,560
Capital Servicing/Depreciation	44,796	48,546
- Less: Gain on Disposal of Assets	(7,516)	(101)
- Less: Investment Income	(30,242)	(28,988)
- Less: Interest Income	(10,758)	(8,720)
Difference between Pension Charge and Cash Contributions	7,391	1,564
Interest Element of Finance Leases	1,942	2,104
- Less: Gain on Realisation of Investments	(7,334)	9,705
Decrease/(Increase) in Stock	848	(6,589)
Transfer of Fixed Assets to Stock (WEB)	-	5,473
Transfer to Fixed Assets of Stock (HDF)	(9,095)	-
Decrease/(Increase) in Debtors	3,857	(5,812)
(Decrease)/Increase in Creditors	(12,793)	3,595
Increase/(Decrease) in Creditors - PECRS Pre 1987 Liability	123,152	-
(Decrease)/Increase in Capital Grants	-	(620)
Increase in Provisions	925	-
Increase in Currency Provision	2,035	2,160
	<b>£ 23,286</b>	<b>£ 25,877</b>

### 2. ANALYSIS OF NET FUNDS

	At 1 January 2005 £' 000	Cash Flow £' 000	At 31 December 2005 £' 000
Cash at Bank and in Hand	(3,844)	3,184	(660)
Bank Deposit Accounts	262,480	(29,678)	232,802
Total Cash	258,636	(26,494)	232,142
Finance Leases	(30,059)	1,904	(28,155)
<b>Net Funds</b>	<b>£ 228,577</b>	<b>(£ 24,590)</b>	<b>£ 203,987</b>



# Notes to the Accounts

## 1. ACCOUNTING POLICIES

### (i) Basis of Accounts

The accounts have been drawn up to meet the requirements of the Public Finances (Administration) (Jersey) Law, 1967, as amended. While the accounts have been drawn up to reflect much of United Kingdom Generally Accepted Accounting Principles (UK GAAP), there are a number of important departures, the most significant of which are as follows:

### (a) Inter-Committee Transactions

Transactions and balances between Committees, including interest on capital servicing incurred by Trading Committees, have not been eliminated in the preparation of the accounts.

### (b) Strategic Investments

Although the States of Jersey holds a majority of the ordinary voting shares in the Jersey Telecom Group Limited, Jersey Electricity Company Limited and the Jersey New Waterworks Company, the accounts of which have not been consolidated as the Treasury and Resources Minister believes that information is better provided by reference to the separate accounts of these companies.

### (c) Fixed Assets

Fixed Assets are categorised according to their source of funding as opposed to being classified according to their nature, function or use in business.

In addition, the capital repayment is an approximation to any depreciation charge that would be applicable under UK GAAP, except that capital repayments include an element in respect of land, which would not be depreciated in accordance with UK GAAP.

### (d) Commitments

Refer to Creditors and Commitments, paragraph (ii)(e).

### (e) Pension Schemes

Refer to Pension Schemes, paragraph (ii)(k).

## (ii) General

### (a) Aggregation and Consolidation

The accounts reflect the aggregated income and expenditure accounts and the balance sheet of the States of Jersey including the results of separately constituted funds.

As the Waterfront Enterprise Board Limited, a wholly-owned subsidiary, is a developer and agent of the States of Jersey, its results and financial position have been consolidated within these accounts.

### (b) Capital Expenditure

Allocation of expenditure to capital or revenue is partly made on the basis of cost. As at the year end projects below £100,000 funded from general funds were generally treated as revenue expenditure.

In accordance with Article 17 of the Public Finances (Administration) (Jersey) Law, 1967, capital expenditure financed from the Capital Fund (including the cost of land) is reimbursed from revenue over a period of years which normally equates to the estimated life of the asset acquired commencing in the year following completion or acquisition of the asset.

Capital expenditure financed by other means is depreciated over the remaining useful life of the asset commencing in the year following completion or acquisition. Fixed assets are held at cost or identified diminished value.

# Notes to the Accounts

## 1. ACCOUNTING POLICIES (continued)

Useful economic lives by category over which assets are depreciated or over which capital servicing is allocated have been estimated as follows:

Buildings	50 years
Infrastructure	10 - 30 years
Plant and Equipment	5 - 10 years
Fixtures and Fittings	5 - 10 years
Vehicles	5 years
Computer Hardware and Software	3 - 5 years

Capital expenditure financed by means of finance leases is depreciated over the remaining term of the lease or the remaining useful life of the asset, whichever is the lesser, commencing in the year following completion or acquisition.

### (c) Leasing Arrangements

Assets financed by finance leases and lease-back arrangements, and their related liabilities are included in these accounts. These finance leases are capitalised at the estimated present value of the underlying lease payments. The corresponding lease obligations, net of finance charges, are included in creditors. The interest element of the finance charge is charged as revenue expenditure over the lease period in proportion to the outstanding debt.

Payments made under operating leases are charged to revenue expenditure in equal instalments over the period of the lease.

### (d) Income Tax and Impôts

Income Tax is recognised when an assessment is raised; provisions are made for doubtful debts. Impôts duties are recognised when the goods are landed in Jersey.

### (e) Creditors and Commitments

Revenue creditors and commitments include liabilities in respect of goods and services received and orders outstanding. Capital creditors include the cost of all work certified as complete up to the year end, less retention monies plus all fees due up to the date of the certificate.

### (f) Capital Grants

Capital grants received in respect of the construction of tangible fixed assets are carried forward in the balance sheet until such time as the related asset is constructed and are then deducted from the construction costs.

### (g) Provisions for Liabilities and Charges

Provisions have been made in respect of circumstances existing at the balance sheet date, but in respect of which no decision has been made by the States of Jersey, a Committee of the States, Court of Law or other applicable authority, so far as likely costs are estimable with reasonable certainty.

### (h) Strategic Investments

Strategic Investments are stated at cost less provision for any permanent diminution in value. Profits or losses on disposal or redemption of investments are included in the income and expenditure account when realised.

# Notes to the Accounts

## 1. ACCOUNTING POLICIES (continued)

Income on interest-bearing investments is recognised on an accruals basis. Income on other investments is recognised when receivable.

### (i) Other Investments

Investments held other than for strategic purposes, principally for investment returns, are carried at market value.

Profits or losses on disposal or redemption of investments are included in the income and expenditure account when realised.

Unrealised gains and losses on investments are included in the Statement of Total Recognised Gains and Losses.

Income on interest-bearing investments is recognised on an accruals basis. Income on other investments is recognised when receivable.

### (j) Stock and Work in Progress

Stock and work in progress includes homes under construction held within the Housing Development Fund site developments held for resale with the Waterfront Enterprise Board Limited, and other general stocks. All stocks are held at the lower of cost and net realisable value.

### (k) Pension Schemes

The States of Jersey operates two principal pension schemes for certain of its employees (Public Employees' Contributory Retirement Scheme and Teachers' Superannuation Fund). The assets are held in separate funds. In addition a further pension scheme (Jersey Post Office Pension Fund), closed to new members, is operated by Jersey Post (see note 2 for further details).

Public Employees' Contributory Retirement Scheme (PECRS)

PECRS, whilst a final salary scheme, is not a conventional defined benefit scheme as the employer is not responsible for meeting any ongoing deficiency in the scheme. Accordingly Financial Reporting Standard 17 (FRS17) has not been applied in accounting for the scheme.

The regular pension cost is charged to revenue expenditure over the employees' future working lives.

The past service liability of the employer up to 1987 has been accounted for at its value at the balance sheet date as calculated by an actuary. The full amount of this debt has been charged to the Income and Expenditure Account in 2005.

Jersey Teachers' Superannuation Fund (JTSF) and Jersey Post Office Pension Fund (JPOPF)

These schemes have been accounted for as defined benefit schemes in accordance with FRS17, as a result the comparative figures for 2004 have been restated (see note 22).

The Income and Expenditure Account has been charged with the current and past service costs of these schemes and the interest on pension scheme liabilities less the expected return on pension scheme assets.

Actuarial gains and losses arising in the year from the difference between the actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the Statement of Total Recognised Gains and Losses.

# Notes to the Accounts

## 1. ACCOUNTING POLICIES (continued)

Pension scheme assets are measured using market values and scheme liabilities are measured using the projected unit credit method, discounted at the current rate of return on a high quality bond of equivalent term and currency to the liability. Recoverable pension scheme surpluses and pension scheme deficits are recognised in the balance sheet.

### (l) Special Funds and Social Security Funds

The accounts do not include Special Funds, such as legacies and bequests, which are administered by the States of Jersey. The Social Security Fund, Social Security (Reserve) Fund, and Health Insurance Fund are also excluded from these accounts.

### (m) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated to sterling at rates current on the balance sheet date. All foreign exchange differences are included in income and expenditure for the year.

## 2. PENSION SCHEMES

The States of Jersey operates several pension schemes, namely the Public Employees' Contributory Retirement Scheme, Teachers' Superannuation Pension Fund and the Jersey Post Office Pension Fund.

### (a) Public Employees' Contributory Retirement Scheme (PECRS)

The Scheme is open to all public sector employees (excluding teachers) over 20 years of age. Membership is obligatory for all employees on a permanent contract.

The Scheme is managed by a Committee of Management which has established five sub-committees to investigate and report on complex technical issues.

The market value of the Schemes Assets as at 31 December 2005 was £983 million. The States of Jersey contribution to the Scheme in 2005 was £28.9 million.

The last published Actuarial Valuation of the Scheme as at 31 December 2004, dated 13 March 2006, indicated that the Scheme had an actuarial deficit of £17.4 million.

The Actuaries have concluded that this deficit is temporary in nature and that it could be carried forward to the next valuation.

The Scheme is not a conventional final salary scheme in that the employers are not responsible for meeting any deficiency in the Scheme.

The States in agreeing P190/2005 on 27 September 2005 have confirmed responsibility for the past service liability which arose from the restructuring of the PECRS arrangements with effect from 1 January 1988.

The provisions to address the past service liability include an increase in employers' contributions equivalent to 0.44% of members pay as from 1 January 2002, raising the employers' contribution rate to 15.6%. Of the employers' contribution rate of 15.6% a sum initially equivalent to 2% of the employers' total pensionable payroll will be paid into the scheme to meet the pre-1987 past service liability. The remaining 13.6% continues to fund the current service liability. These rates are subject to review and amendment in future years in order to continue to meet the scheme's liabilities effectively.

# Notes to the Accounts

## 2. PENSION SCHEMES (continued)

Over 82 years (from 2002) the past service liability would thereby be repaid, at which point the employers' contribution rate would revert to 15.16%.

As at 31 December 2005, the Scheme's Actuaries have valued the past service liability outstanding at £123 million and this debt has been charged to the Income and Expenditure Account in 2005.

As mentioned above, PECRS is not a conventional final salary scheme in that the employers are not responsible for meeting any deficiency in the Scheme; as such FRS17 has not been applied in accounting for the Scheme.

During 2005 the employers' contribution rate was 15.16% of members' salaries. The pension cost charge represents contributions to the Scheme payable by the States of Jersey under the rules of the Scheme. The income and expenditure charge for the year was:

	Year Ending 31 December 2005 £' 000	Year Ending 31 December 2004 £' 000
Total Contributions Paid	34,478	28,713
Less Admitted bodies Contributions (other than WEB Limited)	(5,553)	(5,232)
<b>Total Operating Charge (including WEB Limited)</b>	<b>£ 28,925</b>	<b>£23,481</b>

### (b) Jersey Teachers' Superannuation Fund (JTSF)

Membership of the defined benefit Scheme is compulsory for all teachers in full time employment. The market value of the Scheme's Assets as at 31 December 2005 was £236 million. The States of Jersey contribution to the Scheme in 2005 was £6.7 million (2004: £6 million).

The results of an Actuarial Valuation as at 31 December 2001 revealed that there was a deficit of £64.4 million, assuming that future pension increases would be financed from the Fund. Pension increases are currently funded by the Education, Sport and Culture Committee.

The Actuary recommended that to reduce the qualifying period for benefits to two years, to introduce widowers' benefits and death-in-service lump sum provisions equal to two times salary, with the cost of pension increases paid from the Fund with effect from January 2004, eliminating the deficiency of £64.4 million over the average working life time of the current active membership (12 years) would necessitate increasing the employers' contribution rate to 31.9% of members' pay.

Discussions are continuing with regards the future structure and funding of the Scheme and pending these discussions and the options exercise subsequently required, the eventual financial implications remain uncertain.

Pending a decision on the above, the combined contribution rate has remained at 15.95% of members' pay and pension increases have continued to be financed from the Education, Sport and Culture Committee's revenue vote.

# Notes to the Accounts

## 2. PENSION SCHEMES (continued)

### (c) Jersey Post Office Pension Fund (JPOPF)

Jersey Post operates an occupational defined benefit pension scheme known as the Jersey Post Office Pension Fund (JPOPF), which provides benefits based on final pensionable pay. The JPOPF is closed to new members. As this is a closed scheme, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement. The assets of the JPOPF are held separately from those of the Jersey Post Group.

The latest actuarial valuation of JPOPF was carried out by the JPOPF's independent actuary as at 31 December 2002. The valuation indicated that, including the impact of pension increases met by the Fund, the JPOPF had a deficit of £4.2 million (before allowing for the lump sum payment by Jersey Post in 2004 of £4.4 million) and that the employer's contributions of 26.6% of salaries should be paid with effect from 1 January 2003. The contributions made by the employer to the Fund in 2005, were £26,000 (2004: £4.5 million).

The valuation of the JPOPF has been updated by the actuary to 31 December 2005 in accordance with FRS17. Full allowance has been made for the cost of future pension increases and this results in a deficit of £973,000 being recognised as at 31 December 2005.

### (d) Additional information required by FRS17 - Retirement Benefits

The Jersey Teachers' Superannuation Fund (JTSF) and the Jersey Post Office Pension Fund are both defined benefit schemes and are accounted for as such in these Accounts.

An Actuarial Valuation of the JTSF was carried out at 31 December 2001. This valuation has been updated by an actuary to 31 December 2005 on a basis consistent with FRS17, based on the JTSF's current obligations, together with the obligations of the States of Jersey to meet the pension increases currently financed from the Education, Sport and Culture Committee's revenue vote.

The most recent full Actuarial Valuation of the JPOPF was carried out as at 31 December 2002 and has been updated by the actuary to 31 December 2005 in accordance with FRS17. Full allowance has been made for the cost of pension increases.

The assumptions and methodology required under FRS17 differ considerably from the approach that has been used by the respective actuaries of JTSF and JPOPF in providing actuarial valuations, used for funding purposes. These differences in methodology combined with the time which has elapsed since the latest actuarial valuations mean that the FRS17 results are different to the position revealed in the latest formal published actuarial valuations.

The results of up to date actuarial valuations, rather than the results of the FRS17 disclosures below, will be used to determine the quantum of any additional funding that may be needed in the respective Funds.

# Notes to the Accounts

## 2. PENSION SCHEMES (continued)

### (d) Additional information required by FRS17 - Retirement Benefits (continued)

The major assumptions used for the FRS17 actuarial assessments at 31 December 2005 are:

	31 December 2005 % pa	31 December 2004 % pa
Discount Rate	4.7	5.3
Salary Inflation (JTSF)	4.1	4.9
Salary Inflation (JPOPF)	4.2	4.4
Pension Increases (JTSF)	2.9	3.4
Pension Increases (JPOPF)	3.2	3.9
UK Price Inflation (JTSF)/(JPOPF)	2.9	2.9

On the FRS17 basis, the assets and liabilities of the Schemes are:

	Value at 31 December 2005			Value at 31 December 2004		
	JTSF £'000	JPOPF £'000	Expected Return	JTSF £'000	JPOPF £'000	Expected Return
Fixed-Income Bonds	11,850	-	4.3%	9,686	-	4.9%
Equities	191,350	-	7.6%	153,150	-	7.6%
Index-Linked Gilts	22,734	9,291	3.9%	19,307	9,267	4.4%
UK Fixed-Income Gilts	-	687	4.1%	-	687	4.6%
Property	7,600	-	6.6%	6,632	-	6.6%
Cash/Other	2,637	188	4.6%	1,659	189	4.8%
<b>Total Assets</b>	<b>236,171</b>	<b>10,166</b>		<b>190,434</b>	<b>10,143</b>	
<b>Total Liabilities</b>	<b>352,598</b>	<b>11,139</b>		<b>332,029</b>	<b>10,359</b>	
<b>Deficit</b>	<b>(£ 116,427)</b>	<b>(£ 973)</b>		<b>(£ 141,595)</b>	<b>(£ 216)</b>	

The analysis of profit and loss charge is:

	Value at 31 December 2005		Value at 31 December 2004	
	JTSF £'000	JPOPF £'000	JTSF £'000	JPOPF £'000
Service Cost	(9,807)	(31)	(8,199)	(25)
Past Service Cost	-	-	-	-
<b>Total Operating Charge</b>	<b>(9,807)</b>	<b>(31)</b>	<b>(8,199)</b>	<b>(25)</b>
Expected Return on Assets	13,476	432	12,356	420
Interest on Liabilities	(17,681)	(529)	(16,142)	(532)
<b>Net Return</b>	<b>(4,205)</b>	<b>(97)</b>	<b>(3,786)</b>	<b>(112)</b>
<b>Net Profit and Loss Charge</b>	<b>(£ 14,012)</b>	<b>(£ 128)</b>	<b>(£ 11,985)</b>	<b>(£ 137)</b>

# Notes to the Accounts

## 2. PENSION SCHEMES (continued)

### (d) Additional information required by FRS17 - Retirement Benefits (continued)

The movement in deficit during the year is:

	Value at 31 December 2005		Value at 31 December 2004	
	JTSF £'000	JPOPF £'000	JTSF £'000	JPOPF £'000
Deficit in Scheme at beginning of year	(141,595)	(216)	(127,642)	(4,514)
Service Cost	(9,807)	(31)	(8,199)	(25)
Past Service Cost	-	-	-	-
Contributions Paid	6,723	26	6,029	4,529
Other Finance Income	(4,205)	(97)	(3,786)	(112)
Actuarial Gain/(Loss)	32,457	(655)	(7,997)	(94)
<b>Deficit in Scheme at end of year</b>	<b>(£ 116,427)</b>	<b>(£ 973)</b>	<b>(£ 141,595)</b>	<b>(£ 216)</b>

The analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL) during each year is:

	Value at 31 December 2005		Value at 31 December 2004	
	JTSF £'000	JPOPF £'000	JTSF £'000	JPOPF £'000
Actual Return less Expected Return on Assets	32,404	348	7,713	235
Experience Gain/(Loss) on Liabilities	339	284	7,309	(126)
Changes in Liability Assumptions	(286)	(1,287)	(23,019)	(203)
<b>Actuarial Gain/(Loss) recognised in STRGL</b>	<b>£ 32,457</b>	<b>(£655)</b>	<b>(£7,997)</b>	<b>(£94)</b>

The history of experience gains and losses is:

	Value at 31 December 2005		Value at 31 December 2004	
	JTSF £'000	JPOPF £'000	JTSF £'000	JPOPF £'000
Actual Return less Expected Return on Assets	32,404	348	7,713	235
Percentage of Assets	13.7%	3.4%	4.1%	2.3%
Experience Gain on Liabilities	339	284	7,309	126
Percentage of Liabilities	0.1%	2.5%	2.2%	1.2%
Actuarial Gain/(Loss) Recognised in STRGL	32,457	(655)	(7,997)	(94)
Percentage of Liabilities	9.2%	5.9%	2.4%	0.9%



# Notes to the Accounts

## 3. SURPLUS FOR THE YEAR

	2005 £'000	2004 Restated £'000
The surplus for the year is stated after charging/(crediting):		
Depreciation and Capital Servicing	44,796	41,774
Pension Costs	43,065	41,055
Finance Lease Charges	1,942	2,104
Profit on Disposal of Fixed Assets	(7,516)	(101)
Audit Fees	168	163
Voluntary Redundancy/Voluntary Early Retirement	1,041	2,428

## 4. EMPLOYEES AND STATES MEMBERS

### (a) Employees

Details of the numbers of employees for whom their total remuneration including pension benefits, buyouts and overtime payments exceeded £70,000 for the year ended 31 December 2005 are as follows:

Remuneration	2005		2004	
	Non - Traders	Traders	Non - Traders	Traders
£70,000 - £89,999	153	29	147	30
£90,000 - £109,999	42	5	43	5
£110,000 - £129,999	26	5	35	3
£130,000 - £149,999	25	-	13	-
£150,000 - £169,999	11	-	3	1
£170,000 - £189,999	5	1	-	-
£190,000 - £209,999	2	-	2	-
£210,000 - £229,000	3	-	2	-
	267	40	245	39

"Traders" includes employees of Jersey Harbours, Jersey Airport and Jersey Post.

The table excludes the remuneration of senior staff of the Waterfront Enterprise Board Limited, which is reported in that Company's published Financial Statements.

### (b) States Members

During the year remuneration totalling £2.1 million including expenses (2004: £2.0 million) was claimed by States Members.

# Notes to the Accounts

## 5. TANGIBLE ASSETS

	Capital Fund £'000	Trading Funds £'000	General Funds £'000	Vehicle and Garage Plant £'000	ICT Fund £'000	Housing Development Fund £'000	WEB £'000	Total £'000
<b>Cost</b>								
Balance 1 January 2005	1,151,553	66,904	15,681	6,425	8,269	-	16,261	1,265,093
Additions	46,521	5,684	-	243	112	-	4,126	56,686
Disposals	(11,132)	-	-	-	-	-	(4)	(11,136)
Transfer from Stock	-	-	-	-	-	9,095	-	9,095
<b>Balance 31 December 2005</b>	<b>1,186,942</b>	<b>72,588</b>	<b>15,681</b>	<b>6,668</b>	<b>8,381</b>	<b>9,095</b>	<b>20,383</b>	<b>1,319,738</b>
<b>Capital Servicing/ Depreciation</b>								
Balance 1 January 2005	461,289	16,511	4,730	3,882	5,266	-	1,865	493,543
Charge for the year	36,447	4,379	1,020	289	1,436	308	917	44,796
Disposals	(11,129)	-	-	-	-	-	(3)	(11,132)
<b>Balance 31 December 2005</b>	<b>486,607</b>	<b>20,890</b>	<b>5,750</b>	<b>4,171</b>	<b>6,702</b>	<b>308</b>	<b>2,779</b>	<b>527,207</b>
<b>Net Book Value</b>								
31 December 2004	690,264	50,393	10,951	2,543	3,003	-	14,396	771,550
<b>31 December 2005</b>	<b>£ 700,335</b>	<b>£ 51,698</b>	<b>£ 9,931</b>	<b>£ 2,497</b>	<b>£ 1,679</b>	<b>£ 8,787</b>	<b>£ 17,604</b>	<b>£ 792,531</b>

<b>Analysis of additions by Committee</b>								
Education, Sport and Culture	17,423	-	-	-	112	-	-	17,535
Environment and Public Services	6,603	-	-	243	-	-	-	6,846
Health and Social Services	4,114	-	-	-	-	-	-	4,114
Home Affairs	3,176	-	-	-	-	-	-	3,176
Housing	4,457	-	-	-	-	-	-	4,457
Policy and Resources	5,130	-	-	-	-	-	-	5,130
Finance and Economics	5,496	-	-	-	-	-	-	5,496
Harbours	-	3,073	-	-	-	-	-	3,073
Airport	-	1,585	-	-	-	-	-	1,585
Postal	-	1,509	-	-	-	-	-	1,509
Other	122	(483)	-	-	-	-	4,126	3,765
	<b>£ 46,521</b>	<b>£ 5,684</b>	<b>£ -</b>	<b>£ 243</b>	<b>£ 112</b>	<b>£ -</b>	<b>£ 4,126</b>	<b>£ 56,686</b>

Assets acquired before 1967 are excluded from the above analysis. The net book value is the total cost of all assets less depreciation and capital servicing costs where appropriate and will therefore not reflect the total current value of the States of Jersey assets.

Assets held under finance leases, capitalised in the Capital, General and Trading Funds:

	2005 £'000	2004 £'000
Cost	38,498	38,498
Aggregate Depreciation	(12,107)	(9,946)
<b>Net Book Value</b>	<b>£ 26,391</b>	<b>£ 28,552</b>

# Notes to the Accounts

## 6. ADVANCES

	2005 £'000	2004 £'000
<b>Analysed by Fund:</b>		
General Funds	11,083	11,854
Dwelling Houses Loan Fund	13,458	15,612
99 year Leaseholders Account	360	390
Assisted House Purchase Scheme	10,747	13,341
Agricultural Loans and Guarantees Fund	6,635	7,783
Loan Scheme for Fishfarmers	175	180
	<b>£ 42,458</b>	<b>£ 49,160</b>
<b>Maturity Analysis</b>		
Payable within one year	505	653
Payable between one and two years	268	419
Payable between two and five years	1,871	2,167
Payable in five years or more	39,814	45,921
	<b>£ 42,458</b>	<b>£ 49,160</b>

## 7. STRATEGIC INVESTMENTS

	2005 £'000	2004 £'000
<b>General Funds:</b>		
Jersey Electricity Company Limited	1,055	1,055
Jersey New Waterworks Company Limited	5,666	5,666
Jersey Telecom Group Limited	75,737	75,737
	<b>£ 82,458</b>	<b>£ 82,458</b>

The States of Jersey hold all the ordinary shares in the Jersey Electricity Company Limited which represents approximately 54% of the Company's total share capital as at 31 December 2005.

The shares in the Jersey Electricity Company Limited, which are listed, had a market value of £42,275,000 (2004: £38,000,000) at the year end. However, due to the size of this shareholding, it may not be possible to realise this amount in the market.

The States of Jersey hold 100% of the issued 'A' ordinary shares, 50% of the issued ordinary shares and 100% of the 7.5% - 10% cumulative fifth preference shares in the Jersey New Waterworks Company Limited as at 31 December 2005.

The States of Jersey hold all the ordinary shares and 9% cumulative preference shares in the Jersey Telecom Group Limited.

# Notes to the Accounts

## 8. OTHER INVESTMENTS

	2005 £'000	2004 £'000
Total Market Value of Investments	£ 463,559	£ 397,857
Total Cost of Investments	£ 439,765	£ 387,960

The above investments are held in the Strategic Reserve and the Jersey Currency Notes Fund.

## 9. STOCK AND WORK IN PROGRESS

	2005 £'000	2004 £'000
<b>Analysed by Fund:</b>		
General Funds	3,699	3,745
Jersey Currency Notes	630	833
Jersey Coinage	82	104
Housing Development Schemes	25,914	23,374
Belle Vue	177	177
Waterfront Enterprise Board Limited	2,836	5,953
	<b>£ 33,338</b>	<b>£ 34,186</b>
<b>Analysed by type:</b>		
Raw Materials and Consumables	4,501	4,723
Work in Progress	26,001	14,477
Finished Goods	2,836	14,986
	<b>£ 33,338</b>	<b>£ 34,186</b>

## 10. DEBTORS

	2005 £'000	2004 £'000
Income Tax debtors	26,102	32,683
Trade debtors and amounts owed by Internal Departments	32,504	29,222
Prepayments and accrued income	10,707	11,265
	<b>£ 69,313</b>	<b>£ 73,170</b>

# Notes to the Accounts

## 11. CASH AND OTHER LIQUID ASSETS

	2005 £'000	2004 £'000
Bank deposit accounts	232,802	262,480
Bank current accounts	(1,637)	(5,132)
Cash in hand and in transit	977	1,288
	<b>£ 232,142</b>	<b>£ 258,636</b>

## 12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 Restated £'000
Trade creditors and amounts due to internal departments	40,538	39,164
Outstanding purchase orders*	887	14,058
PECRS pre 1987 Liability	5,891	-
Accruals and deferred income	3,888	4,882
Finance Lease creditors (note 19)	1,724	1,906
	<b>£ 52,928</b>	<b>£ 60,010</b>

\* Outstanding purchase orders refers to orders raised for which goods or services were not received as at 31 December 2005.

This note has been restated to reflect the adoption of FRS17. The creditor in respect of the School Teachers' Pension Fund is now included in the full valuation of the scheme's net assets on the States of Jersey balance sheet and disclosed in note 2.

# Notes to the Accounts

## 13. CURRENCY IN CIRCULATION

	2005 £'000	2004 £'000
Jersey Notes issued	74,131	75,170
Less: Jersey Notes held	(9,659)	(12,330)
	<b>64,472</b>	<b>62,840</b>
Jersey Coinage issued	7,378	6,944
Less: Jersey Coinage held	(1,180)	(1,149)
	<b>6,198</b>	<b>5,795</b>
<b>Total Currency in Circulation</b>	<b>£ 70,670</b>	<b>£ 68,635</b>

Currency in circulation is payable to the bearer on demand.

## 14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £'000	2004 Restated £'000
Finance Lease creditors (note 19)	26,431	28,154
PECRS pre 1987 Liability	117,261	-
	<b>£ 143,692</b>	<b>£ 28,154</b>

### CREDITORS - DEFINED BENEFIT PENSION SCHEMES NET LIABILITY

School Teachers' Pension Fund Asset	(236,314)	(190,434)
School Teachers' Pension Fund Liability	352,742	332,029
Net Liability	<b>£ 116,428</b>	<b>£ 141,595</b>
Jersey Post Office Pension Fund Asset	(10,166)	(10,143)
Jersey Post Office Pension Fund Liability	11,139	10,359
Net Liability	<b>£ 973</b>	<b>£ 216</b>
<b>Total Defined Benefit Pension Schemes Net Liability</b>	<b>£ 117,401</b>	<b>£ 141,811</b>

# Notes to the Accounts

## 15. ACCUMULATED REVENUE AND RESERVE BALANCES

	Total £'000	General Funds £'000	Capital Fund £'000	Trading Funds £'000	Strategic Reserve £'000	General Reserve £'000	WEB £'000	Other Separately Constituted Funds £'000
Balance 1 January 2005 (as previously reported)	1,488,004	66,754	822,735	68,140	418,200	13,282	2,987	95,906
FRS17 adjustments	(121,561)	(121,345)	-	(216)	-	-	-	-
<b>Balance 1 January 2005 - Restated</b>	<b>1,366,443</b>	<b>(54,591)</b>	<b>822,735</b>	<b>67,924</b>	<b>418,200</b>	<b>13,282</b>	<b>2,987</b>	<b>95,906</b>
(Deficit)/Surplus for the year	(83,922)	(92,470)	(2,784)	(7,011)	24,495	(925)	1,044	(6,271)
Unrealised Gain on investments in the year	13,897	-	-	-	13,402	-	-	495
Actuarial Gain/(Loss) on Defined Benefit Pension Schemes	31,801	32,456	-	(655)	-	-	-	-
Transfer from the Capital Fund	-	-	(2,283)	-	-	-	-	2,283
Transfers from General Reserve	-	16,363	10,677	-	-	(27,040)	-	-
Transfer to General Reserve	-	(11,794)	-	-	-	11,794	-	-
Transfer of Provisions held against the General Reserve	-	(2,889)	-	-	-	2,889	-	-
<b>Balance 31 December 2005</b>	<b>£ 1,328,219</b>	<b>(£ 112,925)</b>	<b>£ 828,345</b>	<b>£ 60,258</b>	<b>£ 456,097</b>	<b>£ -</b>	<b>£ 4,031</b>	<b>£ 92,413</b>

Notes:

(a)

(b)

Notes:	2005 £'000	2004 Restated £'000	2004 As previously reported £'000
(a) The balance on General Funds is analysed as follows:			
Income and Expenditure Account retained in accordance with the law	(177,560)	(122,207)	5,888
Provision for non-budgeted items	(21,261)	(18,114)	(24,864)
Public Investments Reserve	6,721	6,721	6,721
Environment and Public Services Committee - Vehicle and Garage Plant Account	3,438	3,272	3,272
Investment - Jersey Telecom Group Limited	75,737	75,737	75,737
	<b>(£ 112,925)</b>	<b>(£ 54,591)</b>	<b>£ 66,754</b>

The General Funds' Accumulated Reserves have been restated to reflect the adoption of FRS17 requirements in respect of accounting for the States defined benefit pension scheme the Teachers' Superannuation Fund. The resulting deficiency is ultimately absorbed into the States Consolidated Reserves in 2006.

The 2005 variance in General Funds' Accumulated Reserves is predominantly a result of the States recognition of the PE CRS pre-1987 liability. The deficiency in the General Funds Reserve at 31 December 2005 is amalgamated into the States Consolidated Reserves in 2006.

	2005 £'000	2004 £'000
(b) The surplus on the Strategic Reserve is analysed as follows:		
Investment Income and Interest	19,713	21,714
Gain/(Loss) on Disposal of Investments	7,334	(10,377)
General Expenses	(2,552)	(1,712)
	<b>£ 24,495</b>	<b>£ 9,625</b>

# Notes to the Accounts

## 16. RECONCILIATION OF MOVEMENT IN FUNDS EMPLOYED

	2005 £'000	2004 Restated £'000	2004 As previously reported £'000
Total (Deficit)/Surplus for the year	(83,922)	3,560	(1,626)
Unrealised Gain on Revaluation of Investments	13,897	10,687	10,687
Prior Year Restatements	-	(126,747)	-
Unrealised Gain on Defined Benefit Pension Schemes	31,801	-	-
Net (Reductions)/Additions to States Funds in the year	(38,224)	(112,500)	9,061
Opening Funds	1,366,443	1,478,943	1,478,943
	<b>£ 1,328,219</b>	<b>£ 1,366,443</b>	<b>£ 1,488,004</b>

## 17. PROVISIONS AND CONTINGENT LIABILITIES

- (i) There are a number of situations which could give rise to costs which the States of Jersey may be obliged to finance. In instances where uncertainties exist over both the likely outcomes of these situations and the potential liabilities which could arise from them, no provision for these costs has been made in these accounts.
- (ii) There are also a number of other threatened and pending actions which would result in claims against the States of Jersey. Due to the uncertainties over both the likely outcomes of these actions and the potential liabilities which could arise if any of the actions were successful, no provision for these claims has been made in these accounts.
- (iii) In addition, there are a number of threatened and pending actions which are likely to give rise to costs which the States of Jersey will be obliged to finance. Accordingly provisions totalling £925,000 for these costs have been made in these accounts. Details of each of the individual provisions are not disclosed as this could prejudice the outcome of the actions in question.

## 18. GUARANTEES AND COMMITMENTS

The States of Jersey have provided a guarantee to HSBC Plc up to a maximum of £16.2 million for amounts outstanding in respect of a loan to the Jersey New Waterworks Company Limited.

In addition the States of Jersey has provided a guarantee to Barclays Bank Plc up to a maximum of £5.5 million for amounts outstanding in respect of a loan to the Jersey Arts Trust in connection with the renovation of the Opera House.

The Housing and Finance and Economics Committees have agreed to provide financial support to various Housing Trusts in respect of bank loans. The Finance and Economics Committee issues 'letters of comfort' to the banks in respect of such loans. These letters of comfort do not constitute guarantees. As at the year end letters of comfort, in respect of loans totalling £125.7 million, were in issue.



# Notes to the Accounts

## 19. LEASE COMMITMENTS

The States of Jersey have entered into lease and lease back arrangements to finance the development of certain capital projects. At 31 December 2005, the States had commitments to make the following payments under these arrangements:

	2005 £'000	2004 £'000
Payable within one year	3,545	3,848
Payable between two and five years	15,336	14,976
Payable after more than five years	20,978	24,882
	39,859	43,706
Less: future finance charges	(11,704)	(13,646)
	<b>£ 28,155</b>	<b>£ 30,060</b>
Amounts falling due within one year	1,724	1,906
Amounts falling due after one year	26,431	28,154
	<b>£ 28,155</b>	<b>£ 30,060</b>

The States of Jersey also have the following annual operating lease commitments in respect of premises:

	2005 £'000	2004 £'000
<b>Leases expiring:</b>		
Payable within two years	657	637
Payable between two and five years	360	450
Payable after more than five years	722	277
	<b>£ 1,739</b>	<b>£ 1,364</b>

## 20. CAPITAL COMMITMENTS

At the balance sheet date the States had authorised capital expenditure of £126.8 million (2004: £120.1 million) which had not yet been incurred.

There are also a number of outstanding contractors' claims in respect of capital projects which may give rise to substantial payments when settled. In view of the significant uncertainty surrounding the outcome of these claims no provision has been made in these accounts, although it is intended that any awards in favour of the contractors would be funded from the Risk Reserve within the Capital Fund, if the existing capital (or other funding) approved, proved to be insufficient to meet any such obligations.

# Notes to the Accounts

## 21. REVIEW OF THE STATES OF JERSEY RISK PROFILE

### (a) Objectives, policies and strategies

It is considered useful to provide certain information relating to particular financial instruments which are material in the context of the accounts as a whole.

### (b) Strategic Reserve

The States of Jersey maintains a significant investment portfolio with three Strategic Reserve Fund Managers.

The objective of the Fund is to obtain long-term gains through a low risk investment policy.

The portfolio is actively managed, and invests 30% in equities and 70% in corporate and government bonds. Cash balances (including short-term cash deposits) are maintained at a level sufficient to finance investment transactions.

Foreign exchange exposure is partially hedged through the use of non-speculative financial instruments.

Exchange profits or losses are included in the Total Income and Expenditure account for the year.

### (c) Currency Notes

The States of Jersey maintains a portfolio of equities, corporate and government bonds and short-term cash deposits within the Currency Notes.

The objective of the portfolios is to obtain long-term gains through a low risk investment policy.

The Portfolio is actively managed. Cash balances are held in short-term deposits.

Foreign exchange exposure is partially hedged through the use of non-speculative financial instruments.

Exchange profits or losses are included in the Total Income and Expenditure account for the year.

### (d) General Funds and Other Separately Constituted Funds

Significant cash balances are maintained within General Funds and Other Separately Constituted Funds.

Cash balances have traditionally been placed on short-term deposit with various banking institutions. Since June 2001, cash balances have been placed with two banks in a pooled cash arrangement. Sufficient balances are maintained to meet day-to-day liquidity requirements.

Exchange profits or losses are included in the Total Income and Expenditure account for the year.

## 22. CHANGE IN ACCOUNTING POLICIES

The 2004 Total Income and Expenditure Account has been restated to reflect the adoption of FRS17 in respect of the accounting for pensions. Accordingly, 2004 pension charges decreased by £5,186,000 and the previously reported deficit for the year of £1,626,000 has been restated to a surplus of £3,560,000.

The 2004 Balance Sheet has been restated to reflect the adoption of FRS17 in respect of the accounting for pensions. Accordingly, creditors due in one year have been restated at £60,010,000, a reduction of £20,250,000 to reflect the elimination of the Teachers' Superannuation Fund creditor previously accounted for under SSAP24. Creditors due in more than one year have increased by £141,811,000; being the combined deficits in the Teachers' Superannuation Fund and Jersey Post Office Pension Fund at the 2004 year end as measured by FRS17.



Committees'  
Revenue  
Expenditure



# Income and Expenditure Analysis for Non-Trading Committees

## Income and Expenditure Category

	2005 Actual £	2004 Actual Restated £
<b>Income</b>		
Sale of Goods	2,425,839	3,119,348
Sale of Services	13,146,032	12,294,382
Hire and Rentals		
General	5,254,670	4,835,390
Housing Rents	32,563,670	32,181,417
Fees and Fines	26,472,345	22,746,402
Miscellaneous Income	2,475,335	1,877,862
Charges	2,121,596	3,516,383
Recharges and Recoverable Costs		
General	4,163,455	3,378,731
Recharges to States' Tenants	2,105,694	2,062,261
Interest and Investment Income	51,829	31,960
Surcharges and Penalties	1,880,879	1,842,920
	92,661,344	87,887,056
<b>Expenditure</b>		
Manpower		
States Staff Costs	248,658,417	234,310,360
Non States Staff Costs	2,447,114	3,136,524
Voluntary Redundancy and Voluntary Early Retirement Payments	989,829	2,170,116
Supplies and Services	63,621,266	62,964,646
Administrative Costs	17,671,393	15,045,764
Premises and Maintenance		
General	33,757,276	35,669,582
Operation of Housing Estates	3,762,163	3,532,702
Maintenance of States' Properties and Cottage Homes	3,777,337	4,293,057
Grants and Subsidies		
States Contribution to the Social Security and Health Insurance Funds	51,947,325	51,980,107
Community Benefits	25,789,941	23,956,524
General	18,692,193	20,366,115
Housing Rent Abatements	16,138,314	16,244,208
Student Grants	9,958,419	9,122,140
Housing Rent Rebates	8,521,493	8,147,048
Overseas Aid	5,514,491	5,226,666
Agricultural Subsidies	3,133,050	3,450,684
Incidental Expenses and Charges	(896,140)	122,577
Court and Case Costs	-	3,371,764
States Members' Remuneration	1,942,323	2,014,279
	515,426,204	505,124,863
<b>Net Revenue Expenditure before Capital Repayments</b>	<b>£ 422,764,860</b>	<b>£ 417,237,807</b>
Net Capital Repayments	34,911,721	32,126,853
<b>Net Revenue Expenditure of Non-Trading Committees</b>	<b>£ 457,676,581</b>	<b>£ 449,364,660</b>

Note 1: This analysis does not include Vehicle Garage and Plant (2005: £166,418, 2004: £219,949).

Note 2: In previous years the non-departmental vote has included the currency surplus, dividends, interest on loans, and miscellaneous fines. This income has been transferred to General Revenues.

Note 3: In previous years Court and Case costs have been shown separately in the above statement. In line with other departments these costs are now allocated over the standard account headings and the prior year figures have been restated accordingly.

# Policy and Resources

The main aims of the Policy and Resources Committee were to oversee the establishment, co-ordination and implementation of States approved policies and objectives; and also to provide direction and leadership to the public service to ensure that policies and programmes are delivered in accordance with agreed priorities.

The Committee's core strategic objectives were:

- **Strategic Policy:** to oversee and monitor the development and implementation of the States Strategic Plan; to co-ordinate major policy development including development of a migration/population policy;
- **Organisation Change:** to develop a performance culture in the public service and also deliver "better, simpler, cheaper" services to the public;
- **International Finance:** to develop and implement International Strategy for financial services in Jersey;
- **Economics:** to provide sound, timely advice on the economy and development of economic policy; to pursue an anti-inflation strategy;
- **International Relations:** to promote the island in the international arena and increase Jersey's international profile, including further development of EU, OECD and key country relationships, ratification of appropriate treaties/agreements, increased links with France; strengthen Jersey's constitutional position;
- **Government Reform:** to manage the implementation of Machinery of Government Reforms - including the arrangements for the Council of Ministers;
- **Information and Communications Technology (ICT):** to provide a States-wide ICT service to deliver the necessary technical infrastructure, technical and project support, and ICT security and policy environment to enable the States of Jersey to meet the needs of its customers;
- **Human Resources:** to provide a corporate service to deliver HR policy, systems and processes; public sector training, pensions, occupational health and job evaluation; Employee/industrial relations and terms and conditions; develop and motivate the States workforce;
- **Communications:** to connect the government with the public through improved communications;
- **Statistics:** to provide a high quality, independent statistical service to inform policy development, produce economic and social statistics to pre-announced dates and ensure statistics are readily available to all; and
- **Relationship between the States and the Parishes:** to develop a strategy to clearly define the relationship between the States and the Parishes.

Highlights of the Committee's achievements during 2005 include:

- introduction of Ministerial Government in December with all the planned arrangements in place;
- inflation is 0.3% lower against a target of 2.5%;
- delivery of improved public services by the Change Programme through transformed corporate services in Information Technology, Human Resources and Finance. Also, following the successful "One Stop Shop" pilot at the library, a more comprehensive Customer Access Centre is to be introduced in 2006; these corporate services will deliver improvements whilst reducing their annual costs by a total of £2.3 million from 2006. Efficiency savings in excess of £6 million from public sector expenditure across the States of Jersey were made during the year and overall plans have been agreed for a further £4 million in 2006, contributing to the target of £20 million savings per annum by 2009;
- the majority of the overarching policies outlined in the States Strategic Plan as key to delivering strategic aims and objectives have been drafted and either approved by the States, or are awaiting debate - including policies relating to inward migration and the setting up of a Population Office;

# Policy and Resources

- 21 statistical releases have been produced to scheduled timetable and new annual Social Survey launched to expand understanding of social issues;
- Corporate Business Planning is in place and the introduction of a corporate performance framework has commenced;
- the successful implementation of the European Union Savings Tax Directive in the financial services field, re-enforcement of its improved relationship with the OECD as well as tangible progress on a number of key bi-lateral country relationships particularly in the tax and financial services arena;
- agreement for a new communications policy for the public service;
- the pay settlement for the public sector was within the agreed guidelines;
- establishment of four working groups in partnership with the Conseil Régional in Rennes, Brittany to progress a number of projects of mutual benefit to both Jersey and Brittany; and
- the celebrations for the 60th Anniversary of the Liberation were enjoyed by thousands of Islanders and visitors, including our Royal visitors.

## 2005 Financial Overview

Net revenue expenditure for the Committee was £662,021 (9.6%) lower than the 2005 voted amount. This is due primarily to delays to a number of projects which will need to be funded in 2006, details of which are in the Key Financial Results.

## Key Financial Results

The key financial results for the higher spending service areas are:

- **Employee Development:** the underspend of £58,958 (4.5% of the voted amount) includes funds set aside to cover costs that will continue to be incurred in 2006 on the Employee Assistance Programme, for which the Committee sought to carry forward £70,000;
- **Infrastructure:** this service area was overspent by £21,316 (2.3% of the voted amount) mainly due to the transfer of £34,000 to capital, which is done annually in order to accrue funds for the replacement of JD Edwards hardware;
- **Chief Executive's Office:** net revenue expenditure was overspent by £13,722 (1.6% of the voted amount), mainly due to a number of ad-hoc projects undertaken during the year including the Emergency Council Exercise, Council of Minister's accommodation, Island Branding and the Queen's hologram;
- **Pensions:** net revenue expenditure was £237,069 (28.16%) lower than the voted amount. This underspend is due to a delay in carrying out the actuarial review which was to take place during the year. Another reason for the underspend is the reduced expenditure on the Pensions Scheme, with the decrease, which is an outcome of the Fundamental Spending Review process, now built into the 2006 original budget;
- **International Finance/Economics:** the underspend of £77,058 (comprising 11.4% of the voted amount) includes funds set aside to cover the cost of staff recruitment as well as retainer fees for the UK-based Economic Consultancy firm, Oxera. A total of £40,000 was requested as a carry forward for this purpose; and
- **Statistics:** this service area was underspent by £133,270 (25.6% of the voted amount) mainly due to a deliberate effort to accumulate funds for the Household Expenditure and the Jersey Annual Social Surveys as well as the Census. The total underspend, of which £96,000 is ring-fenced for the Census, was requested as a carry forward to carry out the said surveys and census.



# Policy and Resources

## Performance Measures

### Computer Services:

<b>Measure Description – Computer Services</b>	<b>2005</b>	<b>2004</b>
Customer Support - number of helpdesk calls handled in the year	2,943	3,641
Customer Support - percentage of helpdesk calls resolved within one hour	41%	53%
Number of users using the latest Office Information System, sharing a centralised, resilient infrastructure	4,000	4,000
Average cost of a connection to the States network	£120	£120
Average port bandwidth	120 Mbits/s	114 Mbits/s
Average backbone bandwidth	800 Mbits/s	714 Mbits/s
Policy and Standards - percentage of ICT related policies that were reviewed within agreed timescales	31%	39%

### Human Resources:

During 2005, as part of the States Transformation programme, the HR function has been significantly and successfully transformed with all Human Resources staff in the States now reporting in both professional and line management terms to the new role of Director of Human Resources.

The newly configured service will provide high quality, consistent, professional business partner support to all States departments alongside an efficient HR shared service centre. This will be achieved alongside revenue savings of £700,000 over the two years 2005 and 2006, whilst maintaining a high level of “business as usual”.

As part of the wider change programme, a review was carried out of all existing civil service competencies (i.e. behavioural performance indicators) and a new competency framework produced which reflects performance expectations of States’ employees now and in the future.

Notable examples of developments achieved over and above this are as follows:

Significant time was taken in preparing for the implementation of ministerial government. This principally involved the development of new legislation, the Employment of States of Jersey Employees Law and consequential subordinate legislation, to constitute a States Employment Board, to be the legal employer of the vast majority of States employees following the demise of States Committees. Also included with this legislation were provisions securing the constitution of the Jersey Appointments Commission on a formal legal basis.

A further issue that arose out of the development of new Standing Orders for States’ members was the development of a Code of Conduct which establishes how States members should deal with concerns about the performance of individual States’ employees. The proposals by the Policy and Resources Committee were approved by the States and set out, for the first time, processes which ensure that complaints by States members are dealt with in line with good practice and secure an appropriate level of confidentiality.

# Policy and Resources

Measure Description - Human Resources	2005	2004
<b>Job Evaluation Statistics:</b>		
Job descriptions submitted	224	160
Appeals heard	10	29
Evaluations undertaken	234	189
<b>Training and Development Statistics for States Employees:</b>		
Delegates attending courses / development events (organised by HR)	2,627	2,323
Number of training / development events	292	229
Total number of training days	310.2	327.5
Employees supported financially while undertaking professional qualifications	25	40

## Capital Programme

Total capital expenditure from the Central Computer Development Vote for 2005 was £5.2 million. This funded ongoing work of the four corporate projects (Office Systems Upgrade, Network Upgrade, Electronic Document Management and Workflow and Business Change) and also other projects such as Policy and Standards development, British-Irish Council support, E-Government and Corporate Web development and support.

## Manpower

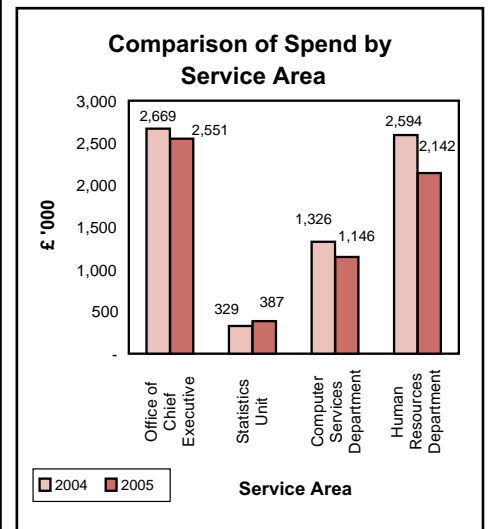
The Policy and Resources Committee transferred staff and funding to the Finance and Economics Committee in exchange for the provision of a range of financial support services to the Human Resources Department.

As at December 2005, total established staff (FTE's) of 86.72 consisted of:

- Permanent positions        70.72
- Contract staff                13.00
- Training Scheme              3.00

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	79.37	84.24

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
Original Budget 2005	6,280,600
Amounts carried forward:	
• 2004 Carry Forwards	354,936
Transfers from the General Reserve:	
• Increased Pay Awards	215,707
• Other	100,000
Transfers to Capital Votes	(147,750)
Transfer from/(to) other Committees	84,700
<b>Amounts Voted 2005</b>	<b>£ 6,888,193</b>



# Policy and Resources

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
		<b>Office of the Chief Executive</b>		
888,900	855,171	Chief Executive's Office	868,892	877,774
-	190,000	Liberation 60	261,725	17,550
586,200	673,732	International Finance / Economics	596,674	673,815
177,600	230,099	International Relations	225,564	285,285
99,100	270,288	Government Reform	157,209	312,674
273,700	266,614	Employee Relations	196,337	283,936
122,100	-	Communications Unit	-	-
200,000	243,582	Change Team	245,324	218,245
		<b>Statistics Unit</b>		
430,400	520,095	Statistics	386,825	328,970
		<b>Computer Services</b>		
308,000	240,259	Corporate Projects	217,699	363,555
663,000	906,810	Infrastructure	928,126	962,634
		<b>Human Resources</b>		
779,000	841,863	Pensions	604,794	644,521
1,571,900	1,297,108	Employee Development	1,238,150	1,601,526
410,600	352,572	Human Resource Systems	298,853	347,869
(462,100)	-	Efficiency Savings	-	-
<b>£ 6,048,400</b>	<b>£ 6,888,193</b>	<b>Net Revenue Expenditure</b>	<b>£ 6,226,172</b>	<b>£ 6,918,354</b>

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
-	Sale of Services	120	13,254
-	Hire and Rentals	9,089	16,838
13,222	Miscellaneous Income	13,993	376
1,100,000	Recharges and Recoverable Costs	1,071,860	872,872
-	Other Receipts	359,097	-
1,113,222		1,454,159	903,340
	<b>Expenditure</b>		
4,376,891	Manpower - States Staff Costs	4,244,090	4,133,730
523,336	Other - Pensions	451,942	489,597
1,514,599	Supplies and Services	1,576,791	1,307,013
1,108,048	Administrative Costs	885,642	1,098,990
478,541	Premises and Maintenance	509,866	692,364
-	Grants and Subsidies	12,000	100,000
8,001,415		7,680,331	7,821,694
<b>£ 6,888,193</b>	<b>Net Revenue Expenditure</b>	<b>£ 6,226,172</b>	<b>£ 6,918,354</b>

# Privileges and Procedures

The core aims of the Privileges and Procedures Committee were:

- to deal with all matters relating to the practical functioning of the States Assembly;
- to facilitate and implement reforms to the machinery of government in accordance with decisions of the States;
- to facilitate the functioning, operation and resourcing of Scrutiny Panels;
- to manage States members' accommodation, support services and facilities, remuneration and expense allowances, and the Code of Conduct;
- to monitor and, where necessary, recommend any amendments to the new States of Jersey Law and the Standing Orders of the States of Jersey;
- to ensure appropriate provision of information to the public on the work of the States Assembly, and progress legislation pertaining to Freedom of Information; and
- to provide and deliver, through the States Greffe, a quality administration service to support the work of the States Assembly and its Committees.

## 2005 Financial Overview

The Committee's budget increased in 2005 in line with the development of new services relating to government reform. Net expenditure for the Committee rose by 3.2% in 2005 compared to the previous year, and the budget increased by 6.2% for the same period. The most significant variances in 2005 relate to the increase in funds available for the Shadow Scrutiny function and the establishment of the Comptroller and Auditor General ahead of ministerial government being implemented in December 2005.

## Key Financial Results

The Committee has returned its expenditure within overall budget for the period, and some of the key financial results are as follows:

- **Scrutiny (including Shadow Scrutiny):** this newly established area of expenditure in 2004 continued in 2005 in accordance with previous decisions of the States to establish the function as part of permanent new ministerial government arrangements. Expenditure against the budget amounted to approximately 50% of the total funding available in 2005, and while this represents a significant saving, the nature of Scrutiny reviews necessitates adequate financial resources being made available to enable the Scrutiny function to operate fully. The Scrutiny work programme was subject to a later than planned commencement and this has led to certain costs not being incurred during the financial period; it is anticipated that once fully operational, Scrutiny will require its allocated resources fully in order to fulfil its role in ministerial government.
- **Committee of Inquiry into the award of the Bus contract:** funds were granted in the sum of £32,000 for the completion of the work of the Committee of Inquiry following States agreement in October 2004.
- **Members' support services:** the States agreed to put in place new arrangements for members' remuneration for 2004 which resulted in the removal of means testing. Further changes to the scheme were made in 2005 in accordance with the recommendations of the States Members Remuneration Review Body, and further provision of financial resources will need to be made for 2006 and beyond.
- **States Greffe:** net expenditure has been managed within the agreed vote for 2005 for all services provided through the States Greffe. There has been an increase of 32.9% in income from the sale of goods and services from the Bookshop and Reprographics/Print section.

# Privileges and Procedures

## Performance Measures

The Committee has continued to participate fully in corporate initiatives to improve efficiencies and ensure that, wherever possible, benchmarking standards are applied to its core services where natural comparisons are available.

Measure Description	2005	2004
Average Member remuneration	£42,422	£39,601
Law Drafting – cost per law/draft	£3,274	£5,247
Law Drafting – number of law drafts per FTE	31.6	30.7
Committee Clerks Secretariat – average cost of provision per Committee	£15,409	£12,758

Other statistical data relevant to the output and performance of the States Greffe, in 2005, in supporting the work of the States Assembly include the following:

Number of States meetings	45
Number of propositions lodged	266
Number of amendments to propositions	53
Number of written questions answered	111
Number of oral questions answered	164
Number of hours Assembly sat	290 hrs 40 minutes

## Manpower

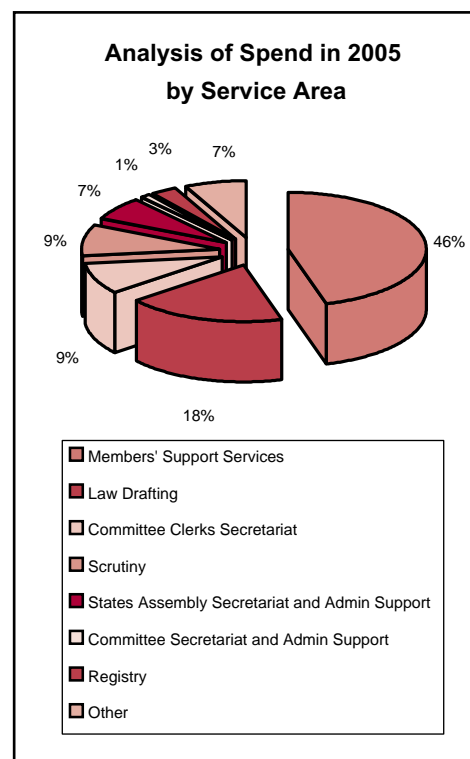
Manpower remained unchanged for the duration of 2005, although at the very end of the financial period, increased manpower resources to the Scrutiny Section and reduced manpower resources to the Clerks Secretariat, resulted in a net increase of 2.0 FTE. This shift in manpower resources reflects the change from the former Committee system of government to the implementation of ministerial government in December 2005.

## Other Developments

The Committee has channelled substantial resources in pursuing its work relating to government reform in 2005, these being provided through resources within the States Greffe, and this work has included the draft States of Jersey Law, Standing Orders of the States of Jersey, the development of permanent Scrutiny and the provision of an 'Official Report of the States' (Hansard).

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	37.32	35.32

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
£	
Original Budget 2005	5,233,400
Amounts carried forward:	
• 2004 Carry Forwards	159,306
Transfers from the General Reserve:	
• Increased Pay Awards	98,500
Transfer from/(to) other Committees:	26,407
<b>Amounts Voted 2005</b>	<b>£ 5,517,613</b>



# Privileges and Procedures

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
2,348,971	2,217,586	<b>Privileges and Procedures</b>	2,289,412	2,149,015
25,262	22,163	Members' Support Services	60,630	136,107
11,803	9,910	Committee Secretariat and Admin Support	4,580	3,613
		Admin Appeals		
		<b>States Greffe</b>		
212,702	251,370	States Assembly Secretariat and Admin Support	337,043	257,134
25,225	20,696	Statutory Functions and Inter-Parliamentary Support	25,584	12,736
83,169	74,429	Publications Editor	69,064	67,016
1,004,608	992,979	Law Drafting	926,639	1,128,212
1,178,428	882,991	Scrutiny (including Shadow Scrutiny)	444,241	329,252
280,000	77,407	Comptroller and Auditor General	1,412	-
396,022	542,021	Clerks Secretariat	446,888	369,982
158,940	136,840	Registry	150,377	128,489
54,137	48,606	States Messenger Service	49,434	48,424
91,986	58,020	Bookshop	67,098	83,282
68,852	52,372	Reprographics/Print	54,740	69,434
-	32,000	Committee of Inquiry (Bus Inquiry)	24,401	-
46,079	85,721	Commonwealth Parliamentary Association	51,948	70,000
12,416	12,502	Assemblée Parlementaire de la Francophonie	11,021	5,990
<b>£ 5,998,600</b>	<b>£ 5,517,613</b>	<b>Net Revenue Expenditure</b>	<b>£ 5,014,512</b>	<b>£ 4,858,686</b>

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
67,000	Sale of Goods	44,229	36,517
44,000	Sale of Services	38,791	25,921
111,000		83,020	62,438
	<b>Expenditure</b>		
2,264,970	Manpower - States Staff Costs	2,006,937	1,933,553
309,310	Supplies and Services	80,021	215,486
943,763	Administrative Costs	493,510	220,614
575,070	Premises and Maintenance	574,741	537,192
1,535,500	States Members' Remuneration	1,942,323	2,014,279
5,628,613		5,097,532	4,921,124
<b>£ 5,517,613</b>	<b>Net Revenue Expenditure</b>	<b>£ 5,014,512</b>	<b>£ 4,858,686</b>

# Finance and Economics

The aim of the Finance and Economics Committee and now the Minister for Treasury and Resources, is to manage the Island's Public Finances for the long-term benefit of the community. The Finance and Economics Committee regards its primary responsibilities as those of fiscal policy and the regulation, control and supervision of the Island's public finances. It has responsibility for a number of departments, such as Income Tax, the States Treasury and Emergency Planning, and financial responsibility, but no political authority, for a number of others including Bailiff's Chambers, Law Officers and Judicial Greffe.

## 2005 Financial Overview

The Finance and Economics Committee's net revenue expenditure for 2005, excluding capital items, was £22.6 million, 11.5% below budget. This underspend was due to a number of factors including delays to a number of departmental projects, staff vacancies across departments and an underspend on its budget for Court and Case Costs.

Notable variances across the Committee included:

- Staff costs came in 3%, £0.5 million, under budget, primarily due to efficiencies from the centralisation and streamlining of the finance function and vacancies.
- Income Tax Surcharge and Penalty Income exceeded budgeted income by 39.4%, £0.5 million, achieving a total of £1.9 million in 2005.
- Recharges and Recoverable Costs decreased by 25%, £0.5 million, from 2004 to 2005. This was primarily due to one off windfall income received in 2004. Recharges and Recoverable Costs were 8.9%, £157,000, less than budgeted in 2005.

## Key Financial Results

The key financial results for our seven highest spending service areas are as follows:

**States Treasury:** net revenue expenditure fell 12%, £0.6 million, in 2005 leading to a net year end position of 7.2%, £0.4 million below voted budget. This fall in net expenditure was due to the closure of Corporate Supplies, staff vacancies and the reorganisation of the finance function as part of the corporate initiative to deliver a more cost-effective method of financial processing.

Savings were achieved in internal Audit in 2005 due primarily to a number of vacant posts not being filled, together with a transfer of staff to the Comptroller and Auditor General later in the year.

Major initiatives progressed in the year include:

- The Finance Transformation initiative was implemented with the financial processing staff from Environment and Public Services, Health and Social Services, Economic Development, Education, Sport and Culture, Privileges and Procedures and Home Affairs moving to the Treasury. The centralisation of the financial processing function has led to considerable cost and time savings.
- The move from Committee to Ministerial Government was developed and implemented during the year, including a new Public Finances Law. The Finance and Economics Committee was radically changed by the move, seeing the Committee Departments split between the Treasury and Resources Department, the Chief Ministers Executive and Non Executive Departments and the States Assembly.

**Income Tax:** net revenue expenditure for the Department for 2005 was 21%, £0.8 million, below budget. The budgeted increase in expenditure due to the additional staff requirements for ITIS was reduced by delaying the recruitment of staff during the year, resulting in a saving of £0.2 million. Work to complete some of the technical requirements of the Business Continuity Centre had to be delayed due to the pressure on resources of implementing the ITIS systems.

# Finance and Economics

In addition to this underspend the income from surcharges unexpectedly increased largely due to a substantial arrears case and overall the income was £0.5 million greater than budget.

It is anticipated that the surcharge income will fall away next year due to the introduction of ITIS, but it is anticipated that ITIS will generate extra revenue of approximately £5 million per annum. This income will be reported as part of General Funds and not within the Treasury and Resources Department's cash limit.

**Law Officers Department:** the Department operated at 11.4%, £0.4 million, below a budget of £3.9 million. This was primarily due to an underspend of £0.2 million on Court and Case Costs. Net expenditure on Conveyancing was below budget by £138,000 due to a surplus of income from conveyancing fees. Criminal Prosecutions were below budget by 4.5%, £42,000 due to a staff vacancy in the year.

**Judicial Greffe:** during 2005, the Court Service was able to manage its operations at a cost which was in line with the cost for 2004, and within budget. The underspend in the Department relates to Court and Case Costs which were underspent by £101,000 at the end of the year.

**Viscount's Department:** net revenue expenditure was £285,000 (26%) under budget due to delays to departmental projects and a high level of non-recurring income.

**Bailiff's Chambers:** net revenue expenditure was 7.6%, £81,000 under budget, this was primarily due to an underspend of £64,000 on Court and Case Costs.

**Court and Case Costs:** total direct expenditure incurred in 2005 amounted to £3.8 million, 20% below the £4.7 million budget. It should be noted that £1.1 million unspent budget was carried forward from 2004, therefore once taken into consideration Court and Case Costs actually came in slightly overspent against the original budget. Budget of £251,000 was transferred from the Finance and Economics Committee to the Home Affairs Committee to fund its 2005 overspend on Court and Case Costs.

## Performance Measures

The Committee is continuing to develop a suite of indicators across its range of services, to be able to measure performance on a quarterly basis. This will focus on issues such as management of money (e.g. performance against budget and achievement of efficiency savings), staffing matters (e.g. sickness and turnover levels), customer feedback (e.g. complaints), key performance targets (e.g. collection of tax revenues, collection of debts and manpower targets) as well as progress on key strategic matters for the Committee. The latter includes implementation of the Fiscal Strategy, the introduction of new taxation legislation and the development of the new States Business Plan.

**States Treasury:** a number of performance indicators have been developed to monitor the performance of Shared Services Systems:

Measure Description - JD Edwards	2005	2004	2003
System availability, hours per day	23.45	23.45	18.00
Number of users enabled with access to the system	1,241	1,244	551
Percentage of calls to the help desk closed within one day	92%	93%	88%

The **Audit Division** request feedback from departments to assess the quality of individual audits on a scale of 1 (low) to 5 (high). The categories included in the assessment are the professionalism of the service, quality of audit reports, timeliness of issuing reports and the overall usefulness of the audit and its findings. The average feedback score for 2005 was 4.25 out of 5, this compares to an average of 4 in 2004.



# Finance and Economics

The **Advisory Team** has introduced quarterly client update and feedback meetings, which have been received favourably.

The **Viscount's Department** and the **Judicial Greffe** have developed a range of pledges and targets which are used to monitor performance, for example:

Measure Description - Viscount's Department	2005	2004	2003
Enforcement of Royal Court and Petty Debts Court judgements for debt - enforcement procedure instigated within two working days of Act being lodged and registered	100%	90%	98%
Enforcement - percentage of payments completed in full or imprisonment imposed in lieu	98%	100%	97%
Desastre - percentage of inventory of valuables and disposal of perishables carried out within two working days	100%	100%	100%
Desastre - percentage of circulars sent to banks and identified UK creditors within seven days of declaration	100%	100%	100%

Measure Description - Judicial Greffe	2005	2004	2003
Samedi Section - Acts meeting Service Pledge	97.5%	98.9%	98.6%
Interlocutory Services - Acts issued within three days	96.1%	90.4%	91.8%
Grants of Probate/Letter of Administration - issued within ten days	100%	100%	100%
Intellectual Property Registry - Trade Mark Registrations within three days	90.6%	97.7%	90.2%
Legal Aid Disbursements meeting Service Pledge	82.7%	90.4%	94.4%

Further performance measures have been developed across the range of services provided within the remit of the Committee:

Measure Description - Data Protection	2005	2004	2003
Percentage of applications for alteration of registered particulars completed within five working days	100%	100%	100%
Percentage of enquiries responded to within five working days	100%	100%	100%
Number of registrations per staff member	1,686	1,643	1,577

The Income Tax Department collected 95% of 2004 tax by the end of 2005, this compares to a target collection rate of 92%. Tax arrears of £11 million were collected; this was 10% above the target of £10 million. Other performance measures that have been developed include:

Measure Description - Income Tax Department	2005	2004	2003
Total number of personal taxpayers processed per staff member	2,332	2,287	2,273
Investigations yield - cases investigated/back taxes and penalties collected	274/£1.8 million	307/£1.2 million	358/£1.3 million
Number of transactions processed by cashiers/per cashier	104,000/39,098	105,360/38,312	105,000/38,200

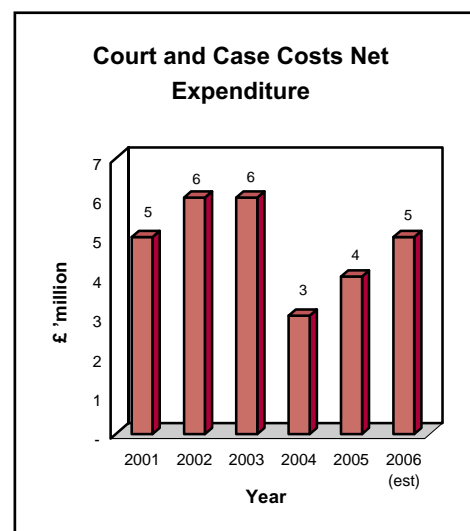
# Finance and Economics

## Manpower

In 2005 there was a net increase of 2.6 in the Committee's established manpower. Major projects increasing the Committee's manpower included the transfer of finance staff from other departments as part of the Finance Transformation Project and the introduction of ITIS within the Income Tax Department. This increase was balanced by a reduction in manpower resulting from the HR and IT Transformation Projects and the closure of Corporate Supplies within Treasury.

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	310.64	308.01

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
£	
<b>Original Budget 2005</b>	<b>22,933,700</b>
Amounts carried forward:	
• 2004 Carry Forwards	2,213,578
Transfers from the General Reserve:	
• Increased Pay Awards	699,262
• GST Implementation	172,000
• VR/VER	35,219
Transfer from/(to) other Committees:	
• Transfer of Oxera Grant to Policy and Resources Committee	(200,000)
• Transfer to Change Team - Policy and Resources Committee	(41,200)
• Transfer of "Caretaker duties" from Policy and Resources Committee	156,500
• Transfer to Comptroller and Auditor General	(26,407)
• Transfer to Environment and Public Services relating to closure of Corporate Supplies	(3,000)
• Transfer to Health and Social Services relating to closure of Corporate Supplies	(89,571)
• Transfer to Home Affairs Committee of Budget for Court and Case Costs	(250,951)
<b>Amounts Voted 2005</b>	<b>£25,599,130</b>



# Finance and Economics

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
		<b>States Treasury</b>		
1,420,000	1,228,188	Corporate Financial Strategy	1,004,065	1,541,487
58,600	52,791	Investments	60,723	84,400
1,420,000	1,426,376	Financial Services	1,424,914	1,192,608
1,289,000	1,253,261	Systems	1,304,450	1,426,131
635,200	634,601	Audit and Risk	467,753	501,998
433,000	340,217	Purchasing and Supply	303,098	677,199
-	208,272	Fiscal Strategy	209,440	-
		<b>Income Tax Department</b>		
2,844,800	2,289,252	Personal Tax Assessing	1,733,902	1,388,510
1,040,900	899,876	Company Assessing	775,924	723,914
389,000	264,219	Policy Development	196,986	178,450
233,100	203,205	Investigations and Compliance	174,411	140,286
445,100	-	Tax Collection and Arrears	-	-
		<b>Bailiff's Chambers</b>		
633,900	585,375	Royal Court	584,102	569,753
101,600	101,804	States Assembly	101,588	99,088
12,500	59,386	Licensing	59,288	49,543
97,000	101,805	Civic Head	101,588	107,345
24,100	30,000	Commemorative Functions	13,909	25,214
205,000	200,000	Court and Case Costs	136,249	-
		<b>Law Officers' Department</b>		
965,800	957,482	Criminal Prosecutions	914,620	812,606
1,347,800	1,128,277	Legal Advice	1,119,384	985,305
336,900	467,096	Conveyancing	329,189	255,337
224,600	203,142	Civil Proceedings	206,100	176,522
626,900	558,963	Interjurisdictional Assistance	538,313	485,055
30,400	32,347	Duties of the Attorney General	29,776	26,536
2,321,800	1,164,256	Court and Case Costs	652,019	1,045,190
(795,600)	(590,000)	Criminal Offences Confiscation Fund Recovery	(315,946)	-
		<b>Judicial Greffe</b>		
701,100	695,765	Samedi, Family, Appellate and Interlocutory	687,662	583,743
919,400	858,678	Magistrates Court	887,223	846,790
336,100	339,472	Maintenance of Registries	316,486	283,093
1,755,500	1,388,714	Court and Case Costs	1,287,267	1,448,507
		<b>Viscount's Department</b>		
94,200	89,361	Coroner	89,773	92,623
294,000	358,468	Desastre	183,146	45,574
503,400	456,542	Enforcement	364,759	439,819
80,600	79,264	Assize Jury Functions	84,887	76,351
68,200	73,701	Curatorships	52,806	57,066
295,300	31,980	Court and Case Costs	28,132	39,549
		<b>Official Analyst</b>		
560,000	547,358	Forensic, Environmental Analysis	487,156	446,728
		<b>Emergency Planning</b>		
123,500	359,622	Planning and Monitoring	130,557	110,316
693,000	723,073	<b>H E the Lieutenant Governor</b>	732,028	649,721
208,300	210,393	<b>Data Protection</b>	177,742	167,590
<b>22,974,000</b>	<b>20,012,582</b>	<b>Balance carried forward</b>	<b>17,635,469</b>	<b>17,779,947</b>

# Finance and Economics

## Net Expenditure - Service Analysis (continued)

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
<b>22,974,000</b>	<b>20,012,582</b>	<b>Balance brought forward</b>	<b>17,635,469</b>	<b>17,779,947</b>
		<b>Non-Departmental</b>		
(200,000)	(180,000)	Balance of Crown Revenues	(180,000)	(520,000)
2,552,100	2,509,200	Insurance	2,509,220	2,550,000
189,700	186,550	Cost of Audit/Shadow PAC	181,161	189,912
156,500	309,100	WEB Limited Grant	309,100	463,100
82,100	80,750	Distinguished Visitors and Conferences	77,821	118,473
56,300	70,760	Commission Amicale	49,871	52,591
18,400	20,500	Jurats' Expenses	15,000	17,704
20,700	17,850	Dean of Jersey	49,948	19,446
-	2,495,738	Court and Case Costs	1,967,132	924,541
-	1,100	Other Expenditure	21,380	32,295
-	75,000	War Council	8,212	11,969
25,849,800	25,599,130	<b>Sub Total Finance and Economics Departments</b>	22,644,314	21,639,978
		<b>Non-Cash Limit Items</b>		
36,496,200	33,009,700	Repayment and Interest on Capital Debt	34,911,721	32,126,853
<b>£ 62,346,000</b>	<b>£ 58,608,830</b>	<b>Net Revenue Expenditure</b>	<b>£ 57,556,035</b>	<b>£ 53,766,831</b>

Note 1: In previous years the non-departmental vote has included the currency surplus, dividends, interest on loans, and miscellaneous fines. This income has been transferred to General Revenues.

Note 2: With effect from 2006, the Income Tax Department's Surcharge Income will be transferred from the Treasury and Resources Department to income of the Consolidated Fund.

# Finance and Economics

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
82,000	Sale of Goods	31,300	216,579
117,500	Sale of Services	75,163	80,991
4,600	Commission	144,161	96,237
22,000	Hire and Rentals	25,766	25,649
750,500	Fees and Fines	1,225,925	1,336,041
463,200	Miscellaneous Income	288,460	712,170
1,770,300	Recharges and Recoverable Costs	1,612,817	2,159,519
27,000	Interest	51,829	30,787
1,349,000	Surcharges and Penalties	1,880,879	1,842,920
490,300	Interest Received on Capital Debt	483,049	532,201
5,076,400		5,819,349	7,033,094
	<b>Expenditure</b>		
15,982,084	Manpower - States Staff Costs	15,504,701	15,123,232
157,667	Manpower - Non States Staff Costs	300,991	133,526
2,220,817	Supplies and Services	2,736,070	2,837,449
6,531,874	Administrative Costs	4,369,049	5,152,069
4,864,788	Premises and Maintenance	4,567,665	4,366,419
26,000	Incidental Expenses and Charges	131,370	26,715
402,000	Grants and Subsidies	370,768	501,461
33,500,000	Repayment of Capital Debt	35,394,770	32,659,054
63,685,230		63,375,384	60,799,925
<b>£ 58,608,830</b>	<b>Net Revenue Expenditure</b>	<b>£ 57,556,035</b>	<b>£ 53,766,831</b>

Note 1: In previous years the non-departmental vote has included the currency surplus, dividends, interest on loans, and miscellaneous fines. This income has been transferred to General Revenues.

Note 2: In previous years Court and Case costs have been shown separately in the above statement. In line with other departments these costs are now allocated over the standard account headings and the prior year figures have been re-stated accordingly.

# Environment and Public Services

## Core Aims and Objectives

The main objectives for the Environment and Public Services Department, in support of the States objectives, are:

### Planning and Building Division

- to monitor and review the Island's land use planning policy framework, to ensure that development in the Island is sustainable having regard to economic, social and environmental objectives;
- to set and enforce standards for building work to secure the health and safety of building users, promote energy efficiency and make life easier for disabled people;
- to determine planning applications that ensure effective, innovative and intelligent use of land having regard to all material considerations and primarily, the Island Plan; and
- to effectively regulate and promote the sustainable conservation and management of the Island's built heritage and to promote higher standards of design.

### Property Division initiative

- to ensure the needs of the Public Service, in terms of office requirements, are met in the medium and long term by undertaking a strategic review of States office requirements and formulating an action plan; and
- to provide professional property services in relation to architectural services, valuation, rent review, leases, licences, surveys, negotiations, estate management, contracts and agreements, boundary disputes, facilities management, reactive maintenance and data collection.

### Environment Division

- to deliver effective and proportionate environmental and agricultural regulatory regimes to ensure that the management of the Island's natural resources is environmentally and economically sustainable;
- to review Jersey's performance against EU legislation and standards and bring forward proposals to address serious deficiencies, notably where the state of the environment has been damaged by human activity e.g. contaminated land, air quality and risks from an altered climate;
- to manage the Island's habitats, species and special places, basing actions on the results of sound research, scientific survey, surveillance and monitoring and by encouraging the development of low impact approaches for both Agriculture and Fisheries;
- to develop and implement a comprehensive suite of policies that will reinvigorate the rural economy, increase public access to the coast and countryside in a sensitive and appropriate manner, and reduce dependence on central government support;
- to provide Weather Services to the Channel Islands' communities and to provide dedicated (specialised) Weather Services to meet the needs of the agriculture, commercial, construction and health industries etc; and
- to contribute to the development of fiscal policies such as charges and other economic instruments to ensure the delivery of relevant environmental goals – such as improved air quality, reduced waste arisings and lower water demand.

### Transport and Technical Services Division

- provide and develop a programme of sustainable and integrated solid waste management conforming with internationally accepted principles that promote waste minimisation, recycling, energy from waste and disposal;
- manage the Island's sewerage system and treatment works and develop a programme for future extensions and upgrades to the infrastructure;

# Environment and Public Services

- provide and develop a sustainable programme for the provision and management of transport systems, the maintenance of existing transport infrastructure and the improvement of the traffic and transport network;
- provide efficient and effective municipal services in the areas of parks and gardens, street cleaning, cleaning and maintenance of public buildings, beach cleaning, maintenance of sea defences and maintenance of the Island's drainage network; and
- provide a comprehensive, cost effective, quality architectural service in association with other in-house professional and technical services including, contract inspection, to ensure the States Capital Programme is executed in a manner that reflects value for money from the feasibility stage to completion of the building.

## 2005 Financial Overview

Committee net expenditure for 2005 decreased by £2.05 million (7%) from that of 2004, a decrease arising primarily from service reductions and efficiency savings of £1.9 million which was achieved by reducing standards on cleaning services, cutting staff costs at Bellozanne and Planning and Environment, ceasing minor traffic works and efficiency savings throughout the department but especially in the Parks and Garden Section.

## Key Financial Results

- **Planning and Building Division:** net revenue expenditure was £249,000 (12%) under budget due primarily to staff vacancies and a change in accounting treatment of Historic Building Grants. These savings were offset by an underachievement in income amounting to £248,000 from Planning and Building Application Fees.
- **Property Services Division:** income from Property rentals at £1.2 million were up 34% on 2004 and £165,000 more than budgeted. This positive variance from budget was as a result of higher than projected income from Cafés, Car Parks and Storage Rentals.
- **Environmental Division:** net revenue expenditure was £717,300 (15%) under budget mainly due to the fact that the Countryside Renewal Grant Scheme was not established until mid-2005.
- **Transport and Technical Services Division**  
The largest single service area of the department is Liquid Waste which covers the Sewage Treatment Works (STW), Pumping Stations and Septic Tankers. The budget was overspent by £346,828 this was primarily due to funding the building refurbishment of relocating the Drainage Operations and Record Section to Bellozanne and essential building maintenance on the Chemical Store to meet health and safety and insurance requirements. Also contributing to this overspend was increased expenditure on electrical maintenance which included the replacement of UV Lamps.

Committee Staff Actual		
	2005	2004
Planning and Environment	122.59	131.16
Transport and Technical Services	485.07	487.78
<b>Total</b>	<b>607.66</b>	<b>618.94</b>

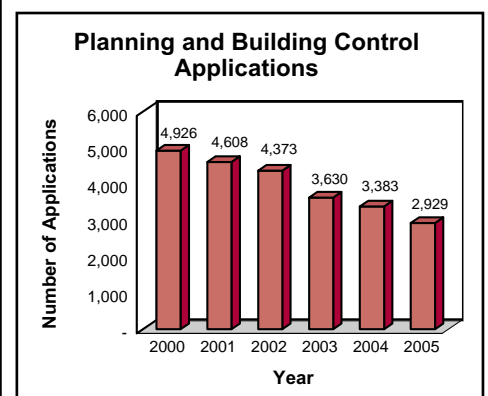
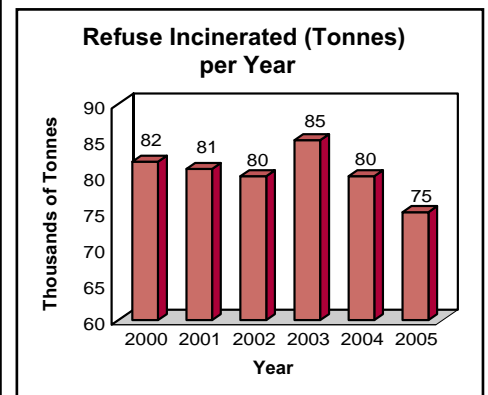
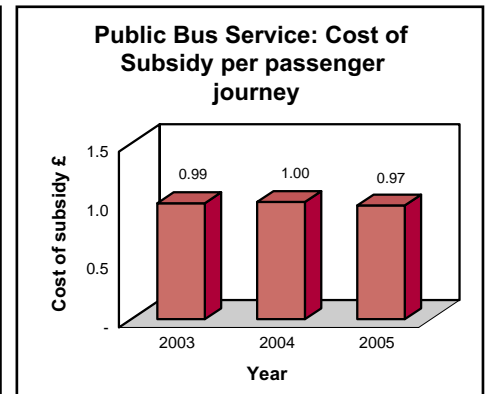
Committee Staff Established		
	2005	2004
Planning and Environment	134.15	142.43
Transport and Technical Services	520.21	549.46
<b>Total</b>	<b>654.36</b>	<b>691.89</b>

(Note: FTEs include FTEs for Jersey Car Parks and Jersey Fleet Management.)

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
<b>Original Budget 2005</b>	<b>26,965,900</b>
Transfers from the General Reserve:	
• Increased Pay Awards	1,063,400
• Funding for the Meteorology Service	159,000
• VR/VER	551,300
Transfer from/(to) other Committees:	
• Transfer from Treasury and Resources - Stores	3,000
• Transfer from Policy and Resources - Jersey Property Holdings	68,000
• Transfer from Housing - Jersey Property Holdings	27,700
<b>Amounts Voted 2005</b>	<b>£ 28,838,300</b>

# Environment and Public Services

- The Energy from Waste service area covers the incinerator at Bellozanne. The budget was overspent by £75,000, this was due to increased costs maintaining the boilers.
- In 2005 Connex Transport (Jersey) Ltd carried 2,536,223 passengers (including concessionary journeys) and generated £2.39 million in fare revenue for the States an increase of 8% from 2004. This service area also encompasses School Buses which cost £1 million in 2005, an increase of 8% from 2004.
- Cleaning covers highways, footpaths, beaches and toilets throughout the Island and the expenditure has reduced by £245,900 (10%) reflecting greater efficiencies in providing the service. The department cleans 254 kilometres of public main roads on an average five week cycle. A total of 129 kilometres of footpath, promenade and precinct areas are also cleaned with a combination of mechanical sweepers (where possible) and labour.
- Parks and Gardens covers the maintenance and upkeep of the Island's formal parks (Howard Davis, Coronation and Churchill Parks), formal gardens and open spaces, the upkeep of playing fields and the maintenance of grounds for the Education, Sport and Culture and Housing Departments. As with Cleaning services above, net expenditure has reduced by £315,400 which has been achieved by reorganising the workforce and reducing standards in some areas.
- Highways incorporate the maintenance and improvements of States roads and footpaths. £604,000 was spent on planned resurfacing of roads and £329,000 on road patching repairs. In addition, £110,000 was spent on repairing landslips caused by flood damage.



## Performance Measures

Performance Measure	2005	2004
Percentage of planning applications determined within eight weeks	75.6%	77%
Percentage of planning applications determined within thirteen weeks	91%	91.7%
Building Control – percentage of applications dealt within five weeks	98%	99%
Percentage of properties connected to the sewerage system	86.3%	86.2%
Public Bus Service: Cost of subsidy per passenger journey	£0.97	£1.00

## Capital Expenditure

Total Capital Expenditure during the year was £6.6 million. The 2005 spend reflects the progress made on a wide variety of individual schemes. The main schemes were as follows:

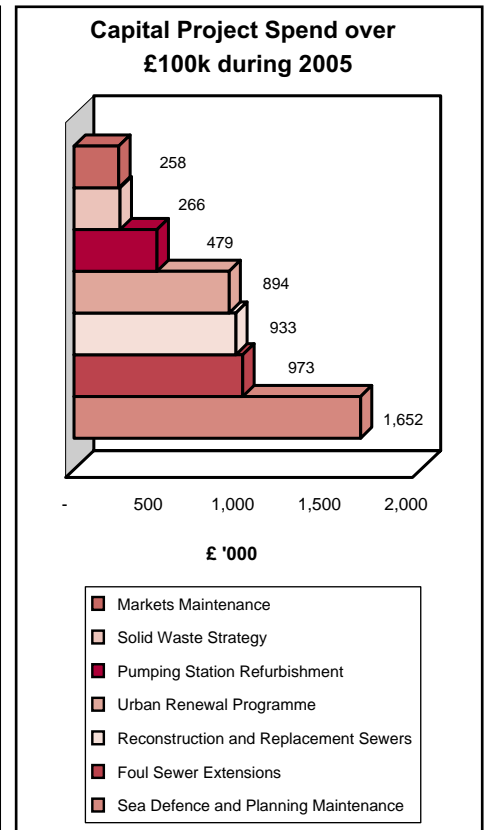


# Environment and Public Services

- £1.7 million on sea defences with repairs being undertaken to the sea wall structure and foundations in various Parishes;
- £900,000 on the Urban Renewal Programme, concentrating mainly on pedestrian and highway improvements to Broad Street, Union Street and Dumaresq Street; and
- £2.4 million on replacement, refurbishment and repairs to the Island's network of drains and pumping stations.

## Manpower

During 2005 the Environment and Public Services Department decreased its established manpower levels by a net 37.53 full time equivalent (FTE). This decrease was due to efficiency savings and staff reductions agreed as part of the FSR Process.



# Environment and Public Services

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
		<b>Planning and Building Division</b>		
1,147,000	1,145,500	Planning and Building Applications	986,303	1,211,345
166,200	219,200	Design and Conservation	171,967	175,713
518,000	663,300	Policy and Planning	621,060	388,785
(116,400)	(39,900)	<b>Property Division</b>	(259,355)	10,613
		<b>Environmental Division</b>		
3,611,600	4,005,200	Environmental Services	3,421,533	3,080,867
634,600	848,100	Meteorology Services	714,422	1,172,823
		<b>Public Services Division</b>		
4,259,700	4,092,900	Liquid Waste	4,439,728	4,659,783
2,275,500	2,325,000	Energy from Waste	2,399,436	2,475,465
2,229,500	2,193,100	Solid Waste	2,269,793	1,960,497
2,543,400	2,468,600	Highways	2,549,673	3,196,067
3,904,400	3,839,800	Buses	3,608,068	3,634,034
(979,600)	(951,600)	Buildings	(1,169,853)	(913,848)
1,145,500	942,700	Coastal and Footpath Maintenance	704,804	850,259
1,584,400	1,563,400	Drainage	1,587,239	1,337,299
2,121,100	2,257,900	Cleaning	2,222,951	2,468,848
2,538,500	2,657,300	Parks and Gardens	2,466,953	2,782,311
212,200	220,800	Surveyors	157,606	169,427
231,500	240,700	Architectural Services	191,208	263,857
126,600	146,300	Markets	(43,282)	164,044
<b>£ 28,153,700</b>	<b>£ 28,838,300</b>	<b>Net Revenue Expenditure</b>	<b>£ 27,040,254</b>	<b>£ 29,088,189</b>

# Environment and Public Services

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
871,500	Sale of Goods	1,010,327	1,102,712
1,427,000	Sale of Services	1,392,090	1,167,641
53,500	Commission	66,394	53,032
2,822,100	Hire and Rentals	3,002,012	2,522,677
9,505,900	Fees and Fines	10,054,288	9,739,066
140,500	Miscellaneous Income	60,268	119,141
2,255,300	Charges	2,121,596	3,516,383
732,100	Recharges and Recoverable Costs	1,031,561	797,069
-	Interest	-	1,173
-	Other Receipts	5,236	-
17,807,900		18,743,772	19,018,894
	<b>Expenditure</b>		
24,810,700	Manpower - States Staff Costs	24,201,709	24,443,836
12,270,700	Supplies and Services	12,325,806	12,157,523
1,412,400	Administrative Costs	1,444,123	1,545,380
8,273,700	Premises and Maintenance	8,700,036	9,788,713
(868,300)	Incidental Expenses and Charges	(1,110,240)	(30,933)
718,000	Grants and Subsidies	187,276	173,186
29,000	Non-Service Costs	35,316	29,378
46,646,200		45,784,026	48,107,083
<b>£ 28,838,300</b>	<b>Net Revenue Expenditure</b>	<b>£ 27,040,254</b>	<b>£ 29,088,189</b>

# Economic Development

The Economic Development Committee's objectives, as the lead Committee or as a Strategic Partner, feature in all the States Strategic Aims set out in the Strategic Plan 2005 - 2010. In setting out to meet these aims, P38/2005 - The Economic Growth Plan and P112/2005 - the Rural Economic Strategy were approved by the States during the year. Consequently a clear framework was provided to underpin the continued development of strategies including the Business and Enterprise Development Strategy, Skills Strategy, the E-Commerce Strategy, the Tourism Strategy and an external Transportation Links Strategy.

## Core Aims and Objectives

The primary purpose of the Economic Development Department is the delivery of 2% real economic growth whilst remaining within target of less than 1% growth in the working population. This must be achieved without introducing inflationary pressure in the economy.

Our primary strategic responsibilities are set out clearly in the States Strategic Plan 2005 - 2010 as follows:

**Strategic Aim One: To create a strong and competitive economy** - to implement an Economic Development Policy to produce sustained real economic growth of 2% per annum. The Economic Development Department has the lead on the majority of the specific objectives dealing with the encouragement of enterprise, innovation and diversity and developing an open economy which encourages competition and minimises the cost of doing business and is also a key strategic partner in other related specific objectives.

**Strategic Aim Two: To maintain a sustainable population** - to develop a strategy to broaden and enhance the skills base of the Island, support business development and provide employment for the resident population. We also played a major part in the development of the Migration Policy.

**Strategic Aim Three: To enhance quality of life** - strategic partner for eradication of financial and social exclusion and achieving more integrated and equitable tax, spending and welfare systems; aiming for a well-educated society; achieving low levels of crime; and developing cultural and leisure activities.

**Strategic Aim Four: To protect the natural and built environment** - strategic partner in traditional landscape and urban issues; conservation and enhancement of habitats and species; minimising the impact of the population on the environment.

**Strategic Aim Five: To invest in Jersey's Youth** - to develop ways of diversifying the economy, so that a wider range of jobs and careers are available to young people, and to work with employers to maximise opportunities that are available to graduates. We are strategic partners in improving access to training, education and leisure opportunities for young people and planning a sustainable future with young people.

**Strategic Aim Six: To promote pride in Jersey** - strategic partner in strengthening community spirit and celebrating success.

**Strategic Aim Seven: To develop Jersey's international personality** - strategic partner in aspects of enhancing international recognition and co-operation.

**Strategic Aim Eight: To reconnect the public with the States of Jersey** - no specific objectives, but will work with all other Committees in this area.

**Strategic Aim Nine: To improve the delivery of public services and balance the States' income and expenditure** - to develop a comprehensive strategy for States-owned Utility companies leading to clear criteria for the protection and efficient provision of services provided by States-owned Utility companies and optimised financial benefits for the taxpayer.

## 2005 Financial Overview

Net expenditure for the Department reduced by 18% (£3.1 million). The main reason for this being a write back of balance sheet liabilities relating to Training and Employment Partnership (TEP) grants (£1.4 million) in order to reflect the contractual liability of these grants in accordance with GAAP. When this write back is excluded net expenditure decreased by 10% (£1.6 million). The majority of this decrease is shown in Tourism and Agricultural support spend and detailed below.

# Economic Development

## Key Financial Results

**Direct Financial Support for Agriculture** expenditure decreased by 20% (£651,000)

Area payments expenditure reduced in 2005 by £530,000 due to an accounting adjustment made in 2004 to align spend onto an accruals basis. The number and value of grants paid was not materially different between the two years.

**Agriculture Marketing** expenditure increased by 5% (£57,000)

Marketing campaigns for the Jersey Royal accounted for the majority of this expenditure.

**Training and Employment Partnership** gross expenditure decreased by 16% (£246,000)

2005 TEP spend was in line with budget. However exceptionally large spend against a similar budget in 2004, due to an increase in demand for employee grants, accounts for this decrease.

**Tourism Communications** expenditure decreased by 15% (£585,200)

The Tourism marketing budget was reduced by £300,000 as a result of the 2005 FSR exercise. 2004 expenditure was also significantly higher than budget because of a decision taken by the Committee to focus its resources on a TV advertising campaign.

**Tourism Market Development** expenditure decreased by 14% (£528,500)

Spending reduced in attending trade events and hosting trade clients, accounting for the majority of this decrease.

**Tourism Corporate Strategy and Policy** expenditure increased by 3% (£24,000)

Corporate Strategy and Policy includes costs relating to general tourism research, the management of the visitor registration scheme, the compilation and publication of statistics and general policy. It also includes the administration of the Tourism Advisory Panel and the Tourism Development Fund and the organisation of Industry Forums on a number of occasions during the year.

## Performance Measures

### Agricultural - Direct Financial Support

Direct Financial support is granted via two principle methods, headage and area payments.

Headage payments totalled £916,000, an average payment of £29,000 for 32 recipients.

Area payments totalled £1,040,000, an average payment of £14,000 for 73 recipients.

The Rural Economy Strategy was approved by the States in 2005. This is now being implemented with parts of it such as the Rural Initiative Scheme, small holders land occupancy, the Single Area Payment and Quality Milk Payment all going live in the first quarter of 2006.

### Agricultural Marketing

2005 was a highly successful year in terms of export volumes of the Jersey Royal Potato but, due to bad early season growing conditions a poor year for export value. Massive television campaigns undertaken by the UK major supermarkets clearly accounted for a significant increase in demand and an extension of the season into July.

TV was used as the primary media for the marketing element of the campaign and the Jersey sponsored campaign was seen overall by 23 million householders who would have been exposed to the campaign an average of 4.5 times each. In addition magazines were used to provide high impact coverage to the target audience. An editorial piece in the Marks and Spencer customer magazine achieved some 7,000 entries to a competition.

A tracking survey undertaken on behalf of the Department indicated that 72% of those questioned generally take notice of which variety of new potatoes they are buying. 28% of the sample recalled advertising for Jersey Royals and when visually prompted recall rose to 30% for marketing magazines.

# Economic Development

The range of public relations activities resulted in 163 pieces of high quality consumer and trade coverage throughout the UK, total circulation of 23.2 million. The return on investment figure is over 20 times the amount invested in the public relations campaign and achieved eight times more exposure than Cornish Earlies which are considered to be Jersey Royals main competitor.

## Training and Employment Partnership (TEP)

The TEP had five key targets in its 2005 business plan:

- identify skills gaps and barriers to training;
- encourage participation in skills training;
- improve access to training;
- enhance the quality of training delivery; and
- encourage and support organisations in reviewing and improving business practices.

The level of training support applied has continued to increase in 2005 with more individuals and organisations receiving financial support than in previous years. Specifically the Apprenticeship Scheme saw a total of 98 individuals joining the scheme (target of 65). This resulted in the TEP requesting additional funds from within the ED Department to assist with the demand of more apprentices wanting to join the scheme.

Improved quality of training is recognised in the annual Training and Business Awards which have now been incorporated in the Jersey Awards for Enterprise in recognition of the co-dependency of these activities.

## Tourism Market Development

Expenditure covered all marketing activity undertaken with airlines, hoteliers, tour operators and accommodation sector to promote Jersey in key target markets, UK, France, Germany, Ireland, Netherlands and Belgium.

Key activities included partnership advertising and Jersey promotion with over 200 commercial companies including airlines, sea carriers, tour operators and hoteliers. Attendance at 32 trade fairs and consumer exhibitions and hosting familiarisation visits for 283 travel agents, new tour operators and group travel organisers from nine countries. The Dutch Travel Agents conference held in October at a cost of £35,000 produced 300 delegates for three nights with the objective to increase in the number of dutch visitors who visit during 2006 and beyond.

Final total visitor numbers for 2005 are as follows:

- Total Leisure - 369,044 (decrease of 2.3%).
- France - 30,352 (increase of 0.3%).
- Germany - 9,162 (decrease of 9.0%).
- Other Channel Islands - 16,232 (increase of 9.0%).

In 2005 Jersey embarked on the Out of The Blue - a year long series of activities celebrating island life and islanders passion for the sea to contribute towards the Sea Britain marketing campaign.

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	59.32	59.12

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
<b>Original Budget 2005</b>	<b>15,665,200</b>
Amounts carried forward:	
• 2004 Carry Forwards	(15,986)
Transfers from the General Reserve:	
• Increased Pay Awards	143,000
• Other	125,023
Transfer from capital to revenue:	42,687
<b>Amounts Voted 2005</b>	<b>£ 15,959,924</b>

# Economic Development

The activities attracted over 20,000 visitors. Walking continued to be a major product development area with over 1,900 visitors participating in a guided walking tour during the year. The Spring Walking week attracted 850 walkers, 657 of whom were visitors and the Autumn Walking week attracted 1,066 walkers, 745 of which had come to the island specifically for the event.

Tourism also provided financial and other assistance to the organisers of 43 events including the Tennerfest, International Air Display, Battle of Flowers and Jersey Live Music Festival.

## Tourism Communications

Main areas of public relations activity: UK, France and Germany. Subsidiary activities undertaken in the Netherlands, Belgium, Ireland, Switzerland plus worldwide in conjunction with Visit Britain.

225 Print, 32 Television and 6 Radio media releases were organised.

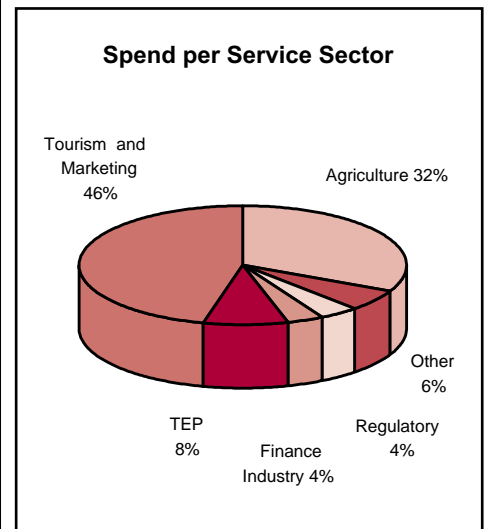
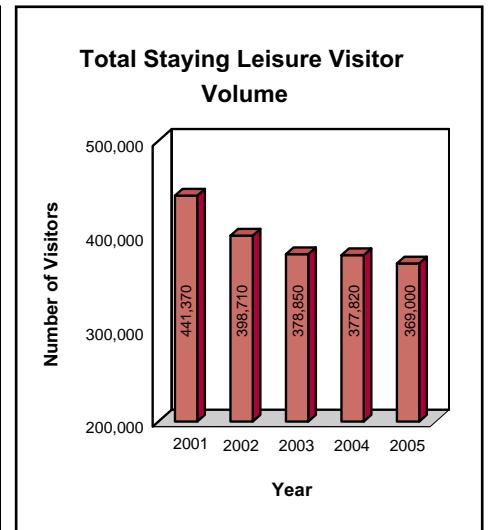
Highlights included the coverage facilitation of Under the Greenwood Tree and Liberation 60. Premier coverage was generated in titles such as The Daily Mail, Guardian, Times, Telegraph plus the TV listings magazines.

Visitors to the Jersey.com website increased by 18% achieving over 750,000 unique visitors. This is an increase of 322% over 2000 with visitors spending an average of 15 minutes on the site.

UK campaign coverage resulted in 31 brochure panel advertisements with a circulation of 8.9 million and providing 26.7 million opportunities to be seen, generating 20,262 requests for brochure packs. Direct mail formed a significant part of the campaign with 10 direct mailers generating 6.4 million circulation and 19.2 million opportunities to be seen. This generated 35,800 requests for brochure packs. 183 national regional advertisements and advertorials generated 96.4 million opportunities to be seen.

## Manpower

	2005	2004	Analysis
Established FTE	65.06	67.26	Reduction 2.2
Established Headcount	68	70	Reduction 2.0



# Economic Development

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
762,600	1,282,377	Agriculture Marketing	1,248,917	1,191,778
2,494,300	2,408,160	Agriculture Direct Financial Support	2,555,613	3,206,242
543,900	-	Agriculture - Diversification	-	-
155,100	122,803	Agriculture Interest Subsidy Schemes	252,597	(99,940)
57,900	71,394	Agriculture Support Services	70,816	170,013
65,000	184,800	Agriculture Statutory Compensation	181,818	164,936
235,400	435,275	Agriculture Strategy, Statutory and Regulatory Services	515,114	658,218
181,400	177,000	School Milk Provision	171,713	173,378
-	-	Support for Sea Fisheries	9,978	20,446
855,800	759,310	Strategic Development	613,214	419,306
370,400	364,106	Regulatory Services (incl. Regulation of Undertakings)	310,533	341,880
109,700	-	Attract high wealth individuals to the Island	22,573	-
594,500	635,963	Jersey Competition Regulatory Authority	258,469	461,944
314,200	282,737	Trading Standards	277,237	309,009
90,000	45,000	Jersey Consumer Council Grant	45,000	45,000
850,000	586,000	Finance Industry Support	586,000	600,000
109,500	49,890	Gambling Control and Lottery	255	(45,382)
1,379,300	1,237,010	Training and Employment Partnership (TEP)	1,307,708	1,553,577
-	-	- Write back of TEP commitments	(1,443,311)	-
578,100	737,143	Tourism and Marketing - Corporate Strategy and Policy	703,763	680,012
2,937,700	3,225,982	Tourism and Marketing - Communications	3,267,799	3,853,000
3,157,100	3,296,105	Tourism and Marketing - Market Development	3,156,668	3,685,153
(14,700)	58,869	Tourism and Marketing - Quality Development	42,986	(152,334)
<b>£ 15,827,200</b>	<b>£ 15,959,924</b>	<b>Net Revenue Expenditure</b>	<b>£ 14,155,460</b>	<b>£ 17,236,236</b>



# Economic Development

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
70,200	Sale of Goods	90,647	90,933
171,500	Sale of Services	103,186	119,732
20,000	Hire and Rentals	23,244	550
475,000	Fees and Fines	475,738	570,527
303,000	Miscellaneous Income	389,847	431,455
1,039,700		1,082,662	1,213,197
	<b>Expenditure</b>		
3,384,323	Manpower - States Staff Costs	3,309,418	3,494,422
6,129,187	Supplies and Services	6,755,072	8,195,245
435,600	Administrative Costs	294,030	654,497
294,000	Premises and Maintenance	322,217	299,945
4,204,714	Grants and Subsidies	1,424,335	2,354,640
2,551,800	Agricultural Subsidies	3,133,050	3,450,684
16,999,624		15,238,122	18,449,433
<b>£ 15,959,924</b>	<b>Net Revenue Expenditure</b>	<b>£ 14,155,460</b>	<b>£ 17,236,236</b>

# Health and Social Services

## Statement of Purpose

The Departments strategic aims for 2001 - 2005 were published in 'Improving health and social care'. The Department aimed to meet the health and social care needs of the people of Jersey, through:

- promoting the health and social well-being of individuals, families and the community;
- providing prompt, high quality services based on assessed need and agreed entitlement; and
- protecting the interests of the frail, vulnerable and those whose needs are greatest.

## Strategic objectives

The aims were supported by seven key strategic objectives:

- collaboration for healthy public policy;
- development of Social Services;
- equity and access;
- integrated and client-centred care;
- quality standards and clinical effectiveness;
- efficiency and long-term sustainability; and
- infrastructure requirements.

During 2005 the Department began developing a new Strategy - "New Directions" that will replace "Improving health and social care 2001 - 2005". Though not yet finalised the overall aim of the Department has been set out in the States 2006 - 2010 Business Plan is as follows:

- To redesign the health and social care system to deliver improved health and social well being for the Island community.

## 2005 Financial Overview

2005 was another difficult year financially, those financial pressures facing the Committee in 2004 continued into 2005, with demand for services continuing to rise together with ongoing cost pressures related to important developments in clinical technologies and practice. The key financial results for the Committee's four highest spending service areas are:

### Surgery and Anesthesia

**Budget £27.8 million                      Overspend £0.2 million**

This relatively small overspend reflects the significant progress made in 2005 towards the elimination of waiting lists for elective surgery. Progress towards this objective resulted in additional costs associated with both medical and nursing pay together with clinical supplies and prostheses.

### Medicine

**Budget £14.5 million                      Overspend £0.4 million**

The majority of the overspend in this service is attributable to nursing, in particular costs associated with intensive one to one nursing care for high dependency patients. There are also significant cost pressures in this area associated with rheumatology drugs and emergency charter flights out of normal operating hours.

# Health and Social Services

## Rehabilitation and Services for Older People

**Budget £27 million                      Underspend £0.6 million**

The underspend in this area relates largely to staff costs and has arisen from a high number of vacancies across the various services in this area which although offset by the cost of overtime and bank nurses still generated a significant underspend. Although the income from Parishes in respect of native continuing care clients fell during the year, the overall level of income from this service was maintained at budgeted levels.

## Social Services

**Budget £17 million                      Overspend £0.3 million**

The overspend in this area relates largely to the children's and special needs services. Cost pressures associated with fostering were a major factor in the service's overspend during 2005. Provision of incentive payments to special needs clients on workscheme projects and individually tailored care packages resulted in a significant overspend within the special needs service.

## Capital Expenditure

Total capital expenditure in 2005 was over £4 million. In addition to the replacement of essential equipment and emergency vehicles, the following capital schemes accounted for the majority of the capital spend in 2005:

- Day Surgery Unit;
- Purchase of 16 Clairvale Road; and
- Central Sterile Supplies Department - Phase 2.

## Manpower

The Committee's authorised manpower levels remained at a similar level to 2004. The number of full time equivalents employed within Health and Social Services was lower at the end of 2005 than 2004, representing an overall increase in the number of vacancies within the service.

## Performance Measures

The Department is currently implementing a revised performance management framework that utilises a wide range of performance measures that encompass all aspects of health and social care. Some of the key performance measures are presented here.

### 1. MRSA+ rates per 1,000 occupied bed days - safe environment

Infection control is an integral part of providing patient safe healthcare. Local rates of MRSA+ which can have serious adverse side effects for patients, are low and we are working to ensure our local rates remain low.

The MRSA+ rate is currently 0.071, significantly better than the England average of 0.188 per 1,000 bed days. This places the General Hospital in the top 20 best performers of all Acute Hospitals in England.

### 2. Elective waiting times

As at 2 February 2006, there were 220 patients who had waited more than three months for elective surgery; this compares to 957 patients waiting over three months in January 2004. Of those waiting more than three months at the beginning of 2006, 83 are waiting for oral surgery, predominantly wisdom teeth, 20 are waiting for visiting consultants

# Health and Social Services

who visit the island on a bi-monthly or quarterly basis, the majority of others are waiting between three and six months for surgery. Work continues to reduce the waiting times for all patients.

### 3. Category 'A' Ambulance response time under eight minutes

The National (England) response rate target for category A calls is for 75% of such calls to be responded to under eight minutes. A rapid response may save lives/improve clinical outcome. The national rate for English NHS Ambulance Trusts for 2005 is 76%. The local rate as at the year end was 79%, exceeding the target and England's national result.

### 4. Patient Experience

Obtaining feedback from patients and taking account of their views and priorities is vital for bringing about improvements in the quality of care, and placing the patient at the centre of our health and social services.

A recent independent inpatient survey was undertaken by the Picker Institute Europe. The survey questionnaire was identical to one used by the NHS in England to measure the patient experience. This enabled the General Hospital to 'benchmark' its performance.

Overall performance was:

Overall, how would you rate the care you received?		
All Patients %	Jersey	England
Excellent	53	42
Very good	32	36
Good	10	14
Fair	4	6
Poor	1	2

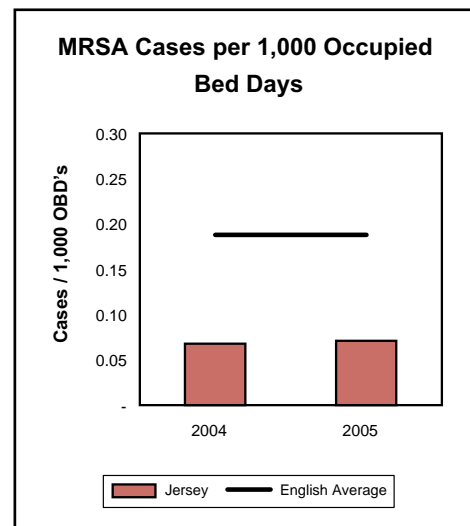
### Other Developments 2005

Some of the initiatives funded in 2005 are described below.

- Implementing recommendations from the Children's Executive in response to the Dr Kathie Bull Report on children with Severe Emotional and Behavioural Difficulties (SEBD) for example:
  - key posts appointed and management team have begun implementation of the business plan;
  - multi-agency Schools Support Teams established in two secondary schools. The Youth Action Team has also been established;
  - a post has been established within the SEBD service to work with young people with severe emotional and behavioural problems; and

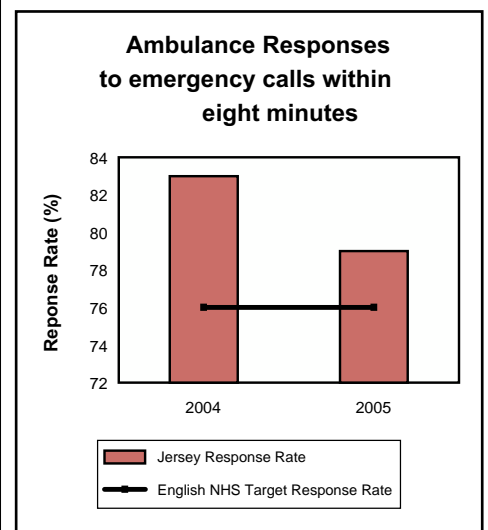
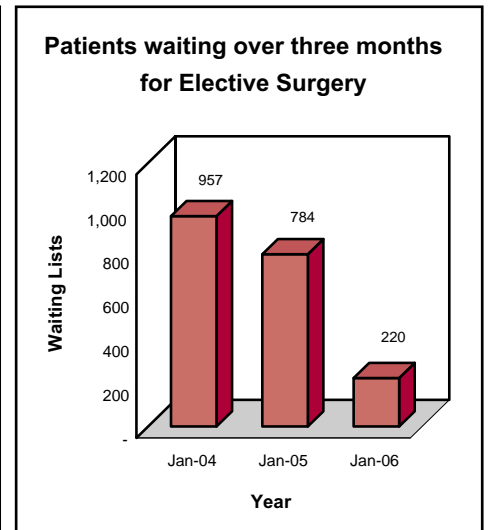
Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	2,068.75	2,111.71

Reconciliation of Original Budget 2005 to Amounts Voted 2005		£
Original Budget 2005		121,315,400
Amounts carried forward:		
• 2004 Overspend		(19,402)
Transfers from the General Reserve:		
• Pandemic Flu Funding		258,500
• Pay Awards		5,673,000
Transfer from other Committees:		
• Finance and Economics – Corporate Supplies		89,571
• Home Affairs		128,780
<b>Amounts Voted 2005</b>		<b>£ 127,445,849</b>



# Health and Social Services

- redevelopment of the Greenfield's Centre, as a structured training facility to provide for children who must be placed there by means of the newly proposed Residential Supervision Order, is underway and due for completion in 2006.
- Developments in Pharmaceuticals - for example:
  - funding has been required for more costly but more effective new drugs for the treatment of conditions such as heart failure, respiratory conditions and osteoporosis and the increasing use of existing medicines in order to ensure best quality of care and compliance with national guidelines and recommendations from organisations such as National Institute for Clinical Excellence;
  - specific products include Gemcitabine for the treatment of lung cancer and Bosentan which is a specialist drug used to treat pulmonary hypertension; and
  - drug expenditure alone in the Medical Division has increased from £860,000 five years ago to an estimated £1.5 million this year due to changes in the treatment of cancer and other conditions such as multiple sclerosis, HIV, renal disease, epilepsy and parkinson's disease.
- Delivering 'Building a Safer Society' - a multi-agency initiative - this Department is shortly to undertake a Health Related Behavioural survey, targeting young people in school years 6, 8, 10 and 13.
- ICT - the implementation of the 'FACE' and 'MDS' systems for Adult Mental Health and Old Age Psychiatry are on target for completion; these systems will improve the assessment of patient needs, support care, and enable auditing of good practice.



# Health and Social Services

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
788,100	785,354	Public Health Medicine	723,666	633,362
959,800	595,844	Clinical Public Health Services	579,598	384,286
782,700	939,841	Health Promotion	931,379	1,000,980
570,500	557,622	Health Improvement	538,907	475,713
1,435,400	1,699,500	Outpatients Services	1,667,081	1,589,735
(384,000)	376,282	Private Patients Wards	(93,377)	318,862
1,768,400	1,703,836	Pharmacy	1,994,978	1,739,648
2,619,300	2,653,648	Paediatrics	2,731,894	2,433,265
5,123,100	5,992,782	Medical - Specialities	6,142,914	5,898,686
1,695,200	1,847,631	Medical Renal Services	1,747,481	1,641,223
7,183,900	6,690,005	Medical Wards	7,013,325	6,440,894
2,880,200	2,346,256	Physiotherapy	2,345,812	2,233,666
2,630,300	2,080,710	Radiology/Diagnostic Imaging	2,009,136	2,511,441
6,882,700	6,503,833	Pathology Laboratory	6,393,379	6,815,179
13,169,000	12,975,335	Surgical Specialities	13,285,661	12,112,019
5,901,400	5,628,557	Theatres	5,664,161	4,542,565
9,475,500	9,238,962	Surgical Wards	9,070,940	8,162,240
3,315,300	3,037,692	Accident and Emergency	3,068,660	2,765,428
4,549,200	3,729,521	Ambulance	3,692,806	3,169,163
673,700	227,231	Patient Transport	599,024	587,448
4,317,200	4,246,646	Obstetrics and Neo-Natology	4,282,792	3,823,678
988,200	607,279	Alcohol and Drugs Services	643,296	1,005,394
9,190,900	8,982,675	Adult Mental Health Services	8,875,978	8,255,217
5,125,000	5,576,666	Assessment and Rehabilitation for Older People	5,481,706	5,966,275
11,137,800	10,882,468	Continuing Care for Older People	10,567,653	10,466,288
6,735,700	7,303,571	Elderly Mentally Illness Services	7,061,948	6,331,360
4,099,900	3,230,567	Therapy Services	3,205,446	2,997,646
6,348,500	6,473,147	Children's Services	6,562,211	6,922,487
3,026,900	3,062,637	Adult Social Services	2,963,750	2,936,511
915,500	944,533	Child and Adolescent Mental Health Services	903,432	1,097,851
8,514,200	6,525,218	Special Needs Service	6,837,374	5,432,335
<b>£ 132,419,500</b>	<b>£ 127,445,849</b>	<b>Net Revenue Expenditure</b>	<b>£ 127,493,011</b>	<b>£ 120,690,845</b>

Health and Social Services has undergone a major restructuring of its services, as a result the precise composition of some services has changed making year on year comparatives difficult.

# Health and Social Services

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
552,300	Sale of Goods	623,964	568,223
239,500	Sale of Services	327,304	433,360
1,451,700	Hire and Rentals	1,188,304	1,312,623
12,847,200	Fees and Fines	13,507,198	10,056,775
15,090,700		15,646,770	12,370,981
	<b>Expenditure</b>		
96,449,651	Manpower - States Staff Costs	96,199,569	87,871,576
45,400	Manpower - Non States Staff Costs	302,547	658,927
27,699,628	Supplies and Services	27,434,666	25,040,860
4,316,400	Administrative Costs	4,622,844	4,553,319
6,436,700	Premises and Maintenance	6,928,140	7,322,870
7,588,770	Grants and Subsidies	7,652,015	7,614,274
142,536,549		143,139,781	133,061,826
<b>£ 127,445,849</b>	<b>Net Revenue Expenditure</b>	<b>£ 127,493,011</b>	<b>£ 120,690,845</b>

# Education, Sport and Culture

2005 was the final year of activity for the Education, Sport and Culture Committee following its establishment on 12 December 2002. The Committee continued to deliver its Mission Statement through its aims and associated values.

## **Mission Statement:**

To provide opportunities for learning and engagement to enhance the quality of life of individuals so that they may be fulfilled and encouraged to make a positive contribution to society and their community.

## **Aims**

- To develop and promote a vision of learning and continuous development based on access to opportunities for all members of the community.
- To advocate, enable and encourage education, sport and culture through active engagement in partnerships within the States and with other organisations.
- To promote the development and provision of facilities, events, activities and publications to provide a range of engaging experiences.
- To provide appropriate customer focussed information and support in an effective and efficient manner.
- To collect, conserve and provide access to the cultural evidence that defines the Island and provides a foundation for learning.
- To secure and maintain the resources to support learning, sport and culture to the benefit of individuals, the Island community and identity.

The values which were adopted by the Education, Sport and Culture Committee in December 2002 have been adapted to take account of the core values which have been agreed by the States and can be found in the Department's 2005 Business Plan.

## **2005 Financial Overview and Key Results**

The Education, Sport and Culture Committee's net cash limit reduced by 0.7% between 2004 and 2005 due to the outcomes of the 2005 Fundamental Spending Review (FSR) process and the allocation of efficiency savings.

The Committee's financial results for key service areas are as follows:

### **• Primary and Secondary Education – Non Fee Paying**

Expenditure on primary education reduced by 0.7% between 2004 and 2005 reflecting a reduction in pupil numbers. Expenditure on secondary education increased between 2004 and 2005 by 4.0% reflecting changes in pupil numbers in each year group and the impact of 2005 pay awards. However, as in previous years headteachers have made planned savings during 2005 in order to carry forward balances to 2006. In accordance with the scheme of Delegated Financial Management (DFM), headteachers are authorised to carry forward an underspend of up to 3% or an overspend of up to 1% of their budget allocation.

### **• Fee Paying Education**

As in previous years the underspends for these schools represent, in the main, the projected increased employer's costs of the Jersey Teachers' Superannuation Scheme. The Committee has agreed its preferred option for the future of the Scheme and is awaiting confirmation from the Council of Ministers that the additional funding required will be made available in 2007.



# Education, Sport and Culture

## • Higher Education

44% of the Year 11 cohort progressed to higher education at a direct cost to the Committee of £9.6 million in 2005. This area of expenditure is difficult to predict as the cost to the Committee is influenced by both parental income profiles and the mix of courses undertaken. As a consequence this budget is overspent by £1.1 million (13.7%). The Finance and Economics Committee was alerted to this possibility during 2004 and the Treasurer of the States is aware of the funding issues in this area and has supported the principle of the Committee's preferred way forward.

The Committee is managing the overspend by utilising planned unspent balances elsewhere in its budget and officers are developing a higher education funding strategy to be agreed by the Council of Ministers in early 2006.

## • Sport and Leisure

The Committee continued to invest in provision for sport and leisure in order to enhance the quality and range of facilities available to encourage and promote a healthy and active lifestyle in the Island.

Grants of over £380,000 were made to sporting organisations and the Advisory Council, a level which will not be able to be maintained during 2006. However, the Committee is hopeful that the significant investment during 2004 and 2005 will hold the sporting community in good stead until future funding streams can be developed.

## • Culture

The first capital repayment on the loan for the redevelopment of the Jersey Opera House was due in September 2005. The Finance and Economics Committee was advised of the need to provide additional resources to the Jersey Arts Trust to meet the repayment and agreed that the Treasury would identify funds of £250,000 in 2006 to fund the 2005 and 2006 capital repayments for the Jersey Opera House. The source of funding for future capital repayments is to be determined by the Council of Ministers in 2006.

## Performance Measures

The Department's Annual Report details key performance data for a number of service areas. The former Education Department benchmarked its performance against a number of the highest performing UK Local Education Authorities (LEAs) and UK national data. The new Department is developing performance measures to reflect its wide range of functions. However, it should be noted that there are considerable differences between UK LEAs and the Education Service in Jersey, which also undertakes functions carried out by the Department for Education and Skills including curriculum support and development, in-service training, inspections and the arrangements for the provision of ICT.

Bearing these differences in mind the following performance data for 2004/5 is indicative of standards:

- 63.2% of children achieved five or more grades A\*-C at GCSE, compared to the UK median of 54.3%; and
- the A-Level average point score per pupil was 750 in Jersey, compared to the UK median of 689.

## Capital Programme

2005 saw an active and productive capital programme. Contracts commenced for the new St Clements School, the new Hautlieu Sports Facility, Grainville School Phase 3 and Greenfields Secure Centre.

D'Auvergne School was completed and La Pouquelaye and St Marks schools were migrated into the new building ready for the Autumn Term. The Le Rocquier School contract continued and almost reached completion at the end of the year.

# Education, Sport and Culture

Detailed design work started on Mont à L'Abbe School Phase 1 and the feasibility study for Highlands College "A" Block was approved by the Capital Projects Review Panel in October. A scheme was developed in readiness for planning submissions for St Peters School in 2006.

All completed projects met the target dates set out in the Department's 2005 Business Plan and were delivered on budget.

## Manpower

During 2005 the Education, Sport and Culture Committee increased its manpower levels by a net 30.5 full time equivalent (fte) posts and 42 associated headcount. The increase was approved as part of the FSR process in accordance with an agreed framework which links manpower levels to activity levels through the application of a formula driven by pupil numbers in each year group.

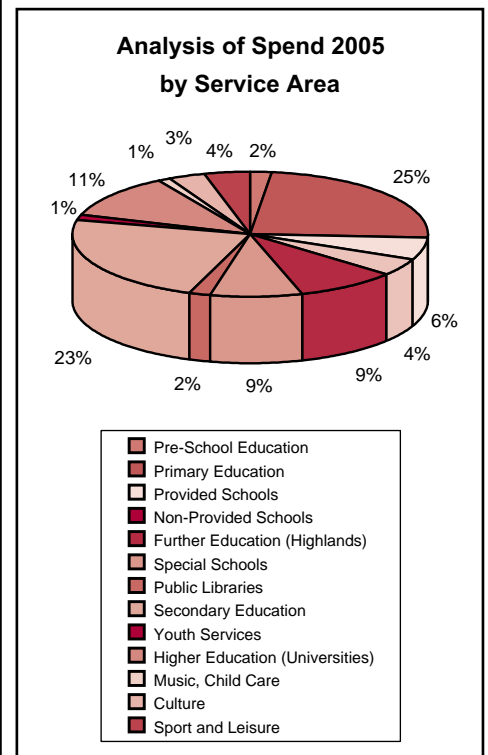
In addition a further 75 headcount were approved to reflect anomalies in the recording of individuals who hold more than one post for the Committee.

## Other Developments

- The Committee delivered savings of £1.4 million required as part of the States Change programme that is sponsored by the Chief Executive of the States in addition to service reductions of £970,000 agreed during the 2005 FSR.
- The Committee published its Early Years Strategy for consultation in 2005 in the form of an RC. The funding implications of the Strategy are being considered by the Council of Ministers in early 2006.
- The Committee's Cultural Strategy was adopted by the States in September 2005 and as a result the Department will enter into direct funding relationships with Cultural organisations in 2006 based on Partnership Agreements.
- The Committee agreed its action plan for Higher Education in February 2005. As a result officers are investigating the possibility of the introduction of student loans from 2007. In addition the introduction of university top-up fees from Autumn 2006 and an increase in student numbers over 2004 have necessitated the development of a Higher Education Funding Strategy to address the overspend in 2005 (£1.1 million) and projected overspends for 2006 and beyond. The Treasurer of the States has been made aware of funding issues in this area and has supported the principle of the Committee's preferred way forward.
- The Youth Council/Forum was established during 2005 and the Youth Service budget was increased by £80,000 in the second year of its three year strategy.

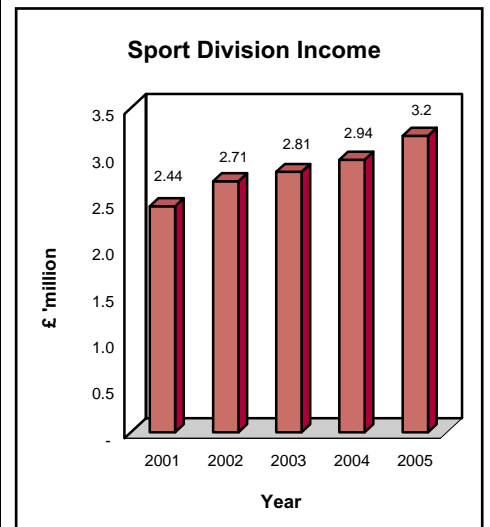
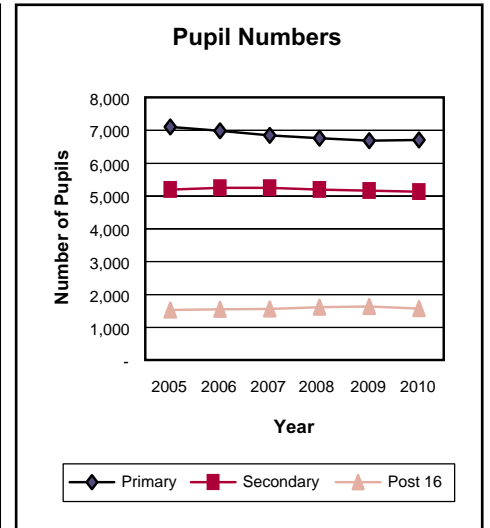
Number of full time equivalent		
	2005	2004
Total	1,475.03	1,468.37

	£
<b>Original Budget 2005</b>	<b>87,254,200</b>
Amounts carried forward:	
• 2004 Carry Forwards	1,410,106
Transfers from the General Reserve:	
• Increased Pay Awards	3,255,000
• VER/VR Payments	46,665
• Harve Des Pas Pool	60,000
Transfer from revenue vote to capital vote	(1,078,000)
<b>Amounts Voted 2005</b>	<b>£ 90,947,971</b>



# Education, Sport and Culture

- The Committee was delighted that officers agreed a significant part of a funding solution with the Treasury for its second generation Information Systems Strategy – *Building on Success*, which has been developed after considerable consultation with teachers. The new Strategy is upgrading and refreshing all elements of the technology provided through the very successful initial Strategy (*Putting Jersey's Future First*) in order that teachers and students may use ICT confidently and reliably. Expenditure relating to the Strategy will be managed in a dedicated business unit in order to assist better monitoring and control.



# Education, Sport and Culture

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
		<b>Non Fee-Paying Provided Schools</b>		
1,773,200	1,607,590	Pre-School Education	1,690,960	1,538,880
22,274,900	22,122,420	Primary Education	21,801,085	21,949,073
22,015,000	21,255,770	Secondary Education	20,962,910	20,150,872
		<b>Fee-Paying Schools</b>		
5,801,100	6,208,820	Provided Schools	5,376,465	5,309,828
4,015,700	3,982,985	Non-Provided Schools	3,910,380	3,689,309
8,741,900	7,881,280	Further Education (Highlands College)	8,214,230	7,902,603
8,679,800	8,001,025	Special Educational Needs and Special Schools	7,786,605	7,981,315
1,819,400	1,695,225	Public Libraries	1,655,900	1,751,920
1,442,700	1,343,840	Youth Service	1,308,290	1,253,737
9,129,800	9,113,055	Higher Education (Student Finance)	10,281,480	9,440,273
719,600	702,260	Instrumental Music Service	692,640	690,908
		<b>Child Care Support</b>		
174,400	169,550	Day Care Services	166,750	166,571
166,300	166,300	Jersey Child Care Trust	165,930	362,399
1,810,700	1,660,280	Heritage (grant to the JHT)	1,656,550	1,870,052
1,255,600	1,101,205	Arts (including grant to the JAT)	1,341,550	1,519,128
2,404,800	2,385,830	Sports Centres	2,068,250	2,285,547
602,500	557,155	Playing Fields and Schools Sports	769,090	633,353
425,700	383,130	Sport Development	428,690	429,850
233,100	236,895	Grants and Advisory Council	387,750	552,294
-	123,000	Community Fund	(3,407)	-
250,100	250,356	Playschemes and Outdoor Education	145,425	157,059
<b>£ 93,736,300</b>	<b>£ 90,947,971</b>	<b>Net Revenue Expenditure</b>	<b>£ 90,807,523</b>	<b>£ 89,634,971</b>

# Education, Sport and Culture

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
234,000	Sale of Goods	386,940	320,756
9,942,800	Sale of Services	9,941,898	10,026,568
12,000	Commission	19,457	13,450
520,600	Hire and Rentals	507,921	498,370
185,000	Fees and Fines	107,852	117,574
115,000	Miscellaneous Income	621,255	535,781
91,200	Recharges and Recoverable Costs	311,943	137,671
11,100,600		11,897,266	11,650,170
	<b>Expenditure</b>		
65,626,470	Manpower - States Staff Costs	64,942,946	61,750,220
2,119,816	Manpower - Non States Staff Costs (note 1)	2,373,998	2,004,507
6,953,520	Supplies and Services	6,550,625	7,478,197
2,493,290	Administrative Costs	2,168,754	2,680,097
8,275,375	Premises and Maintenance	8,901,249	9,766,213
74,100	Incidental Expenses and Charges	16,056	60,426
	Grants and Subsidies		
8,841,000	Student Grants	9,958,419	9,122,140
7,630,000	Other Grants	7,761,384	8,391,129
35,000	Non-Service Costs	31,358	32,212
102,048,571		102,704,789	101,285,141
<b>£ 90,947,971</b>	<b>Net Revenue Expenditure</b>	<b>£ 90,807,523</b>	<b>£ 89,634,971</b>

Note 1: Manpower - Non States Staff Costs relate to Teachers' Pension Increases.

# Home Affairs

## Vision

A safe, just and equitable society, thus improving people's quality of life.

## Strategic Objectives

- Public confidence in the services provided for their safety, protection and security.
- Policing of offences that pose the greatest threat to community safety.
- Help maintain and enhance the Island's reputation as a financial centre of integrity.
- Protect the public by providing interventions and services that reduce re-offending.
- Strong frontier protection against threats to the security, social and economic integrity and environment of the Island that balances the need to maintain Jersey as a competitive location in which to do business.
- Reduced risks to life, property and the environment from fire and other emergencies.

## 2005 Financial Overview

2005 was a challenging year for the Home Affairs Department, caused particularly by the shortfall in funds required to meet the Island's commitment to UK Defence and the cost of the Prison Service, which were the primary factors causing a financial outturn which, excluding the Safety Grants Fund, was almost 1% over budget.

It is to their credit that all Service areas within the remit of the Department have, by exercising strict control over expenditure, taken a corporate approach to minimising these budgetary pressures.

## Key Financial Results

### • Police

Net expenditure on the Police Service represented 52% of total net expenditure for Home Affairs and in 2005 the Service was able to operate within a direct budget of £20.8 million. A number of short-term staff vacancies allowed the Service to further replenish part of its vehicle fleet and to invest in the latest technology such as firearms training equipment and digital photographic and fingerprinting equipment. In addition, expenditure was incurred in anticipation of the pending Regulation of Investigatory Powers (Jersey) Law although additional funding has not been made available until 2007 and 2008.

### • Fire and Rescue

The Service showed a minimal underspend against a budget of approximately £4.43 million. Expenditure on manpower in 2005 represented 89% of total direct expenditure of the Service, and as with other services within the remit of Home Affairs, this makes efficiency savings difficult without continually reviewing and prioritising services. In addition, the Service currently has the youngest staff profile for over two decades which has a significant impact on unfunded annual staff increments.

### • Customs and Immigration

The accounts reflect an underspend of approximately 2% against budget, due primarily to delayed expenditure on the Jersey Intelligence Bureau, which is responsible for collating, analysing and disseminating information for operational teams. The potential to carry forward these funds will be limited by a requirement to set this off against other services within the Departments budget which were overspent. The Service is responsible for the collection of Excise Duty, a total of £49.8 million being generated in 2005, an increase of 27% on 2002, which is included in the General Revenues of the States.

# Home Affairs

- **Prison**

The Prison budget is insufficient to deal with the major challenges facing the Service due to an increasing prisoner population as a result of more stringent sentencing policies and improved criminal detection. The Prison continues to be below minimum acceptable criteria in the opportunities that it provides for rehabilitation, in the standard of major areas of accommodation as well as the requirement to segregate categories of prisoner and in being equipped to deal with a more volatile prison population with associated problems of bullying and harassment.

- **Jersey Field Squadron – UK Defence**

An Agreement drawn up in 1988 between the UK Home Office and the States of Jersey is based on '... the States decision that they will bear the full cost of raising and maintaining the [Territorial Army Royal Engineer Field Squadron] unit as the Island's contribution to the defence of the United Kingdom and Jersey.' The budget in 2005 fell short of meeting this commitment by £278,000. Funding will continue to be a challenge for the Department both because it has no control over expenditure and as the local Squadron strives for a full complement of manpower.

### Capital Expenditure

Capital expenditure in 2005 amounted to approximately £3 million due primarily to improved facilities at the Prison, the completion of Phase I Cell Block Reconstruction and commencement of Phase II and improved safety and security measures, including a new Control Room. The Fire and Rescue Service purchased a new Fire Appliance as part of the ongoing phased replacement of all major vehicles.

### Manpower

There was a reduction in actual manpower from 657.12 to 642.23 due to short term vacancies.

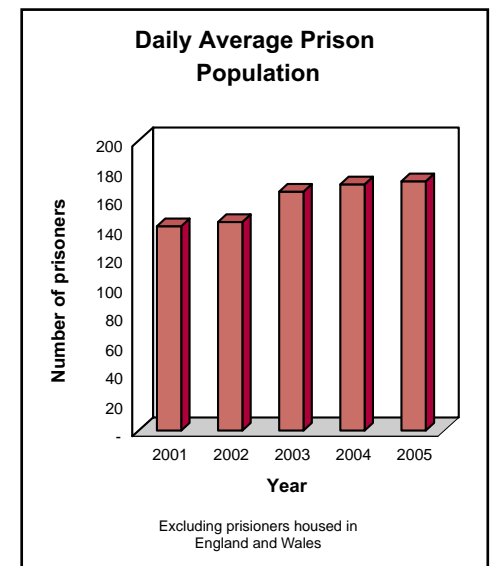
### Performance Measures

The States of Jersey Police produce a comprehensive range of performance indicators, the highlights of which are:

- The overall number of crimes recorded by the Police in 2005 was 5,235, a reduction of 6.3% on 2004 and a reduction of 3% compared to the three-year average.
- The number of road traffic collisions resulting in serious injury was half that of 2004 and the number of people apprehended for speeding increased dramatically in 2005 due to a long-term safety initiative. Two hundred and forty people were charged with drink driving in 2005 representing a 15% reduction on 2004.

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	642.23	657.12

Reconciliation of Original Budget 2005 to Amounts Voted 2005		£
<b>Original Budget 2005</b>		<b>37,696,900</b>
Amounts carried forward:		
2004 Carry Forwards		152,722
Transfers from the General Reserve:		
Increased Pay Awards		1,452,600
Other		
• HM Prison - Additional Funding		500,000
• Police/Fire and Rescue - VR/VER Payment		57,606
• Fire and Rescue Service- VR/VER Payment		21,189
• Customs and Immigration - FSR Salary Payment		33,912
Transfers from/(to) Other Committees:		
• Police - Court and Case Costs		185,573
• Customs and Immigration - Court and Case Costs		65,378
• Home Affairs - Children's Authority		(128,780)
<b>Amounts Voted 2005</b>		<b>£ 40,037,100</b>



# Home Affairs

- The high detection rate and relatively low level of serious crime in the Island, reflected in the table below, help contribute to perceptions of safety locally, particularly within neighbourhood areas. The 2004 Jersey Crime Survey showed that 70% of those questioned thought crime in their immediate neighbourhood to be the same or lower than it was two years ago, compared to 52% in the UK. Of those crime victims surveyed in 2005, 84% were totally satisfied with the service they received from the attending officer. Last year, the Force dealt with more than 24,000 incidents and made 851 emergency responses, over 90% of which were within set time limits.

Measure Description	Jersey	Guernsey	England and Wales
<b>Police</b>			
Crimes per 1,000 population	59.7	Not available	112.7
Detection rate	36.5%	31.5%	26%

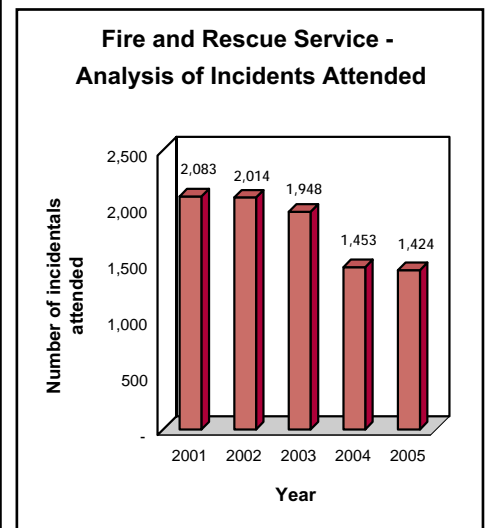
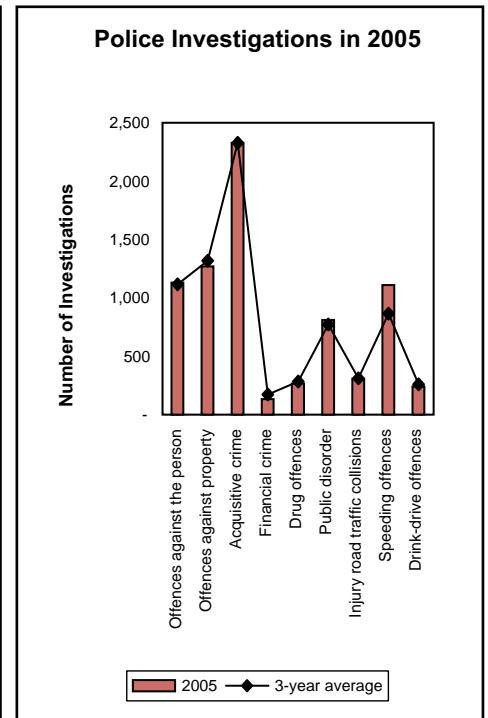
Further indicators have been developed across the range of services within the remit of Home Affairs:

Measure Description	2005 £	2004 £	2003 £	2002 £
<b>Customs and Immigration</b>				
Value of drugs seized per Customs Officer	95,000	75,000	68,000	49,000
Excise Duty collected	49.8 million	50.3 million	47.5 million	39.2 million

Measure Description	2005	2004	2003	2002
<b>Fire and Rescue - types of incident</b>				
Fires and chimney fires	244	303	371	389
Special services	465	498	634	651
Automatic fire alarms	701	654	907	1010
Malicious fire alarms	14	2	36	24
Inshore rescue boat	27	46	61	54

## Other Developments 2005

The States Corporate Management Board agreed to support a high level policy review of social cohesion and pride in Jersey, and the Department has taken the lead in the initiative to develop an effective system of community engagement to carry forward the strategic aim of reconnecting the public and the States.





# Home Affairs

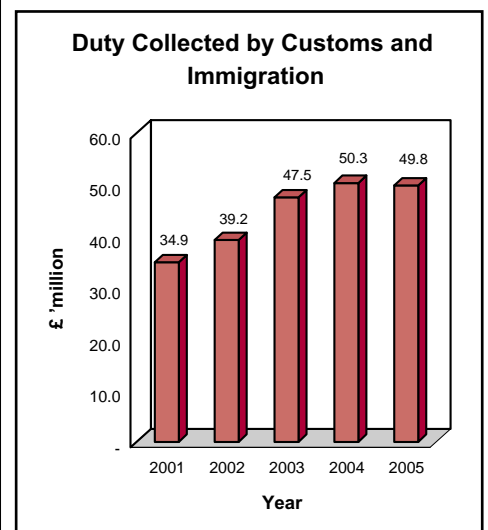
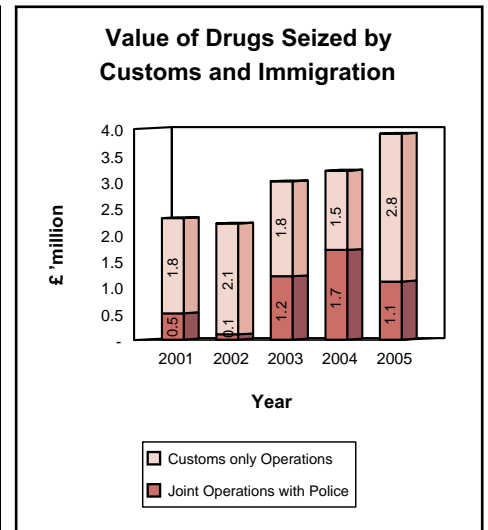
A five year strategy has been developed entitled Building a Safer Society (BaSS) aimed at minimising the harm caused to society by crime, anti-social behaviour and substance misuse. The £500,000 annual costs are funded from the Department's revenue resources and an annual contribution from the Drugs Trafficking Confiscation Fund.

Public Surveys in the Island have shown that, at neighbourhood level, speeding is a primary cause of public concern. As part of its commitment to roads policing, the Police Service has established an Intelligence-Led Roads Policing Unit and has invested in an Automatic Number Plate Recognition System and specialist photographic speed detection equipment to deter speeding motorists and further improve road safety.

Fire and Rescue continues to develop its Integrated Risk Management Plan to review its services, balancing principles of prevention, protection and intervention. This assists in delivering an efficient service by identifying priorities, setting motivating targets to achieve objectives and measuring and managing performance using national and local comparators and standards.

The Customs and Immigration Services were merged in 2005. This was a logical step following the appointment of a single Chief Officer for the two departments in 2002 and a number of initiatives have already been implemented to improve efficiency such as combining administrative functions and financial management. The more efficient use of frontier resources is now being prioritised. The Service is heavily involved in the implementation of the new Goods and Services Tax - it is estimated that over half of the expected revenue from GST will be collected by the Service.

The Jersey Field Squadron's key objective is to be prepared to deliver trained individuals or a formed group capable of contributing to the UK defence policy as directed by the MoD chain of command. During 2005, three individual reinforcements were mobilised for operations in Iraq. This is likely to continue whilst these military operations persist. The Field Squadron has embarked upon community infrastructure projects, supporting youth development initiatives and providing support to local charities and organisations to contribute to Island life.



# Home Affairs

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
		<b>Home Affairs</b>		
65,300	65,310	Explosives Officer / Explosives Licensing	65,196	71,083
200,000	18,000	Criminal Injuries Compensation Scheme	230,372	281,951
267,300	200,000	Grants	16,644	29,546
-	176,612	Safety Grants Fund	(96,753)	16,300
130,200	-	<b>Children's Authority</b>	-	-
		<b>Police</b>		
10,651,900	10,556,238	Front Line Uniform Policing	10,572,421	10,273,974
3,790,600	3,753,860	Specialist Crime Investigation	3,848,275	3,732,610
1,127,700	1,107,850	Custody of Prisoners	1,130,618	1,087,632
1,554,900	1,548,022	Supporting the Criminal Justice System	1,523,381	1,511,995
1,036,200	1,020,115	Managing Intelligence	1,167,902	1,045,560
1,595,900	1,581,090	Financial Crime Investigation	1,419,837	1,546,520
1,490,900	1,478,326	National Security / Anti-Terrorism	1,369,735	1,442,801
		<b>Fire</b>		
4,536,200	4,412,447	Community Protection	4,438,039	4,350,333
181,400	217,560	Maintenance of Plant and Machinery	157,523	195,562
		<b>Customs and Immigration</b>		
612,100	597,672	Revenue Collection	589,432	654,802
3,800,600	3,754,001	Enforcement	3,730,290	3,851,231
164,500	177,215	International Obligations	177,187	167,015
(38,800)	(35,188)	Passports	(33,881)	(64,707)
(83,400)	(36,716)	Legislation of Documents	(86,117)	(112,536)
		<b>HM Prison</b>		
5,354,700	5,485,908	Residential Accommodation	5,532,426	5,704,283
601,400	580,811	Prisoner Activity	619,318	640,675
1,004,900	929,146	Operational and Administration	999,276	1,037,793
		<b>Driver and Vehicle Standards</b>		
(132,500)	(143,357)	Vehicle Registrations	(136,015)	(137,079)
(38,200)	(44,838)	Driving Tests	(63,070)	(22,991)
108,700	95,089	Vehicle Inspections	116,322	147,766
		<b>Probation</b>		
203,400	183,294	Community Service	153,417	166,446
1,135,400	1,121,533	Information and Supervision Service	1,169,866	1,119,939
324,900	319,356	<b>Crime and Community Safety Strategy</b>	284,108	399,524
		<b>Jersey Field Squadron</b>		
754,200	746,859	UK Defence	1,039,302	927,939
30,000	30,000	Uniformed Youth Organisation	30,000	30,000
62,900	63,906	IMLO and Careers Office	49,362	52,229
91,800	76,979	<b>Superintendent Registrar</b>	105,535	104,153
<b>£ 40,585,100</b>	<b>£ 40,037,100</b>	<b>Net Revenue Expenditure</b>	<b>£ 40,119,948</b>	<b>£ 40,252,349</b>

# Home Affairs

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
246,000	Sale of Goods	238,432	513,530
779,800	Sale of Services	874,458	426,915
93,865	Hire and Rentals	104,117	91,292
1,051,736	Fees and Fines	1,096,444	1,048,174
14,800	Miscellaneous Income	14,399	38,595
2,186,201		2,327,850	2,118,506
	<b>Expenditure</b>		
33,420,832	Manpower - States Staff Costs	32,677,710	32,282,897
139,363	Manpower - Non States Staff Costs	380,612	339,564
4,221,399	Supplies and Services	5,140,083	4,885,967
2,187,980	Administrative Costs	2,235,402	2,416,041
2,017,115	Premises and Maintenance	2,070,015	2,324,314
236,612	Grants and Subsidies	(56,024)	122,072
42,223,301		42,447,798	42,370,855
<b>£ 40,037,100</b>	<b>Net Revenue Expenditure</b>	<b>£ 40,119,948</b>	<b>£ 40,252,349</b>

Note: Grants and Subsidies includes the Safety Grants Fund - there was an excess of income over expenditure in 2005.

# Employment and Social Security

## Mission Statement

To guarantee people adequate social protection and security in the workplace to enhance their quality of life.

## Aims and Objectives

The Committee's aims were to:

- support people to achieve and maintain an acceptable standard of living;
- provide opportunities for higher skills and better employment;
- help employers and employees to work well together for their mutual benefit and the economy of the Island; and
- deliver high quality services now and in the future.

## 2005 Financial Overview

Committee net expenditure rose by £2.3 million, or 2.8%, in 2005.

Expenditure growth was caused by the annual up-rating of benefits to ensure they retain their value, and a £0.9 million contribution designed toward Parish welfare. This was affordable because States Supplementation - for the first time in over two decades - remained static. This was due to a small reduction in contributors in the lower earnings ranges.

## Key Financial Results

Financial highlights are as follows:

- **States Supplementation to the Social Security Fund:** This contributions 'top up' has remained static at £50.8 million - with the number of contributors earning below the contribution ceiling of £35,760 reducing by 1%, significantly, contributors above the ceiling increased by 2%. This suggests a positive, if small shift in the balance of the economy; away from lower paid sectors and toward higher paid jobs. As a result, the Committee is under budget in this area by £1.8 million.
- **Welfare:** Costs have increased by £1.2 million, a 30% rise. This increase arose because the States contributed £0.9 million toward native welfare costs in 2005, previously the responsibility of the Parishes. This contribution eases the escalating financial burden on Parishes, and anticipates the introduction of the Island-wide rate in May 2006 by assisting in the equalisation of the financial burden across the Parishes.
- **Family Allowance:** Expenditure has increased by 1.5%. This is a result of the annual up-rating in the value of the allowances, designed to 'inflation-proof' payments. Numbers on this benefit have remained largely static.
- **Attendance Allowance and Invalid Care and Disability Allowance:** The cost of allowances to people with disabilities has increased by 7.6%, to a combined value of £6.7 million; this is as a result of the annual up-rating of allowances, but also reflects a small increase in numbers in receipt.
- **Child Care Allowances:** Allowances are available for pre-school age children, and discounted childcare places for after-school-care for primary age children. While stated costs have decreased to £0.58 million, this is not due to reductions in numbers or real costs, but simply a one-off change in accounting treatment.

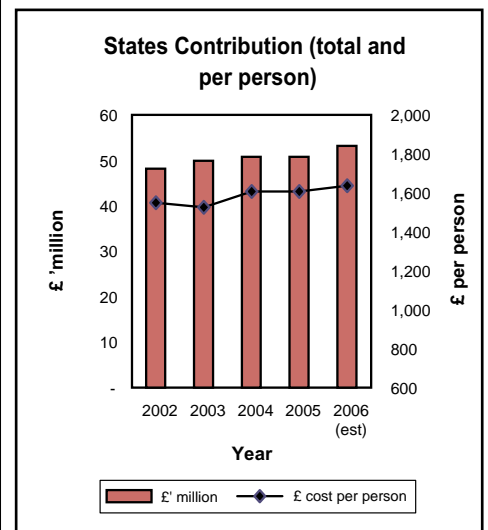
# Employment and Social Security

- Employment Relations:** Costs increased by 44% to £0.49 million - the long expected and budgeted cost of administering the current range of employment legislation. The 2005 increase resulted from the creation during the year of the Employment Tribunal, which has quickly demonstrated its worth as an essential component in the application of the Employment Law; the Tribunal cost £160,000 in 2005, £75,000 relating to one-off set up costs.
- Jersey Employment Trust:** The Trust intends to refurbish its accommodation - so that it can play an expanded role in assisting more benefit beneficiaries into open employment as part of the ongoing incapacity reforms. £0.57 million was included in the 2005 budget for this purpose. Contracts are due to exchange early in 2006.
- Disability Transport Allowance:** Growth in this expenditure has been limited to 4.9% following a policy decision not to increase the rate of the allowance pending the introduction of Income Support in 2007.
- Jersey 65+ Health Plan:** Costs of the Health Plan continue to increase, and approached £488,000 in 2005. However, in 2005, £170,000 was also paid back by Westfield, the administrators of the scheme, for amounts unclaimed by members in 2004. This was due to an agreement specified at the date of the contract with Westfield, whereby all amounts due but unclaimed by those on the scheme would be refunded back to the Department.
- Milk at Reduced Rate:** Since the cessation of deliveries by Jersey Dairy, this scheme has formally ceased to have effect. Despite this, it is considered appropriate to continue to provide payments to individuals who would have qualified for reduced milk, as if they had made their full claim - since many are clearly in need. This will continue, possibly with some increased targeting for 2006, until Income Support is in place. This has increased costs by £25,000 in 2005, and will again increase costs by a further £44,000 in 2006.

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Total	115.3	107.27

This includes staff employed by the Social Security and Health Insurance Funds.

Reconciliation of Original Budget 2005 to Amounts Voted 2005	
£	
Original Budget 2005	82,727,100
Amounts carried forward:	
• 2004 Carry Forwards	850,717
General Reserve Allocations for Native Welfare	896,303
• Pay Awards	81,000
<b>Amounts Voted 2005</b>	<b>£ 84,555,120</b>



## Performance Measures

The performance measures currently used by the Department relate primarily to the turn around time (days) on benefits, key measures are as follows <sup>1</sup>:

Measure Description	2005	2004
Family Allowance	5	33
Disability Benefits	10	36

<sup>1</sup> Due to the introduction of new systems, the above performance figures are not strictly comparable, being based upon different assumptions around the start and end of the turnaround process.

# Employment and Social Security

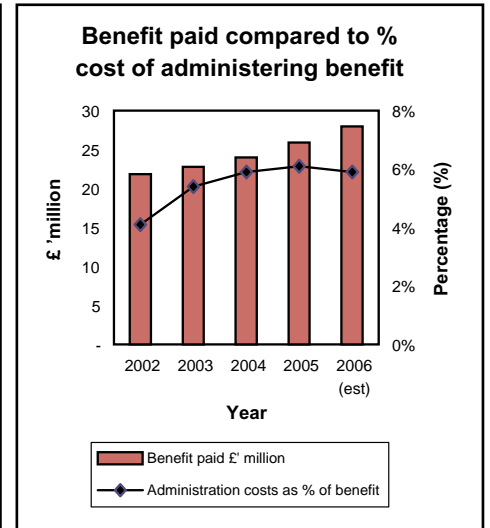
## Manpower

Manpower allocations required to administer benefits and provide services remain consistent at around 114 Full Time Equivalents, despite increases in workload. The change from 2004 to 2005 relates to the filling of vacancies open at the end of 2004.

## Other Developments

In 2005, the Department consolidated and extended progress in three major policy areas: reform of Incapacity Benefits; successful implementation of Employment legislation and States approval of the Employment Relations Law; and the Income Support framework. These areas will continue to be the focus for 2006.

Internally, a new computer system was successfully installed in 2005 with minimum disruption to normal business - albeit with a lot of hard work behind the scenes. This means we can better manage the many challenges of the future, perhaps first and foremost increasing demand, while also delivering a better value, high quality customer service.



# Employment and Social Security

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
53,200,000	52,541,000	States Supplementation to the Social Security Fund	50,776,415	50,799,585
1,380,000	1,343,571	States Supplementation to the Health Insurance Fund	1,336,708	1,333,782
5,400,000	5,636,497	Welfare	5,303,861	4,077,183
5,710,000	5,703,375	Family Allowances	5,778,049	5,690,473
4,050,000	3,693,376	Attendance Allowances	3,756,164	3,569,713
3,030,000	2,723,377	Invalid Care and Disability Allowances	2,951,246	2,663,490
680,000	772,325	Childcare Allowances	584,174	728,718
440,000	430,000	Health and Safety at Work	406,148	460,968
990,000	1,100,100	Employment Services	1,224,688	1,115,746
470,000	495,000	Employment Relations	494,839	342,632
660,000	1,258,717	Jersey Employment Trust	694,000	520,460
150,000	147,097	Dental Benefit Scheme	131,816	142,499
6,650,000	6,320,519	Disability Transport Allowance	6,528,109	6,224,339
260,000	280,336	Social Fund (Housing Adaptations and Family Nursing)	263,823	284,632
610,000	532,646	Jersey 65+ Health Plan	317,920	438,973
21,200	21,097	Death Grants	35,731	21,911
1,580,000	1,148,149	Christmas Bonus	1,457,358	1,399,292
470,000	407,938	Milk at Reduced Rate	425,840	401,287
<b>£ 85,751,200</b>	<b>£ 84,555,120</b>	<b>Net Revenue Expenditure</b>	<b>£ 82,466,889</b>	<b>£ 80,215,683</b>

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
5,000	<b>Income</b>		
	Fees and Fines	4,900	4,875
5,000		4,900	4,875
	<b>Expenditure</b>		
1,839,100	Manpower - States Staff Costs	1,967,289	1,815,201
590,000	Supplies and Services	617,039	803,302
556,000	Administrative Costs	624,774	268,318
175,000	Premises and Maintenance	184,982	187,182
	Grants and Subsidies		
53,740,000	States Contribution to the Social Security and Health Funds	51,947,325	51,980,107
25,684,303	Community Benefits	25,789,941	23,956,524
1,458,717	Special Needs Schemes	930,283	757,016
517,000	Payments made to third parties for benefit administration	410,156	452,908
<b>84,560,120</b>		<b>82,471,789</b>	<b>80,220,558</b>
<b>£ 84,555,120</b>	<b>Net Revenue Expenditure</b>	<b>£ 82,466,889</b>	<b>£ 80,215,683</b>

# Housing

## Strategic Objectives

The core strategic objectives of the Housing Committee were to:

- contribute toward the management of housing demand;
- improve the management and long-term sustainability of the States rental housing stock;
- assess and manage the ongoing demand for accommodation;
- improve security of tenure for tenants;
- improve affordability of accommodation; and
- support the development and implementation of Income Support to enable those in need to afford accommodation appropriate to their needs.

## 2005 Financial Overview

Despite net expenditure falling by £0.2 million in 2005, a 14% reduction, the 2005 budget was exceeded. This is due to a number of factors, but perhaps most prominent are accounting adjustments totalling £0.4 million, and continuing growth in the Private Sector Rent Rebate Scheme - up £0.4 million to £8.5 million. The continuing growth of the Private Sector Rent Rebate Scheme restricts the amount available to spend on maintenance, a serious consequence given the inadequacies of the current budget. In 2005, maintenance spending fell by £0.5 million to £3.7 million. This will need to be addressed in the long-term.

## Key Financial Results

Financial highlights are as follows:

- **Housing Legislation:** The net cost of administering housing laws fell by £50,000 in 2005, due to increased income associated with the introduction of a small administrative charge on property sales. Housing Legislation will in future be administered by the newly-formed Population Office, pending introduction of the Migration Strategy.
- **Social Housing Provision:** The net rental income from operating a stock of social housing increased by 7.2% in 2005, up to £7.7 million. Social Housing includes a number of service areas, some of the most prominent being:
  - **Net Rental Receipts from States Tenants:** The rent paid by tenants - adjusted to reflect their ability to pay - increased by £0.5 million in 2005 to £16.4 million. This is due to a favourable increase in average tenant earnings of 6.8%; an increase that must nevertheless be considered in context; the average tenant income is £11,600 per annum - a very modest amount.
  - **Building Maintenance:** Costs fell by £0.5 million or 11.0% to £3.7 million in 2005. This is a significant reduction in a budget already stretched. Approximately 20% of States rental stock falls below the UK Decent Homes standard and surveys have revealed that a sum closer to £7 million per year is needed to maintain the buildings in good and safe condition. In addition, a capital injection of approximately £87 million is required to bring the stock up to an acceptable standard. Whilst the issue of long-term funding is still to be resolved, it is proposed that £7 million per annum for 2007-2011 will be made available from capital to get the refurbishment programme underway.
  - **Net Utility Costs:** It was decided in 2005 not to pass on in full significantly rising world energy prices. This decision resulted in increased costs to the Department of £0.4 million, but at the same time, ensured tenants could continue to enjoy an adequate standard of living.
  - **Tenant Services:** This includes tenant participation, compliance functions, the allocation of accommodation, and assisted living, and is becoming an increasing emphasis for the Department. Costs in 2005 were £0.7 million. This is a vital element of the Department's strategy of increasing community engagement, and rewarding tenants who look after their homes and care about their neighbours. It is proving a success in improving quality of life for our tenants.



# Housing

- **Private Sector Rent Rebate** costs rose by 4.6% to £8.5 million. This is not due to increasing numbers on the scheme, which rose by just 27, but rather the very low earnings growth of recipients, on average 1.6% (significantly less than the average growth enjoyed in the Island). This is a cause for concern. The rise in these costs, however, should be curtailed in 2006 given the fairly static nature of the rental market in the Island and the consequent decision not to increase fair rents.
- **Accounting Changes:** Adjustments totalling £0.4 million were booked in 2005, reflecting a new treatment for insurance costs - including the write off of closed, historic claims (1) - and the introduction of accruals accounting for gas, rental income, and rental subsidies.

## Performance Measures

Measure Description	2005	2004
Priority applicants on waiting list	225	275
Average cost of response repair (£s)	115	142
Time to prepare property for occupancy (days)	14.5	15
Rent arrears (as a percentage of rent)	4.0	4.1

## Capital Programme

Total expenditure on capital projects incurred in 2005 was £4.4 million. A schedule of all capital spend above £100,000 is noted below:

	2005 £' million
Victoria Cottage Homes	0.2
Clos de Roncier	0.5
L'Hopital	0.3
Le Squez	3.3

## Manpower

The Housing Committee actual manpower as at 31 December 2005 was 79.03, a reduction of 6.64 FTE on 2004.

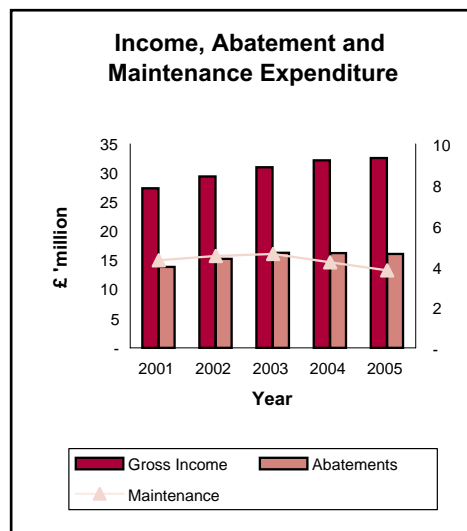
## Other Developments

The Housing Department has undergone significant internal re-organisation to improve the service it is able to offer its customers, and positive results are emerging through its performance measures.

As well as improving processes and organisation, the Department has a complementary strategy of focusing on its core business of successfully and scrupulously managing a portfolio of social housing stock for the benefit of the Island, and those on low incomes in particular. This strategy fits in with two other key States strategies; Income Support and the Migration Strategy.

Committee Staff Actual		
Number of full time equivalent		
	2005	2004
Civil Servants	53.57	57.21
Manual Workers	25.46	28.46
Total	79.03	85.67

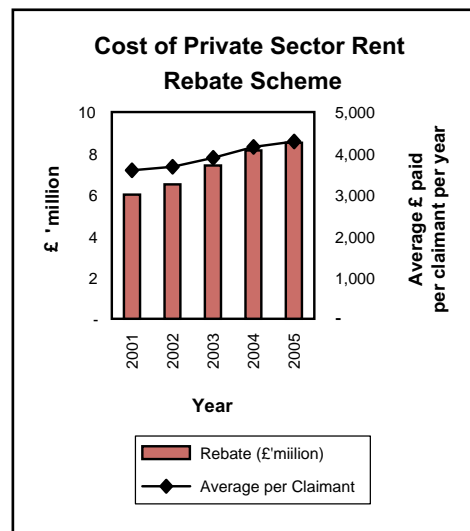
Reconciliation of Original Budget 2005 to Amounts Voted 2005		£
Original Budget 2005		497,100
Transfers from the General Reserve:		
• Pay Awards		141,000
• VR/VER		84,154
• Housing Subsidies		500,000
Transfers between Committees		(24,100)
<b>Amounts Voted 2005</b>		<b>£ 1,198,154</b>



# Housing

Accordingly, in 2006, responsibility for the administration of the Housing Law and associated regulations will pass to the Population Office, ready for the implementation of the Migration Strategy; and Private Sector Rent Rebate will move to Social Security in anticipation of Income Support introduction in 2007. This will leave a slimmed down Housing Department.

<sup>1</sup>This decrease excludes the impact of re-stating maintenance costs reflecting advice received that open insurance claims should be written off in the year they occur. This change in accounting treatment added £0.7 million to expenditure in 2005, and £0.5 million to income.



# Housing

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
260,814	344,900	Administration of Housing Legislation	276,244	326,391
(7,839,299)	(7,809,486)	Social Housing Provision	(7,713,589)	(7,193,496)
9,414,185	8,662,740	Private Sector Housing Subsidies	8,788,216	8,430,481
<b>£ 1,835,700</b>	<b>£ 1,198,154</b>	<b>Net Revenue Expenditure</b>	<b>£ 1,350,871</b>	<b>£ 1,563,376</b>

## Income and Expenditure Category

2005 Voted £		2005 Actual £	2004 Actual £
	<b>Income</b>		
342,400	Sale of Services	393,022	270,097
	Hire and Rentals		
32,570,300	Housing Rents	32,563,670	32,181,417
88,000	Commercial Rents	80,124	80,570
	Recharges and Recoverable Costs		
2,135,600	Recharges to States Tenants	2,105,694	2,062,261
152,900	Dwelling House Loans Fund and 99 Year Leases	135,274	143,081
-	Other Income - Insurance claim receipts	492,768	-
35,289,200		35,770,552	34,737,426
	<b>Expenditure</b>		
3,249,354	Manpower - States Staff Costs	3,188,809	3,143,090
341,800	Supplies and Services	361,758	336,721
398,700	Administrative Costs	373,184	306,161
	Premises and Maintenance		
322,800	Own Premises	327,055	297,815
3,607,600	Operation of Estates	3,762,163	3,532,702
4,076,800	Maintenance of States Properties	3,741,420	4,202,637
97,400	Maintenance of Cottage Homes	35,917	90,420
-	Maintenance - Insurance Claim expenditure	671,310	-
	Grants and Subsidies		
16,026,300	Housing Rent Abatements	16,138,314	16,244,208
8,366,600	Housing Rent Rebates	8,521,493	8,147,048
36,487,354		37,121,423	36,300,802
<b>£ 1,198,154</b>	<b>Net Revenue Expenditure</b>	<b>£ 1,350,871</b>	<b>£ 1,563,376</b>

# Other Committees

## Overseas Aid

On 16 March 2005, the Jersey Overseas Aid Commission (Jersey) Law 2005 (P14/2005) was adopted by the States of Jersey for effect in 2006 and beyond, with the objectives of the Commission to manage and administer the monies voted by the States of Jersey for overseas aid. The Commission stands as an independent body, now that Jersey has moved to ministerial government, consisting of three States members and three non-States members. In November 2005 the Commission was established with the majority of policies and procedures reflecting that of its predecessor.

80% of expenditure was by way of direct grants to 61 agencies both large and small, with all grants based on the individual merits of projects covering clean water, health, sanitation, education, agriculture, livestock, and revolving credit schemes for small businesses. The former Committee had to reject many worthy applications totalling in the region of £4.3 million due to its budget limits and received enquiries from over 59 new agencies.

The funding of individual disasters and emergencies was restricted to keep to the former Committee's allocation of its budget (15%). All the applications were in respect of natural disasters including the provision of £500,000 awarded to the Jersey Asia Appeal Fund for distribution by the British Red Cross, as immediate response to the 2004 Boxing Day Tsunami. During the course of the year £869,852 was awarded from this budget compared with £745,434, in the previous year.

Community Work Projects were organised for Uganda and Kenya, involving 22 volunteers, at a net cost inclusive of materials and equipment of £132,377. In addition two material grants totalling £34,094 were awarded to assist communities in Romania and the Gambia.

Sixteen applications were approved increasing considerably the demand for grants made to local organisations which raise funds for aid projects overseas. All met the established criteria and were awarded matching £ for £ funding based on monies raised by the organisation itself, up to a maximum of £3,500.

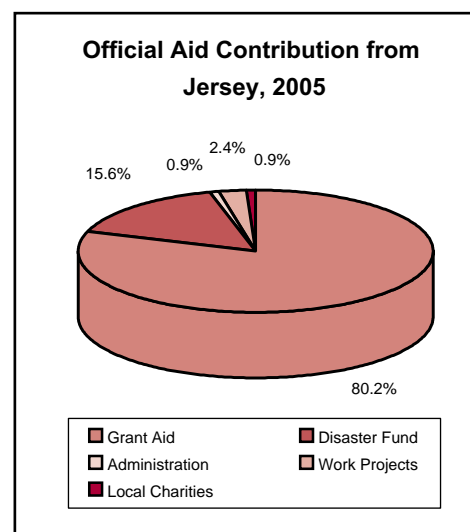
Administration costs at £49,090 still remained low due to the honorary services of our work project helpers and the former executive officer representing 0.88% of the grant.

## Legislation

The Legislation Committee rarely expends more than a fraction of its budget, returning the remainder to the General Reserve annually. The Committee's unusually high expenditure for the year 2005 was primarily in the form of disbursements for legal advice to practitioners engaged by the Jersey Law Commission, which undertook projects in respect of the Law of Charities, the Law of Security over Immovable Property, and Prescription, amongst others. Although the Jersey Law Commission provided free legal services to the Committee, it was necessary to engage specialists for research required into such matters as French and English legal precedent.

The Committee lodged 'au Greffe' numerous pieces of legislation, on diverse subjects from child abduction to Sunday trading and approved drafting instructions for many more. It also acted as the contact between the Comité

OVERSEAS AID	
Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
Original Budget 2005	5,524,000
Amounts carried forward:	
• 2004 Carry Forwards	66,866
Transfers from the General Reserve:	
• Increased Pay Awards	-
<b>Amounts Voted 2005</b>	<b>£ 5,590,866</b>



LEGISLATION	
Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
Original Budget 2005	48,200
Amounts carried forward:	
• 2004 Carry Forwards	10,000
Transfers from the General Reserve:	
• Increased Pay Awards	-
<b>Amounts Voted 2005</b>	<b>£ 58,200</b>

# Other Committees

des Connétables and the States, and worked with the Comité on such matters as the reformation of the rates system, and the forthcoming dog licensing law.

Under the new system of Ministerial Government, the functions of the Committee are to be transferred to the Chief Minister's Department, and throughout the year the Committee has worked to distribute legislation in progress to the appropriate Committees/Departments.

Notwithstanding the increase in expenditure for 2005, the Committee maintained its expenditure within budget during its three years in office, including that relating to the Jersey Law Commission.

## Harbours and Airport - La Collette Reclamation Scheme

On behalf of the States, Jersey Harbours administers land at La Collette which is used mainly for activities relating to the landing, storage and distribution of the Island's energy needs as well as bulk cement. Its responsibilities include maintaining the access road to the fuel farm, paying professional fees associated with the properties and providing for the safety of the site with particular respect to the emergency pollution response.

Gross rental income from the La Collette Reclamation Scheme in 2005 amounted to £314,093 which was higher than the original budget of £288,000 as it includes some back rent reviews.

In 2003, a report was produced which evaluated the compliance of the Fire Fighting equipment at the Fuel Farm with European standards. The report recommended implementing modifications, which need to be put in place as soon as possible to avoid risk to all tenants and the Island as a whole, should there be a severe incident at the Fuel Farm.

The funding mechanism of the replacement equipment is yet to be agreed.

HARBOURS AND AIRPORT- LA COLLETTE RECLAMATION SCHEME	
Reconciliation of Original Budget 2005 to Amounts Voted 2005	
	£
Original Budget 2005	(136,000)
Amounts carried forward:	
• 2004 Carry Forwards	-
Transfers from the General Reserve:	
• Increased Pay Awards	-
<b>Amounts Voted 2005</b>	<b>(£ 136,000)</b>

## Net Expenditure - Service Analysis

2006 Estimate £	2005 Voted £		2005 Actual £	2004 Actual £
£ 5,686,000	£ 5,590,866	<b>Overseas Aid</b>	£ 5,563,582	£ 5,260,528
£ 49,400	£ 58,200	<b>Legislation</b>	£ 44,418	£ 3,225
138,300 (288,000)	152,000 (288,000)	<b>Harbours and Airport - La Collette Reclamation Scheme</b> Harbours' Service Charge (note 1) Property Rentals	152,000 (314,093)	162,121 (286,821)
<b>(£ 149,700)</b>	<b>(£ 136,000)</b>		<b>(£ 162,093)</b>	<b>(£ 124,700)</b>

Note 1: Jersey Harbours administers and maintains the reclamation site on behalf of the States.

# Harbours and Airport

## Harbours

Jersey Harbours aspires to be recognised as providing modern port and coastguard services with guaranteed long term viability. Achieving this requires us to:

- use our unique combined knowledge and experience to better understand, meet and balance the complex and changing demands and expectations of customers and staff;
- provide competitive commercial and community services which best respond to the different needs of all customers; and
- positively contribute to Jersey's economic development.

Following a major overhaul of financial reporting within the organisation, at the beginning of 2005, we can now report directly on the five key business areas Harbours is responsible for:

JERSEY HARBOURS				
<b>COMMERCIAL PORT</b> (Fuel, Freight and Fishing)	<b>PASSENGER PORT AND TERMINAL</b>	<b>MARINE LEISURE</b> (Including three Marinas)	<b>COASTGUARD</b> and Vessel Navigation Information Service	<b>PORT ESTATE</b> (and other Assets)

### 2005 Financial Overview

In 2005 Net Surplus exceeded budget by 20%. This was due mainly to business expansion and an upturn in income streams in all areas except Property and Services. Expenditure overall was within budget.

### Key Financial Results

The key financial results are as follows (all references to cost/income ratio are based on gross operating costs divided by total income and exclude capital servicing):

- The **Commercial Port** ensures that the port's freight and fishing operators are able to run their activities efficiently, with a good financial return needed to support re-investment in port facilities and the significant infrastructure. Harbour Dues remain the mechanism for achieving this. Harbour Dues have effectively been "capped" at 2.5% over five years in real terms, whilst Manpower costs have risen above that ceiling. Freight revenue exceeded our forecast leading to income of £4.3 million and a cost/income ratio of 0.59.
- The **Passenger Port** ensures that the passenger terminals provide facilities for port and shipping operators, which need to make a financial return to ensure re-investment is adequate. In 2005 an additional increase of 1.8% over and above 2.5% on the Harbour Due was approved to partially cover the cost of compliance with the International Ship and Port Security (ISPS) Regulations. At present these costs are covered by Harbours and the Operators in the ratio 2:1. Passenger numbers exceeded our forecast with an increase of 3.9% on 2004 leading to income of £3.2 million and a cost/income ratio of 0.55.
- **Marine Leisure** continues to make progress towards being fully profitable and in 2005 delivered income of £2.7 million and a cost/income ratio of 0.68. Whilst the operating profit (after depreciation) before interest and tax was positive at £27,000, interest payments led to a negative net profit of £243,000; A new pricing structure applied to visiting yachts, during the peak months, brought in additional income over that budgeted. Total number of visiting yachts was 6,624 and cumulative yacht days 14,613 with visitors staying for an average of 2.2 days in 2005.
- The **Coastguard Service** is part of the Island's Emergency framework specialising in maritime Search and Rescue and pollution response. It is provided as a Government obligation. The Marine Centre (formerly Port Control and Jersey Radio) coordinate this function with the close support of the Marine Section (with the Duke of Normandy) and the Beach Lifeguards. The provision of this service cost £0.8 million in 2005.
- **Port Estate** ensures that all our port activities have appropriate land and property assets not only to be operationally and financially viable, but also for each to develop and follow growth plans. This division has performed less well than originally budgeted as one property remains vacant as a suitable tenant/developer has yet to be found. Total income in 2005 was £2.1 million with a cost/income ratio of 0.61.

# Harbours and Airport

## Harbours

### Financial Return

For 2005 Harbours will return almost £0.5 million to the States based on 20% of Net Surplus after Capital Servicing. The agreed financial return going forwards will be based on Jersey Harbours' UK GAAP accounting Profit Before Interest and Tax (PBIT). Jersey Harbours has already adopted UK GAAP compliant accounting practices within its own, separately produced accounts.

### Performance Measures

Jersey Harbours is still developing Key Performance Measures that fit in with the 2006 Business Plan Objectives. Until these measures and the reporting systems have been finalised and in place for some time these measures cannot be reported with accuracy. The measures given below are therefore indicative of the performance of the business but are not exhaustive and will be more Service specific in future.

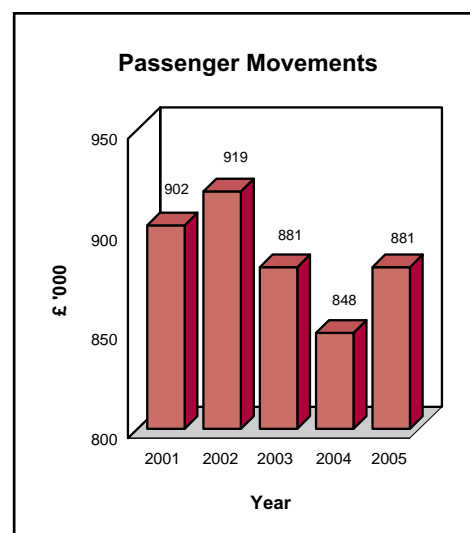
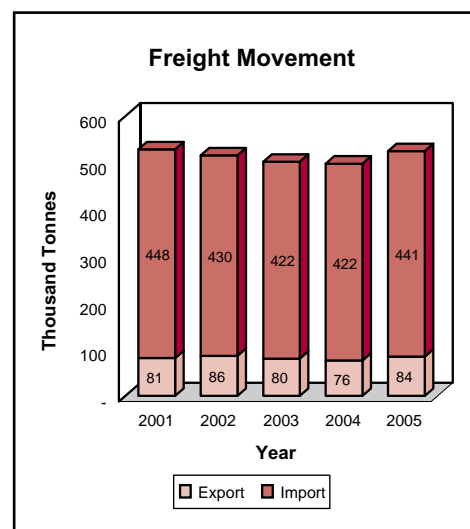
Measure Description	2005	2004	Analysis
FTE	138.45	128.75	
Net Surplus per FTE	£18,027	£10,416	Although more staff were employed in 2005 the productivity and profitability per FTE has increased.
Cost Income Ratio (Total Expenditure / Total Income)	0.68	0.74	In 2005 it cost 68 pence to generate £1 of income.
Number of vessel movements (Arrivals and Departures)	6,674	6,355	A 5% increase in the number of movements between 2004 and 2005.
Harbour Dues per vessel movement	£1,049	£992	Discounts were given in 2004 but not in 2005.

### Capital Programme

Total capital expenditure for the year from the Trading Fund was £3 million. This covered the purchase of the new tug, the acquisition of two vessels from the Company of Town Pilots, the remaining repair work to the New North Quay and works to ensure Jersey is compliant with the requirements of the International Ship and Port Security Code (ISPS). The costs of the latter are partly being recovered over a ten year period through the Harbour Due. The price increase of 4.3% on the Due in 2005 comprises a 2.5% increase to cover costs plus a 1.8% increase to recover part of the capital and ongoing recurring costs of this requirement which is safeguarding the security of Jersey's shipping routes.

	Actual 2005 £' 000	Cost/ Income Ratio
Comercial Port	1,780	0.59
Passenger Port and Terminal	1,430	0.55
Marine Leisure	856	0.68
Coastguard	(846)	2.05
Port Estate	810	0.61
Gross Operating Surplus	4,030	0.68

Note: No prior year comparatives are available.



# Harbours and Airport

## Harbours

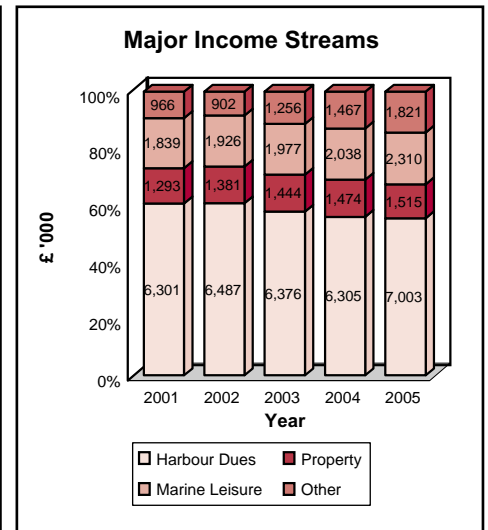
### Manpower

The organisation increased its manpower levels by 9.7 full time equivalents in 2005 which has brought additional business or improved productivity gains to the organisation. The main increase in staff relates to the integration of the Pilotage Service to be within Harbours, bringing with it a new income stream. Harbours also took on two Storemen in 2005 as a result of the closure of Corporate Supplies and began operating its own stores again. Other staff increases have related to specific existing income streams such as British Shipping or Marine Leisure where additional income has been generated as a result.

Manpower expenditure exceeded original budget partly in response to the changing needs of the business and in most cases there have been savings in non-staff costs or additional income generated as a result. The additional staff costs also included the excess pay increase awarded to Manual Workers over and above that provided in the 2004 accounts.

### Other Developments

Included in the 2005 accounts are provisions relating to the transfer of stock from Corporate Supplies at the beginning of the year.





# Harbours and Airport

## Harbours

### Operating Account

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
		<b>Income</b>		
7,047,700	6,823,400	Harbour Dues	7,002,751	6,304,977
230,200	250,000	Pilotage	280,419	-
2,222,400	2,145,000	Marina and Mooring Fees	2,309,761	2,037,780
1,653,500	1,597,000	Property Rentals	1,515,189	1,474,064
1,218,700	1,222,000	Services	1,139,410	981,862
260,000	330,100	Recharges and Recoverable Costs	401,386	484,703
12,632,500	12,367,500		12,648,916	11,283,386
		<b>Expenditure</b>		
5,176,100	5,009,000	Manpower	5,007,597	4,694,500
1,649,400	1,434,000	Premises/Plant	1,423,967	1,736,637
53,600	94,000	Transport	86,606	55,471
1,805,200	1,630,000	Supplies and Services	1,626,511	1,269,552
473,500	439,000	Administration	424,936	510,831
29,300	30,000	Grants	30,577	1,900
126,000	150,000	Non-Recurring	18,108	89,502
9,313,100	8,786,000		8,618,302	8,358,393
3,319,400	3,581,500	<b>Gross Operating Surplus</b>	4,030,614	2,924,993
238,300	-	<b>Less:</b> Other Repayments	-	-
1,471,000	1,542,100	<b>Payments made to the States:</b> Repayment of Outstanding Capital Loans	1,534,812	1,583,964
1,709,300	1,542,100	<b>Capital Servicing</b>	1,534,812	1,583,964
1,610,100	2,039,400	<b>Net Surplus</b>	2,495,802	1,341,029
253,643	412,700	<b>Less:</b> Financial Return paid to the States	499,160	-
<b>£ 1,356,457</b>	<b>£ 1,626,700</b>	<b>Transfer to Trading Fund</b>	<b>£ 1,996,642</b>	<b>£ 1,341,029</b>

Note: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the Pre-1987 Past Service Liability.

As at 31 December 2005, the Harbours Department's share of that debt was £2,144,459.

During 2006 the Harbours Department will make payments in respect of this debt totalling approximately £100,390 of which £40,234 is for arrears of payments not made during the period 2002 to 2005.

# Harbours and Airport

## Harbours

### Trading Fund

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
1,453,979	3,279,897	<b>Balance brought forward 1 January</b>	3,279,897	3,569,907
1,356,457 54,950	1,603,503 85,579	<b>Add:</b> Transfer of Operating Surplus Interest	1,996,642 139,830	1,341,029 205,194
1,411,407	1,689,082	<b>Total Additions</b>	2,136,472	1,546,223
1,876,804	3,515,000	<b>Less:</b> Capital Expenditure	3,072,591	1,836,233
1,876,804	3,515,000	<b>Total Expenditure</b>	3,072,591	1,836,233
<b>£ 988,582</b>	<b>£ 1,453,979</b>	<b>Balance carried forward 31 December</b>	<b>£ 2,343,778</b>	<b>£ 3,279,897</b>

### Payments to the States of Jersey

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
253,643	412,700	Financial Return	499,160	-
<b>£ 253,643</b>	<b>£ 412,700</b>	<b>Total Payment to the States</b>	<b>£ 499,160</b>	<b>£ -</b>

# Harbours and Airport

## Airport

### Core Aims and Objectives

The Harbours and Airport Committee was responsible for operating Jersey Airport and its associated activities. The Committee's aims and objectives were to:

- operate the Airport in a safe and secure, commercial and profitable manner and provide for the safe operation of the Channel Islands Control Zone;
- meet its statutory obligations and National/International aviation standards of safety and security;
- provide a safe and secure environment so that aircraft may be handled expeditiously to meet the air transport objectives of the island;
- undertake all operations within the social, economic and environmental policy framework as determined by the States and set out in strategic policy statements;
- meet the expectations of airline passengers by providing facilities that are equal to, or better than, those found in the UK; and
- produce sufficient surplus to fund appropriate long-term capital investment plans.

### Financial Overview for 2005

The amount transferred to the Trading Fund was £5.78 million compared to £5.77 million in 2004.

Key features of the financial year were:

**Airport Dues:** The Airport has not increased Airport Dues since 2001; indeed they were reduced by £1.50 in 2004. As a result of the continued success in driving down costs in 2005 a further reduction of £1.10 will be made for 2006.

Passenger numbers for the year were down on 2004 by 13,903 to 1,483,477, a decrease of approximately 1%, and this is reflected by decreased Aeronautical Charge Income.

**Duty Free:** sales continue to grow producing income of £1.2 million, up approximately 9% on 2004.

**Expenditure reductions:** the commitment to reducing charges to airlines whilst ensuring funds are available to meet essential capital expenditure needs means that significant cuts have been made in operating costs. Staff costs represent 66% of these operating costs and underlying pay awards have increased base salaries by approximately 3.5%. This represents an ongoing and significant challenge for Airport management and fifteen posts have been removed over two years.

**JD Edwards system:** the Stock Module was introduced in February 2005 in conjunction with a reorganisation of the Airport Stores function. The JD Edwards system will continue to play an important role in continuing to improve the financial performance of the Airport. Airport Management continue to work in close co-operation with Treasury staff with regard to the introduction of GAAP accounting standards and, in particular, the development of the Airport Balance Sheet.

### Capital Expenditure

Capital expenditure of £1.6 million was funded through the Trading Fund during the year. Of this £0.2 million related to 'Below Ground Works', funding for which is due to be reimbursed to the Trading Fund as part of the States agreement P198/2002. This is reflected in the Below Ground Works Summary table which projects actual and estimated below ground expenditure to 31 December 2008.

# Harbours and Airport

## Airport

Other schemes undertaken during 2005 include Flight Information Data Systems, Ground Radio-communications, Instrument Landing Systems, Microwave Links and the Cargo Centre Refurbishment to the value of £1.4 million.

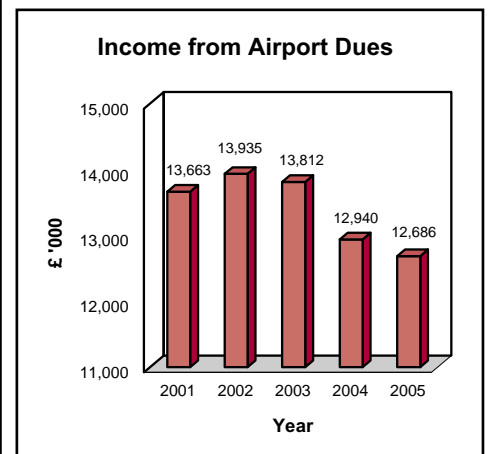
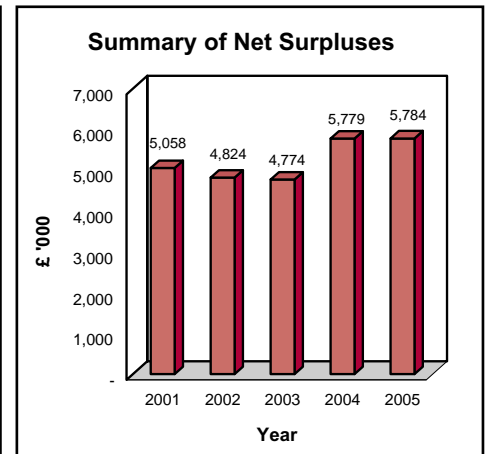
### Performance Measures

Measure Description	2005	2004 Restated	2003 Restated
Total revenue per employee*	£124,781	£120,521	£106,090
Passengers per employee*	8,549	8,341	7,005
Staff costs as a percentage of total costs*	67.63%	68.50%	67.20%
Aeronautical revenue as a percentage of total revenue*	59.20%	60.15%	63.72%
Airport Dues per passenger	£8.04	£8.19	£9.28
Airport Dues per air transport movement	£276.87	£276.11	£322.65
Passengers per air transport movement	34.4	33.7	34.8
Number of air transport movements	43,087	44,399	42,414

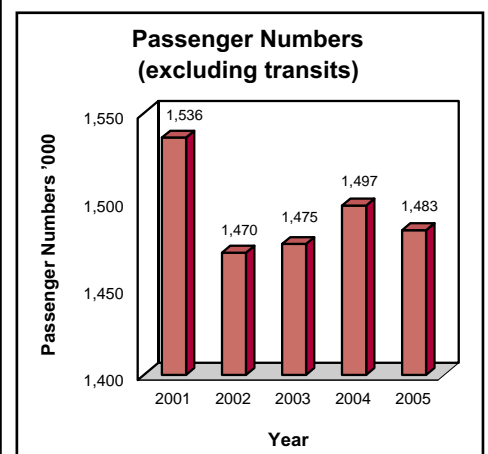
\* The costs exclude Communications Services.

2003 includes full cost of the Meteorological Service which was transferred to the Environment and Public Services Committee on 1 January 2004. 2004 includes only the cost of the Aviation Meteorological Services. Airport Dues were reduced as a result of this cost saving.

The indicators 'Total revenue per employee' and 'Passengers per employee' help to demonstrate staff productivity year on year. The indicator 'Staff costs as a percentage of total costs' identifies the influence that staff costs have in driving up operating expenses. 'Aeronautical revenue as a percentage of total revenue' shows the extent to which Airport Dues cover operating costs of the Airport. The remaining four performance measures provide additional analysis on the factors affecting Airport Dues income.



Note: Security Fee Income has been included in Airport Dues from 2004; prior year comparisons have been restated to include Security Fee Income. Prior to 2000, Security Fee Income was not included in the Airport Accounts.



# Harbours and Airport

## Airport

### Operating Account

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
		<b>Income</b>		
4,450,000	4,450,000	Aeronautical Charges	4,567,223	4,622,148
4,000,000	4,000,000	CI Control Zone Services	4,159,717	3,998,127
7,550,000	8,200,000	Passenger and Security Charges	8,330,510	8,423,237
3,353,000	3,176,100	Concessions and Rentals	3,416,421	3,310,115
1,215,500	1,191,300	Sales and Services	1,178,200	1,282,373
1,197,900	927,700	Communications Services	1,130,192	1,111,924
21,766,400	21,945,100		22,782,263	22,747,924
		<b>Expenditure</b>		
8,833,600	8,693,600	Aeronautical Services	8,281,376	8,206,254
4,724,500	5,020,550	Passenger and Security Services (note 2)	4,575,655	4,294,526
363,600	312,700	Commercial Services	399,948	351,261
1,088,100	906,350	Communications Services	1,074,947	1,016,116
200,000	200,000	Reserve for Contingencies	-	-
15,209,800	15,133,200		14,331,926	13,868,157
6,556,600	6,811,900	<b>Gross Operating Surplus</b>	8,450,337	8,879,767
2,666,000	2,666,000	<b>Less:</b> Loan Repayments	2,666,011	2,666,011
-	-	Trading Fund Re-imburement (note 3)	-	435,200
3,890,600	4,145,900	<b>Net Surplus</b>	5,784,326	5,778,556
<b>£ 3,890,600</b>	<b>£ 4,145,900</b>	<b>Transfer to Trading Fund</b>	<b>£ 5,784,326</b>	<b>£ 5,778,556</b>

Note 1: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the pre-1987 Past Service Liability.

As at 31 December 2005, the Airport's share of that debt was £6,068,183.

During 2006 the Airport will make payments in respect of this debt totalling approximately £326,359 of which £157,387 is for arrears of payments not made during the period 2002 to 2005.

Note 2: Passenger and Security Services' expenditure has been combined and 'Organisational Development' expenditure has been removed as a headline reporting category.

Note 3: This is a re-imburement to the Trading Fund from Security Fee Income. It relates to the purchase of a Hold Baggage Screening and Out of Gauge X-Ray in 2003, from the Trading Fund, at a cost of £785,494.

Note 4: The costs of Support Services (including Directorate, Finance, IT and HR) have been fully reallocated over the appropriate service areas in 2005.

# Harbours and Airport

## Airport

### Trading Fund

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
22,999,969	20,749,589	<b>Balance brought forward 1 January</b>	20,749,589	18,374,962
3,890,600	4,145,900	<b>Add:</b>	5,784,326	5,778,556
2,841,000	-	Transfer of Operating Surplus	-	-
-	848,690	States Contribution to Below Ground Works	848,967	-
-	-	Water Pollution Net Settlement	-	435,200
700,000	600,000	Security - Hold Baggage Screening and Out of Gauge X-Ray Cost Recovery	978,698	638,840
-	-	Interest	47,468	-
-	-	Insurance Claim	16,093	8,000
-	-	Proceeds from Sale of Assets		
7,431,600	5,594,590	<b>Total Additions</b>	7,675,552	6,860,596
5,297,700	2,462,136	<b>Less:</b>	1,373,619	1,256,353
1,753,500	882,074	Capital Expenditure - above ground works	211,634	3,229,616
		Capital Expenditure - below ground works (note 1)		
7,051,200	3,344,210	<b>Total Expenditure</b>	1,585,253	4,485,969
<b>£ 23,380,369</b>	<b>£ 22,999,969</b>	<b>Balance carried forward 31 December</b>	<b>£ 26,839,888</b>	<b>£ 20,749,589</b>

Note 1: P198/2002 agreed that below ground capital works should be met from General Revenues. These works are currently shown as being funded through the Airport Trading Fund, however this expenditure will be offset by the States Contribution to Below Ground Works from 2006.

### Below Ground Works – Summary

	to 31/12/04 Actual £	2005 Actual £	2006 Estimate £	2007 Estimate £	2008 Estimate £	Estimated Total 31/12/08 £
Ground Water Pollution	1,738,215	12,818	-	-	-	1,751,033
Fire Training Ground	4,281,752	28,321	-	-	-	4,310,073
Apron and Taxiway re-sealing	289,674	59,864	-	-	-	349,538
Main Apron design fees	-	123,449	336,500	244,000	16,000	719,949
Main Apron Phase 1 (North)	-	-	1,417,000	5,526,300	141,700	7,085,000
Main Apron Phase 2 (West)	-	-	-	3,771,000	77,000	3,848,000
South Apron Area	-	-	-	-	4,992,000	4,992,000
	6,309,641	224,452	1,753,500	9,541,300	5,226,700	23,055,593
<b>Less:</b>						
Settlement Contribution Received	-	2,600,000	-	-	-	2,600,000
States of Jersey Funding Contribution	-	-	2,841,000	2,841,000	2,841,000	8,523,000
Balance Outstanding as at 31 December	6,309,641	(2,375,548)	(1,087,500)	6,700,300	2,385,700	11,932,593

# Postal Administration

The Economic Development Department is pleased to report on the 2005 Jersey Post accounts and highlights the following:

- the net surplus has increased by £1.5 million to £5.9 million due to growth in the fulfilment sector and proactive investment management;
- the turnover of £47 million, an increase of 25% on the 2004 turnover of £37.5 million. The increase is due to increased income from the fulfilment sector (£5 million), Royal Mail (£1 million), Pick and Pack operations (£2 million) and from other business areas (£1.5 million);
- efficiency savings of some £1 million within the Postal Services business area have helped to offset significantly increased costs, e.g. from Royal Mail and fuel increases;
- a balance in the Trading Fund at 31 December 2005 of £12 million; and
- the Public Employees Contributory Retirement Scheme deficit that will arise on incorporation. In anticipation of this and to allow Jersey Post to build up sufficient reserves to help meet these future liabilities, the States of Jersey has agreed, since 2002, that no return would be paid to the States.

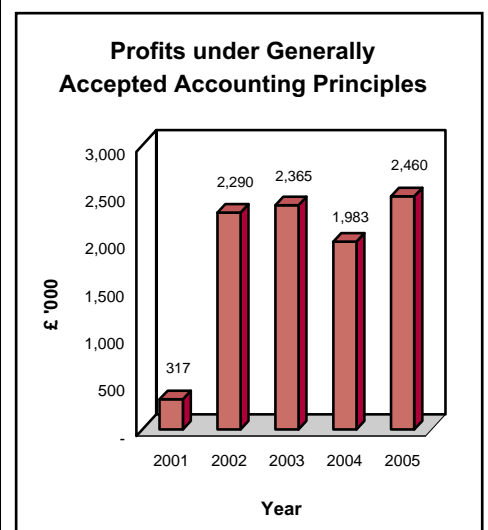
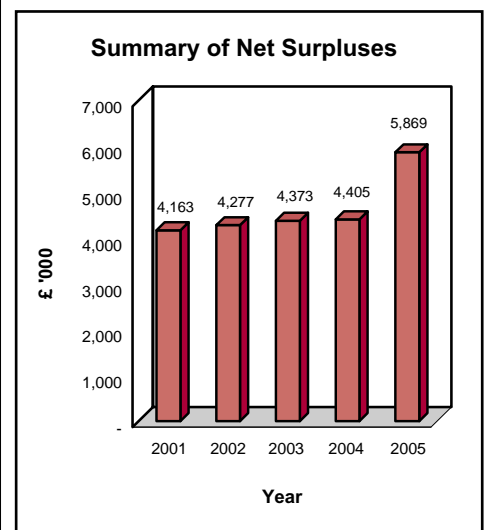
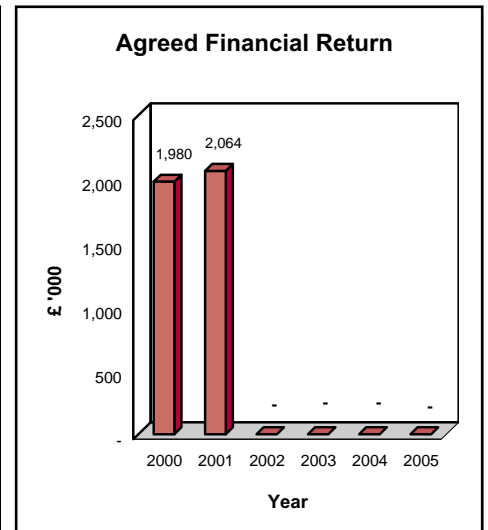
During 2005 total volumes of mail handled have increased by 2.2% from 80.5 million in 2004 to 82.3 million in 2005; the increase is due to significant growth in the fulfilment sector which has offset the effect of a decline in traditional and bulk mailings. The price rises of 2005 and efficiency savings meant the local to local mail service broke even.

Jersey Post prepares accounts under Generally Accepted Accounting Principles (GAAP) which differ from those used by the Department in presenting its results in this section of the States of Jersey Accounts e.g. GAAP presentation includes depreciation and pension accounting under FRS17. The GAAP results show a 2005 profit of approximately £2.5 million, which is lower than the surplus shown in the States of Jersey Accounts, due to depreciation and pension fund cost adjustments.

During 2005, Jersey Post has continued to invest in mail process automation, new equipment for ProMail, information systems and the development of the fulfilment centre, at the new Rue des Pres Trading Estate site.

Although the 2005 accounts indicate another successful year for Jersey Post, there are a number of underlying trends, and commercial risks, which are affecting postal businesses, both within Jersey and world-wide, which must also be considered. These include the potential changes to the scope and use of the Low Value Consignment Relief within Europe, UK and Jersey, significant increases in payments for delivery of UK and International mail in 2005, added security measures, and a decline in physical mail as a result of increases in electronic transactions (which affects both postal and Sub Post office services), and regulatory uncertainty regarding the funding of basic (universal) services.

Despite the business risks, Jersey Post looks forward to a positive and successful future as an incorporated body in 2006.



# Postal Administration

## Operating Account

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
54,500,000	49,000,000	<b>Total Income</b>	47,162,217	37,529,240
48,323,000	43,623,000	<b>Total Expenditure</b>	41,293,043	33,123,642
6,177,000	5,377,000	<b>Net Surplus</b>	5,869,174	4,405,598
-	-	<b>Less:</b> Financial Return to the States	-	-
<b>£ 6,177,000</b>	<b>£ 5,377,000</b>	<b>Transfer to Trading Fund</b>	<b>£ 5,869,174</b>	<b>£ 4,405,598</b>

Note: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the Pre-1987 Past Service Liability.

As at 31 December 2005, Jersey Post's share of that debt was £11,597,682.

During 2006 Jersey Post is liable to make payments in respect of this debt totalling approximately £333,516, however it is intended that the full value of outstanding debt will be repaid upon incorporation.

## Trading Fund

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
9,276,777	7,597,777	<b>Balance brought forward 1 January</b>	7,597,777	9,606,716
6,177,000	5,377,000	<b>Add:</b> Transfer of Operating Surplus	5,869,174	4,405,598
6,177,000	5,377,000	<b>Total Additions</b>	5,869,174	4,405,598
2,334,000	3,698,000	<b>Less:</b> Capital Expenditure	1,509,423	1,998,729
-	-	Repayment of Jersey Post Office Pension Fund Liability	-	4,415,808
2,334,000	3,698,000	<b>Total Expenditure</b>	1,509,423	6,414,537
<b>£ 13,119,777</b>	<b>£ 9,276,777</b>	<b>Balance carried forward 31 December</b>	<b>£ 11,957,528</b>	<b>£ 7,597,777</b>



# Environment and Public Services

## Car Parks Trading Account

The Environment and Public Services Committee's Trading Account was established in January 1998 with the agreement of the Finance and Economics Committee and has continued to remain in profit since its formation. During 2005 a net revenue surplus of £0.95 million was accumulated and transferred to the Trading Fund in order to finance larger maintenance projects and the development of new and existing car parks.

The financing of the annual maintenance and policing of car parks is undertaken through the Operating Account using the income derived from paycards, season tickets and excess charge notices in car parks. In addition a payment of £1.5 million per annum is made to the Transport and Technical Services Division in respect of rent for the multi-storey car parks. This arrangement for reimbursing the Department for the lost income caused by the transfer of the Car Parks Section to a Trading Account was agreed by the former Finance and Economics Committee when the Trading Fund was established.

### Operating Account

The net operating surplus for the Trading Fund was down £855,300 (47%) on the 2005 budget. The main reason for this reduction in income is due to a reduction in paycard income of £1.07 million (down 26%) as a result of a decrease in the number of paycards sold to date which was offset by an increase in notional interest and rental income received.

Expenditure has increased by £61,000 on 2004 but was down £403,000 on the 2005 budget. This was due to less commission paid due to a decrease in paycard and season ticket sales, staff vacancies, professional fees surrounding the car park strategy which have not yet commenced, as well as a decrease in planned lift maintenance work which has been deferred until 2006.

### Trading Fund

Those projects funded from the Trading Fund in 2005 are listed below:

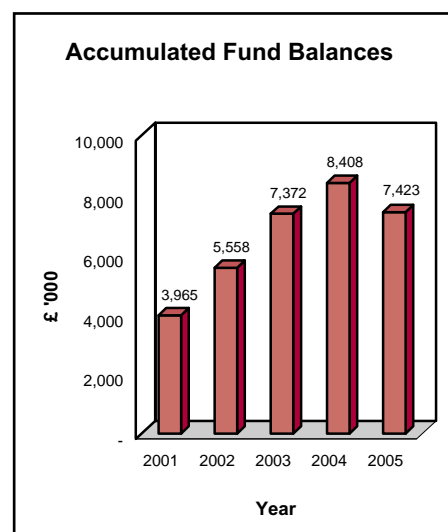
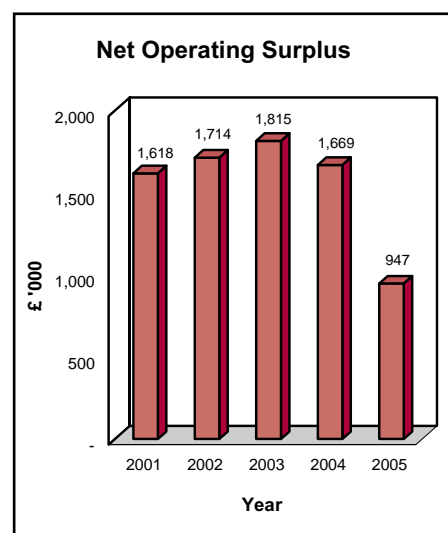
- £1.87 million on concrete repairs on Pier Road and Sand Street multi-storey car parks;
- £32,600 on structural work on multi-storey car parks; and
- £25,000 on transport initiatives as agreed by the former Finance and Economics and the Environment and Public Services Committees during 2004.

### Performance Measures

Measure Description	2005	2004
Car parking: number of Fixed Penalty Notices (FPNs) issued per on-street bay	7.96 (2004)	3.8 (2003)
Car parking: number of Extra Charge Notices (ECNs) issued per car park bay	2.47 (2004)	1.9 (2003)
Car parking: number of FPNs issued per parking attendant hour – on-street	0.97 (2004)	0.4 (2003)
Car parking: number of ECNs issued per parking attendant hour – in car parks	0.94 (2004)	0.4 (2003)
Charge for parking per hour to the public – on / off street	47p (2004)	45p (2003)

### Other Developments

In 2005, the Committee published its Sustainable Travel and Transport Plan which sets out a framework for transport in Jersey over the next 10 - 15 years.



# Environment and Public Services

## Car Parks Trading Account

### Operating Account

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
5,123,400	6,265,700	<b>Total Income</b>	5,007,631	5,668,944
		<b>Expenditure</b>		
877,000	840,200	Manpower	800,386	752,394
555,700	662,200	Supplies and Services	472,004	548,509
424,700	366,300	Administrative Costs	251,801	76,302
2,484,800	2,476,000	Premises and Maintenance	2,442,931	2,341,931
89,000	117,500	Incidental Expenses and Charges	92,375	279,475
-	1,100	Non-Service Costs	1,095	1,416
4,431,200	4,463,300	<b>Total Expenditure</b>	4,060,592	4,000,027
<b>£ 692,200</b>	<b>£ 1,802,400</b>	<b>Net Operating Surplus and Transfer to Trading Fund</b>	<b>£ 947,039</b>	<b>£ 1,668,917</b>

### Trading Fund

2006 Estimate £	2005 Revised Estimate £		2005 Actual £	2004 Actual £
7,275,646	7,573,246	<b>Balance brought forward 1 January</b>	8,408,297	7,372,146
		<b>Add:</b>		
692,200	1,802,400	Transfer of Operating Surplus	947,039	1,668,917
692,200	1,802,400	<b>Total Additions</b>	947,039	1,668,917
		<b>Less:</b>		
180,000	1,400,000	Concrete Degradation Repair work on Multi-Storey Car Parks	1,874,824	482,766
100,000	700,000	Structural work on Multi-Storey Car Parks	32,600	150,000
-	-	Traffic and Transport Highway Initiatives	25,000	-
280,000	2,100,000	<b>Total Expenditure</b>	1,932,424	632,766
<b>£ 7,687,846</b>	<b>£ 7,275,646</b>	<b>Balance carried forward 31 December</b>	<b>£ 7,422,912</b>	<b>£ 8,408,297</b>



Reserves



# Reserves

## Strategic Reserve

The Strategic Reserve was initiated by the States in 1986 as a 'long-term buffer' against major downturns in the Island's economy.

The Public Finances (Administration) (Jersey) Law 1967 allows, on the recommendation of the Finance and Economics Committee, the use of funds from the Strategic Reserve for such purposes as the States may authorise.

Whilst the current financial position has prevented the States from adding to the Reserve, it remains the Treasury and Resources Minister's long-term objective to add to the Reserve.

The total assets of the Reserve at the year end, at market value, were £456.1 million (2004: £418.2 million).

The net realised surplus for the year was £24.5 million (2004: £9.6 million).

The unrealised profit on investments at the year end was £13.4 million (2004: gain of £11.6 million).

As in 2004, no transfer was made into the Reserve during 2005.

## General Reserve

Under the Articles of the Public Finances (Administration) (Jersey) Law, 1967, the States of Jersey made provision for a General Reserve to be maintained, from which monies have been made available at the discretion of the Finance and Economics Committee.

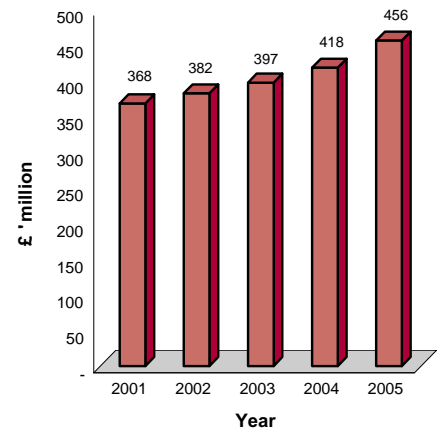
During the year the Finance and Economics Committee granted 'unforeseen' credits of revenue and capital expenditure amounting to £2.7 million.

The Finance and Economics Committee also granted £11.8 million in regards to pay and pension matters. This included the full year effect of the 2004 pay award and seven months of the 2005 pay award.

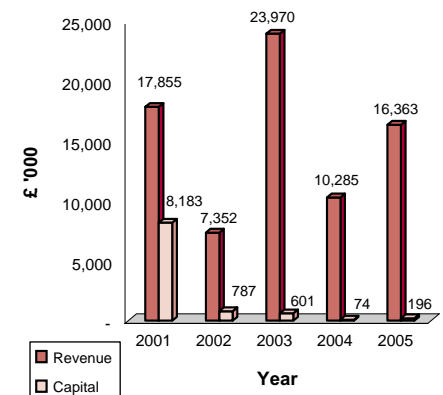
The introduction of the new Public Finances (Jersey) Law 2005 makes no provision for a General Reserve and the remaining balance has been set aside to fund a number of known contingencies.

Pay awards are now provided for within cash limits.

**Market Value of Strategic Reserve**



**General Reserve Allocations**



# Strategic Reserve

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Bank Interest	1,953,219	1,269,091
Investment Income	17,759,107	20,445,184
Profit/(Loss) on Disposal of Investments	7,333,783	(10,376,783)
	27,046,109	11,337,492
<b>Expenditure</b>		
Administrative Costs	(1,357,227)	(1,231,389)
Appropriation to Jersey Currency Notes	(1,194,426)	(480,960)
	(2,551,653)	(1,712,349)
<b>Surplus for the Year</b>	<b>£ 24,494,456</b>	<b>£ 9,625,143</b>

## Statement of Total Recognised Gains and Losses for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
Surplus for the Year	24,494,456	9,625,143
Unrealised Gains on Investments	13,402,210	11,614,254
<b>Total Recognised Gains for the Year</b>	<b>£ 37,896,666</b>	<b>£ 21,239,397</b>

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Investments - Market Value	452,213,352	386,352,520
	452,213,352	386,352,520
<b>Current Assets</b>		
Debtors	4,154,153	6,289,453
Cash at Bank and in Hand	22,467,578	49,267,079
<b>Current Liabilities</b>		
Creditor - Investments held on behalf of Jersey Currency Notes	(22,264,054)	(20,897,188)
Creditors (amount due within one year)	(473,520)	(2,811,022)
<b>Net Current Assets</b>	<b>3,884,157</b>	<b>31,848,322</b>
<b>Net Assets</b>	<b>£ 456,097,509</b>	<b>£ 418,200,842</b>
<b>Funds Employed</b>		
Accumulated Reserve	434,976,368	410,481,911
Revaluation Reserve	21,121,141	7,718,931
Accumulated Revenue and Reserve Balances	<b>£ 456,097,509</b>	<b>£ 418,200,842</b>

# General Reserve

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Allocated Budget from General Funds	11,794,300	5,016,000
	11,794,300	5,016,000
<b>Expenditure</b>		
Capital	(195,933)	(74,239)
Revenue	(16,363,361)	(10,284,677)
Transfer to Consolidated Fund Contingencies	(10,481,224)	-
	(27,040,518)	(10,358,916)
<b>Deficit for the Year</b>	<b>(£ 15,246,218)</b>	<b>(£ 5,342,916)</b>

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Current Assets</b>		
Cash at Bank and in Hand	-	15,246,218
<b>Current Liabilities</b>	-	-
<b>Provisions</b>		
Provisions held against the General Reserve	-	(1,964,000)
<b>Net Current Assets</b>	-	13,282,218
<b>Net Assets</b>	<b>£ -</b>	<b>£ 13,282,218</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ -</b>	<b>£ 13,282,218</b>



# Capital Fund

Under the Articles of the Public Finances (Administration) (Jersey) Law, 1967 (the 'Public Finances Law') the States are required to maintain a Fund known as the 'Capital Fund'. The Fund is used for defraying expenditure of any Committee of the States to which capital is applicable and for the repayment of any loan raised under the guarantee of the annual income of the States. The Public Finance Law provides that any budgeted balance on the General Fund in any year, be transferred to the Capital Fund. Deficits in the General Fund are funded from balances on the Capital Fund. The Public Finances Law provides for an underlying balance on the Capital Fund to be maintained at all times and prevents the States from adopting a Budget which would cause the Capital Fund to be overdrawn.

The Capital Fund does not exist under the Public Finances (Jersey) Law 2005 and the balances held at the year end will be subsumed into the newly created Consolidated Fund in 2006.

Capital expenditure incurred during 2005 was £46.5 million, an increase of £4.9 million (11.8%) on the 2004 figure of £41.6 million.

Capital expenditure financed from the Capital Fund (including the cost of land) is reimbursed from revenue over a period of years which normally equates to the estimated life of the asset acquired commencing in the year following completion or acquisition of the asset. The amount of capital repayment therefore approximates to any depreciation charge that would be applicable, except that capital repayments include an element in respect of land, which would not be depreciated in accordance with UK Generally Accepted Accounting Principles.

Capital repayments have increased in 2005 compared with 2004 by £2.7 million (8.1%). This reflects the increased cost of newly completed works compared with those items falling out of capital servicing at the end of their useful economic life.

Disposals totalling £11 million are disclosed at Note 6 - Tangible Assets to the accounts. This figure represents the elimination of assets relating to the Airport that were acquired by the Capital Fund. As these assets are fully depreciated, there is no impact on the net book value of the Capital Fund.

# Capital Fund

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Advances for Capital Expenditure less Repayments</b>	700,335,037	690,264,919
<b>Current Assets</b>		
Cash	141,003,408	154,434,237
	141,003,408	154,434,237
<b>Current Liabilities</b>		
Creditors (amount due within one year)	(253,843)	(990,682)
Temporary Advance from Separately Constituted Funds	(12,740,073)	(20,972,820)
	(12,993,916)	(21,963,502)
<b>Net Current Assets</b>	128,009,492	132,470,735
<b>Total Assets less Current Liabilities</b>	828,344,529	822,735,654
Creditors (amounts falling due after more than one year)	-	-
<b>Net Assets</b>	<b>£ 828,344,529</b>	<b>£ 822,735,654</b>
<b>Funds Employed</b>		
Contributions from General Funds	867,637,389	865,616,278
Plus Contribution from Strategic Reserve	2,000,000	2,000,000
Less Transfer to Tourism Development Fund	(1,700,000)	(1,700,000)
Less Transfer to Housing Development Fund	(49,447,918)	(47,165,000)
	(49,147,918)	(46,865,000)
Capital Receipts	9,855,058	3,984,376
<b>Accumulated Revenue and Reserve Balances</b>	<b>£ 828,344,529</b>	<b>£ 822,735,654</b>



Separately  
Constituted  
Funds



# Separately Constituted Funds

## Dwelling Houses Loan Fund

In 1950 the States established a building loans scheme to enable first-time buyers to purchase homes. At that time, financial institutions had not yet become involved in lending for house purchases. The scheme was incorporated in Law (L23 1950) and a special fund (the Dwelling Houses Loan Fund) was established in order to finance loans to first-time buyers from States General Revenues.

States loans are granted by the Housing Committee to residentially qualified first-time buyers who are able to demonstrate that they have a deposit and can meet the repayments of the loan.

Loans are secured by a simple conventional hypothec charged on the property in relation to which the loan is made, and bears interest with a minimum of 3% for flats and 5% for a house and a maximum of 7.5%. The current maximum loan available to first-time buyers is £120,000.

The surplus on the Fund for the year was £2.9 million (2004: £2.9 million). This comprises interest charged to borrowers plus interest charged on advances to the Capital Fund less administration expenses.

## Assisted House Purchase Scheme

The Assisted House Purchase Scheme was established by the States of Jersey in 1977 to aid the recruitment of staff from the UK. The Scheme facilitated the purchase of suitable properties by the States on behalf of the employee. A property was purchased using funds from the Scheme, and held in the name of the States until such time as the employee has attained their residential qualifications. The employees' right to occupy the property was in the form of a lease with the option to purchase the freehold at the end of the period.

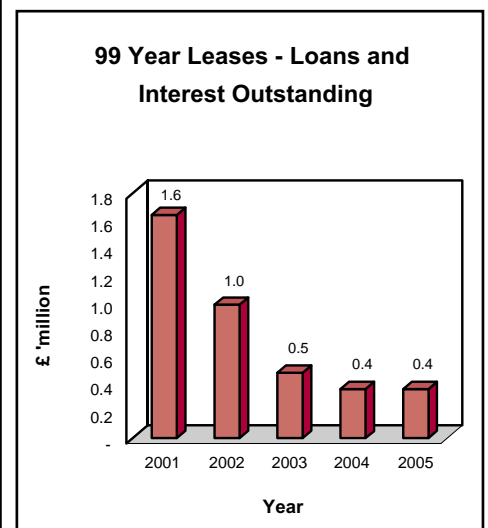
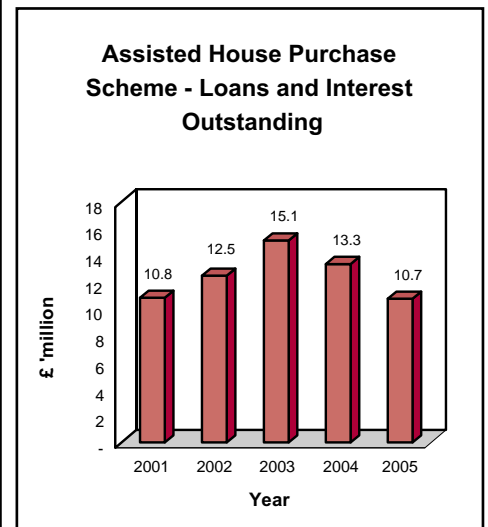
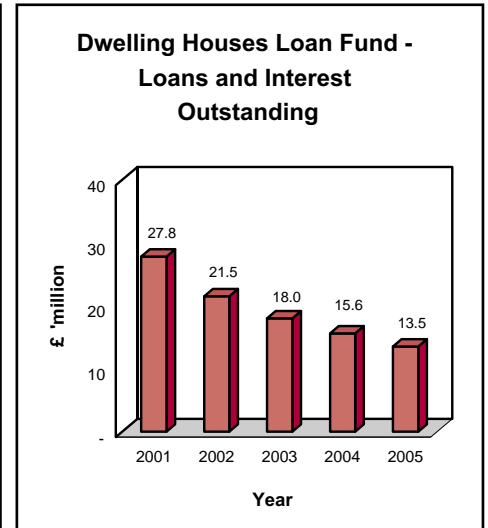
The Scheme ceased to purchase properties on behalf of employees from August 2005. Employees who would have been eligible for the Scheme must now arrange their own finance through the various Financial Institutions.

The surplus on the Scheme for the year was £121,452 (2004: £117,011).

## 99 Year Leases

The 99 Year Lease legislation was introduced in 1964/65 to allow the Housing Committee to lend to individuals offering leasehold property as security. The Building Loan legislation of the day only allowed that Committee to lend on freehold properties. At that time there was no share transfer or flying freehold legislation.

The surplus on the Fund for the year was £73,102 (2004: £71,581). This surplus is transferred to the Housing Committee's cash limit.



# Dwelling Houses Loans Fund

Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Interest Charged to Borrowers	1,394,829	1,630,954
Interest Charged on Advances to the Capital Fund	1,634,493	1,346,953
	3,029,322	2,977,907
<b>Expenditure</b>		
Administrative Costs	(117,892)	(122,486)
	(117,892)	(122,486)
<b>Surplus for the Year</b>	<b>£ 2,911,430</b>	<b>£ 2,855,421</b>

Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Loans and Interest Outstanding	13,457,869	15,611,931
	13,457,869	15,611,931
<b>Current Assets</b>		
Debtors	5,911	-
Debtor - Temporary Advance to the Capital Fund	39,276,522	34,192,569
<b>Current Liabilities</b>		
Creditors (amount due within one year)	(24,373)	-
<b>Net Current Assets</b>	39,258,060	34,192,569
<b>Net Assets</b>	<b>£ 52,715,929</b>	<b>£ 49,804,500</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 52,715,929</b>	<b>£ 49,804,500</b>

# Assisted House Purchase Scheme

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Interest Charged to Borrowers	605,515	659,365
	605,515	659,365
<b>Expenditure</b>		
Administrative Costs	(6,238)	(8,396)
Interest on Temporary Advances from the Capital Fund	(477,825)	(533,958)
	(484,063)	(542,354)
<b>Surplus for the Year</b>	<b>£ 121,452</b>	<b>£ 117,011</b>

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Loans and Interest Outstanding	10,746,857	13,340,631
	10,746,857	13,340,631
<b>Current Assets</b>		
Debtors	479	-
<b>Current Liabilities</b>		
Creditors (amount due within one year)	(2,672)	(2,672)
Creditor - Temporary Advance from the Capital Fund	(9,153,588)	(11,868,334)
<b>Net Current Liabilities</b>	<b>(9,155,781)</b>	<b>(11,871,006)</b>
<b>Net Assets</b>	<b>£ 1,591,076</b>	<b>£ 1,469,625</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 1,591,076</b>	<b>£ 1,469,625</b>



# 99 Year Leases

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Interest Charged to Borrowers	53,296	53,629
Interest on Temporary Advances from the Capital Fund	21,471	19,765
	74,767	73,394
<b>Expenditure</b>		
Administrative Costs	(1,665)	(1,813)
	(1,665)	(1,813)
<b>Surplus for the Year</b>	<b>£ 73,102</b>	<b>£ 71,581</b>

Note: The annual surplus is transferred to the Housing Committee's cash limit.

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Loans and Interest Outstanding	360,514	390,403
	360,514	390,403
<b>Current Assets</b>		
Debtor - Temporary Advance to the Capital Fund	469,858	439,969
<b>Current Liabilities</b>	-	-
<b>Net Current Assets</b>	469,858	439,969
<b>Net Assets</b>	<b>£830,372</b>	<b>£ 830,372</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 830,372</b>	<b>£ 830,372</b>

# Separately Constituted Funds

## Agricultural Loans Fund

In September 1974 the States approved a law to authorise the lending to farmers to:

- assist or enable them to acquire agricultural land;
- construct or convert their house or farm;
- purchase agricultural machinery and equipment;
- carry out improvements for more efficient and economic farming; and
- purchase livestock.

For the purposes of this Law the Agricultural Loans Fund was established.

As from 2005 the approval of new loans to farmers has been suspended (2004: £67,786).

The deficit on the Fund for the year was £172,905 (2004: surplus of £137,676).

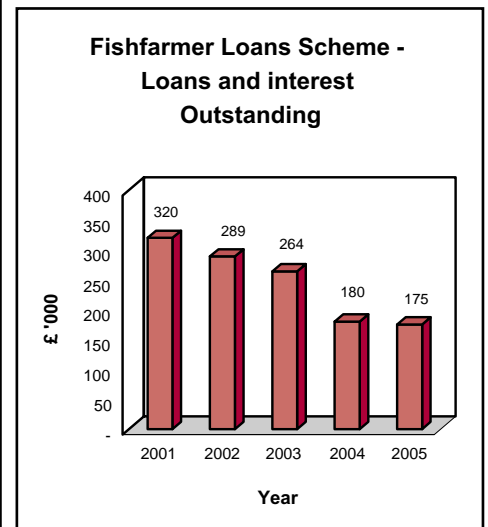
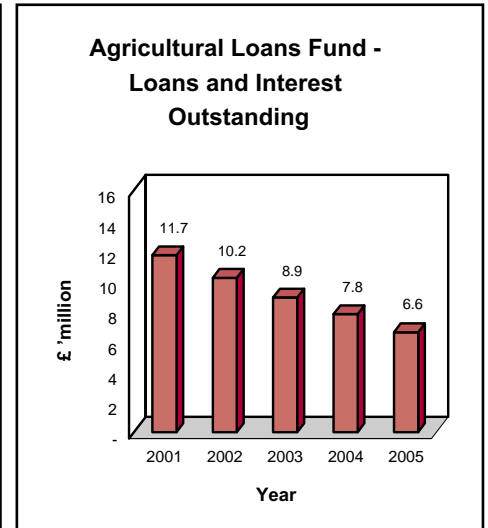
## The Fishfarmer Loans Scheme

The Fishfarmer Loans Scheme was introduced by the States in 1995 to facilitate the provision of loans for:

- the purchase of machinery and equipment for use in connection with fish farming;
- the construction of buildings to house equipment associated with fish farming activities; and
- the purchase of land on which to carry out the activities directly involved with fish farming.

As from 2004 the approval of new loans has been suspended and therefore the Scheme did not advance any new loans in 2005 or 2004.

The surplus on the Scheme for the year was £2,552 (2004: £2,857).



# Agricultural Loans Fund

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Interest Charged to Borrowers	446,971	530,678
	446,971	530,678
<b>Expenditure</b>		
Administrative Costs	(32,772)	(37,467)
Interest Written Off	(263,505)	-
Interest on Temporary Advances from the Capital Fund	(323,599)	(355,535)
	(619,876)	(393,002)
<b>(Deficit)/Surplus for the Year</b>	<b>(£ 172,905)</b>	<b>£ 137,676</b>

Note: The annual (deficit)/surplus is transferred to the Economic Development Committee's cash limit.

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Loans and Interest Outstanding	6,635,393	7,783,201
	6,635,393	7,783,201
<b>Current Assets</b>	-	-
<b>Current Liabilities</b>		
Creditor - Temporary Advance from the Capital Fund	(6,635,393)	(7,783,201)
<b>Net Current Liabilities</b>	(6,635,393)	(7,783,201)
<b>Net Assets</b>	<b>£ -</b>	<b>£ -</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	£ -	£ -

# Fishfarmer Loans Scheme

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Interest Charged to Borrowers	11,102	14,504
	11,102	14,504
<b>Expenditure</b>		
Administrative Costs	(300)	(200)
Interest on Temporary Advances from the Capital Fund	(8,250)	(11,447)
	(8,550)	(11,647)
<b>Surplus for the Year</b>	<b>£ 2,552</b>	<b>£ 2,857</b>

Note: The annual surplus is transferred to the Economic Development Committee's cash limit.

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Loans and Interest Outstanding	174,536	180,032
	174,536	180,032
<b>Current Assets</b>	-	-
<b>Current Liabilities</b>		
Creditor - Temporary Advance from the Capital Fund	(174,536)	(180,032)
<b>Net Current Liabilities</b>	(174,536)	(180,032)
<b>Net Assets</b>	<b>£ -</b>	<b>£ -</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	£ -	£ -

# Separately Constituted Funds

## Currency and Coinage

The surplus from the Island's Currency and Coinage continues to make a significant contribution to States revenues.

The primary surplus generated from bank interest is supplemented by the Currency's investment income generated from the portfolio held by the Strategic Reserve.

Growth in demand for local currency continues to improve steadily, with the increase in circulation amounting to an annual average of £55 million in 2005, compared to £53 million in 2004 and £51 million in 2003.

## Currency

The 2005 investment income received from the Strategic Reserve portfolio has reflected its performance, attributing a significant £1.2 million of the total annual surplus, compared with £481,000 in 2004.

The 2004 revenue surplus of £2.76 million was boosted from the profit of £672,000 received upon the maturity of a UK Treasury stock.

Excluding this profit from 2004, the 2005 surplus of £2.74 million has actually increased by 31%. The success of changes to methods of note sorting and distribution continues to show with a further decrease in annual expenditure on salaries and wages of 10%.

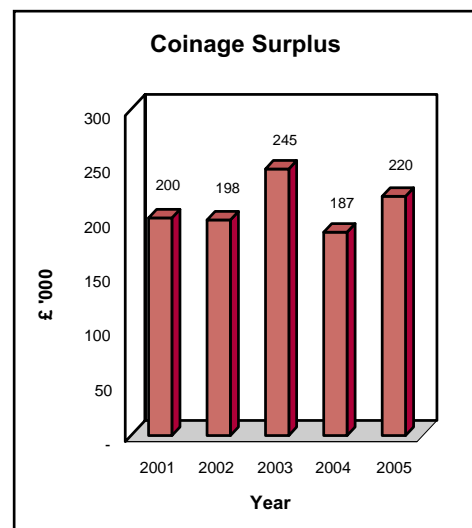
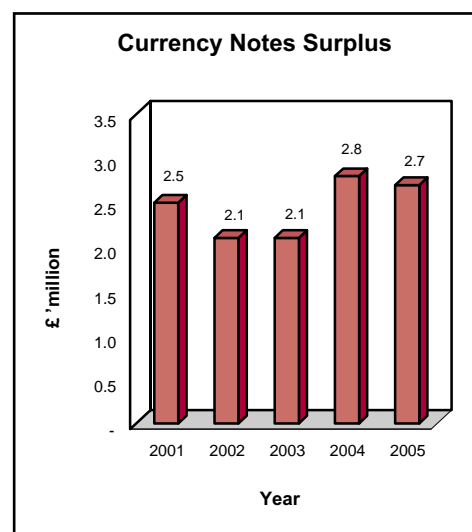
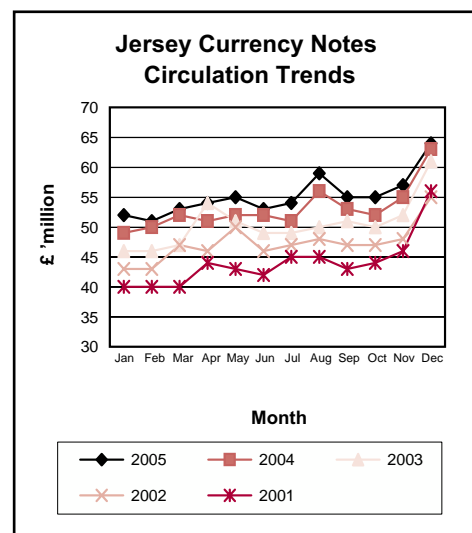
An analysis of the Statement of Total Recognised Gains and Losses again illustrates the excellent performance of investment portfolios, with an unrealised gain on investments held of £494,690 million, during 2005, compared with a loss of £927,202 in 2004.

## Coinage

The lack of customer demand for specific numismatic coins continued in 2005, however this did not impact on the annual revenue surplus which showed an improvement of £33,000; £220,000 in 2005, compared with £187,000 in 2004. With a number of commemorative issues proposed for 2006, it is hoped demand will improve.

Despite a 37% decrease, reflecting the lower annual demand for numismatic coins, royalty income provided a significant 31% contribution to the 2005 revenue surplus.

The graphs detailed opposite demonstrate the continued contribution made to States revenues by the surplus from Currency and Coinage.



# Jersey Currency Notes

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Bank Interest	1,226,902	745,258
Investment Income	806,195	1,329,990
Investment Income received from Funds invested in the Strategic Reserve	1,194,426	480,960
Surplus on Disposal of Investments	-	671,504
Sale of Specimen Jersey Notes	2,386	4,886
Miscellaneous Income	-	18,654
	3,229,909	3,251,252
<b>Expenditure</b>		
Administrative Costs	(79,646)	(88,716)
Cost of Notes Issued	(203,145)	(185,603)
Carriage, Insurance and Sundry Expenses	(207,963)	(218,208)
	(490,754)	(492,527)
<b>Surplus transferred to General Funds</b>	<b>£ 2,739,155</b>	<b>£ 2,758,725</b>

## Statement of Total Recognised Gains and Losses for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
Unrealised Gains/(Losses) on Investments	494,690	(927,202)
<b>Total Recognised Gains/(Losses) for the Year</b>	<b>£ 494,690</b>	<b>(£ 927,202)</b>

# Jersey Currency Notes

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
Investments - Market Value	11,345,886	11,504,692
	11,345,886	11,504,692
<b>Current Assets</b>		
Stocks	627,329	830,579
Debtors	550,435	1,281,329
Debtor - Investments held by Strategic Reserve	22,264,054	20,897,191
Cash at Bank and in Hand	33,756,758	32,066,993
<b>Current Liabilities</b>		
Creditors (amount due within one year)	-	(162,830)
Jersey Notes in Circulation		
Jersey Notes Issued	(74,131,054)	(75,170,194)
Jersey Notes in Hand	9,659,528	12,330,486
<b>Net Current Liabilities</b>	(7,272,950)	(7,926,446)
<b>Net Assets</b>	<b>£ 4,072,936</b>	<b>£ 3,578,246</b>
<b>Funds Employed</b>		
Revaluation Reserve	2,672,936	2,178,246
Reserve	1,400,000	1,400,000
Accumulated Revenue and Reserve Balances	<b>£ 4,072,936</b>	<b>£ 3,578,246</b>

# Jersey Coinage

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Bank Interest	285,680	333,996
Sale of Coins and Albums	870	9,200
Royalties	67,786	107,992
Miscellaneous Income	206	17,812
	354,542	469,000
<b>Expenditure</b>		
Administrative Costs	(46,275)	(142,398)
Interest Charged	-	(2,462)
Stock Write-off	(2,790)	(60,817)
Cost of Sale	(197)	(13,131)
Cost of Coins Issued	(85,226)	(62,958)
	(134,488)	(281,766)
<b>Surplus for the Year</b>	<b>£ 220,054</b>	<b>£ 187,234</b>

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Current Assets</b>		
Stocks	81,847	103,599
Debtors	20,960	29,793
Cash at Bank and in Hand	6,450,637	6,013,861
<b>Current Liabilities</b>		
Creditors (amount due within one year)	(5,500)	(2,133)
Coinage in Circulation		
Coinage Issued	(7,377,827)	(6,944,115)
Coinage on Hand	1,179,883	1,148,995
<b>Net Current Assets</b>	350,000	350,000
<b>Net Assets</b>	<b>£ 350,000</b>	<b>£ 350,000</b>
<b>Funds Employed</b>		
Reserve Fund - Numismatic Issues	350,000	350,000
Accumulated Revenue and Reserve Balances	<b>£ 350,000</b>	<b>£ 350,000</b>



# Separately Constituted Funds

## Tourism Development Fund

The Tourism Development Fund was established by the States in December 2001. The aim of the Fund is to stimulate investment in the tourism industry and infrastructure in order to improve Jersey's competitiveness and sustain the industry as a second pillar of the economy.

There are two distinct elements of the Fund's investment strategy:

- to support public and voluntary sector projects and infrastructure projects that make a crucial contribution to the attractiveness and appeal of Jersey as a tourist destination; and
- to stimulate investment in technology and marketing initiatives. This element is the smaller of the two, but is designed to support small scale commercial initiatives and events.

During the year the Tourism Development Fund authorised grants amounting to £761,894, 32% up on 2004. The Fund had a deficit for the year of £660,515 (2004: £462,201). The Fund had reserves as at 31 December 2005 of £1.8 million (2004: £2.5 million).

## ICT Fund

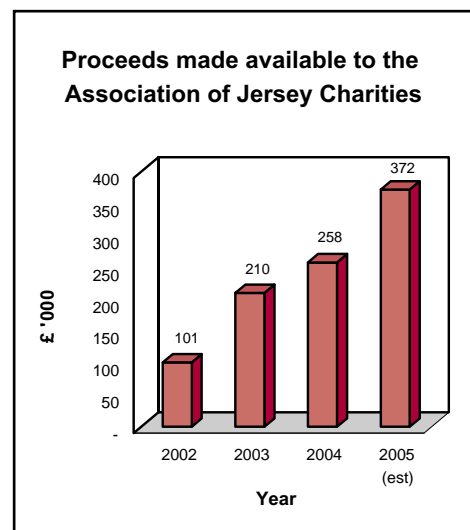
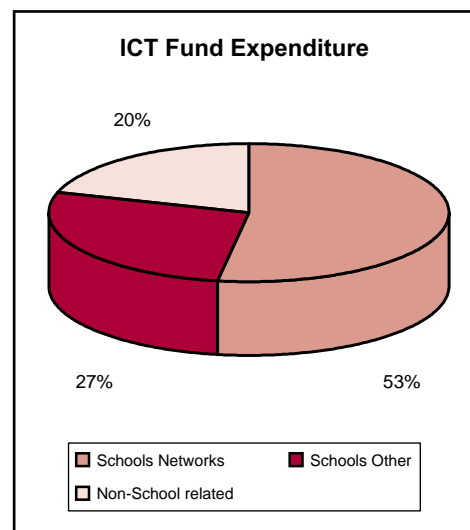
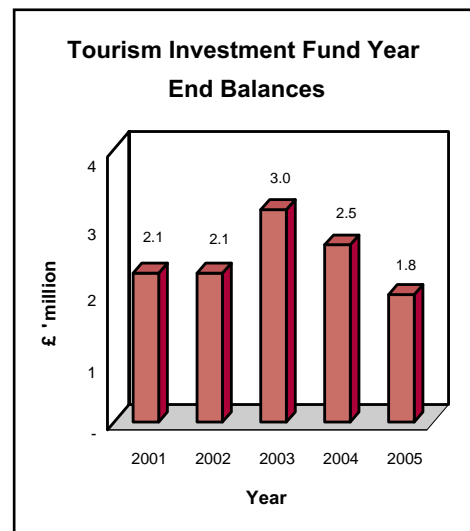
The ICT Fund was established in 1998. Its purpose is to support the use of information systems and technology across Jersey in both public and private sectors; with particular importance being placed on the education of the Island's young people.

During the year the ICT Fund authorised capital and revenue grants amounting to £112,397, a 67% decrease on 2004. The Fund had a deficit for the year of £1.4 million (2004: deficit of £1.6 million). The Fund has reserves as at 31 December 2005 of £1.8 million (2004: £3.2 million).

## Channel Islands Lottery (Jersey) Fund

Policy for the lottery is decided by the Economic Development Department in Jersey. The Department's strategy for 2005 was to build on the previous year's success by increasing the prize for Lucky Scratch Games from £2,000 to £5,000 from January 2005 and to continue to work with the Department for Culture, Media and Sport in the United Kingdom for the extension of the National Lottery to the Island.

Sales of tickets in Jersey increased by 24% in 2005 which led to increased net profits of 60%, which will be distributed subject to the consent of the States, to local charitable causes by the Association of Jersey Charities.



# Tourism Development Fund

Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual Restated £
<b>Income</b>		
Bank Interest	113,332	135,495
	113,332	135,495
<b>Expenditure</b>		
Grants	(761,894)	(577,358)
Administrative Costs	(11,954)	(20,338)
	(773,848)	(597,696)
<b>Deficit for the Year</b>	<b>(£ 660,515)</b>	<b>(£ 462,201)</b>

Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Current Assets</b>		
Debtors	29,998	12,101
Cash	1,844,024	2,511,282
<b>Current Liabilities</b>		
Creditors	(30,991)	(19,838)
<b>Net Current Assets</b>	<b>1,843,030</b>	<b>2,503,545</b>
<b>Net Assets</b>	<b>£ 1,843,030</b>	<b>£ 2,503,545</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 1,843,030</b>	<b>£ 2,503,545</b>

# ICT Fund

## Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Bank Interest	10,777	28,065
	10,777	28,065
<b>Expenditure</b>		
Establishment	(926)	(2,038)
Depreciation	(1,434,623)	(1,586,739)
	(1,435,549)	(1,588,777)
<b>Deficit for the Year</b>	<b>(£ 1,424,772)</b>	<b>(£ 1,560,712)</b>

## Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Fixed Assets</b>		
ICT Fund Assets	1,680,936	3,004,088
	1,680,936	3,004,088
<b>Current Assets</b>		
Debtors	903	2,543
Cash at Bank and in Hand	146,211	240,791
<b>Current Liabilities</b>		
Creditors	(5,400)	-
<b>Net Current Assets</b>	141,714	243,334
<b>Net Assets</b>	<b>£ 1,822,650</b>	<b>£ 3,247,422</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 1,822,650</b>	<b>£ 3,247,422</b>

# Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the Year ended 31 December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Sale of Tickets in Jersey	1,728,690	1,388,087
Sale of Tickets to Guernsey	917,590	852,518
Time Expired Income	29,150	22,408
Bank Interest	7,703	3,295
Other Lottery Income	22,679	20,012
	2,705,812	2,286,320
<b>Expenditure</b>		
Prize Money for Jersey Sales	(866,784)	(1,047,897)
Prize Money for Guernsey Sales	(391,957)	(564,128)
Prize Money Outstanding	(857,069)	(208,180)
Administration and Draw Expenditure	(165,355)	(198,546)
Agents' Commission on Winning Tickets	(11,842)	(9,697)
	(2,293,007)	(2,028,448)
<b>Surplus for the Year</b>	<b>£ 412,805</b>	<b>£ 257,872</b>

Balance Sheet as at 31 December 2005

	2005 Actual £	2004 Actual £
<b>Current Assets</b>		
Debtors	1,031,942	483,382
Cash at Bank and in Hand	507,307	242,157
<b>Current Liabilities</b>		
Uncollected Prizes	(939,211)	(293,508)
Creditors	(18,533)	(5,459)
<b>Net Current Assets</b>	<b>581,505</b>	<b>426,572</b>
<b>Net Assets</b>	<b>£ 581,505</b>	<b>£ 426,572</b>
<b>Funds Employed</b>		
Accumulated Revenue and Reserve Balances	<b>£ 581,505</b>	<b>£ 426,572</b>

# Separately Constituted Funds

## Housing Development Fund

The States approved P74/99 and P84/99 on 7 July 1999 and thereby the creation of the Housing Development Fund to be administered by the Finance and Economics Committee.

The rationale for the Housing Development Fund is to help meet the requirements for the development of social rented and first-time buyer homes as identified in the 'Planning for Homes' Report (RC10/99).

The Housing Development Fund does not fund the whole cost of a housing scheme, but provides development and interest subsidy to enable the cost of the scheme to be repaid from its rental stream or sale receipts in the case of first-time buyer properties. The Housing Development Fund, therefore, provides for developments whose overall value is many times that of the Fund.

The following developments were in the course of construction in 2005:

Development	Number of Units			
	Bedsit and 1 Bed	2 Bed	3+ Bed	Total
Le Coie Hotel	49	46	1	96
Bas du Mont	1	6	9	16
Hodge Nursery Phase 2	-	-	73	73
Philips House	15	3	-	18
<b>Total number of units in the course of construction</b>	<b>75</b>	<b>55</b>	<b>83</b>	<b>203</b>

The following projects were in planning stages as at 31st December 2005:

Development	Number of Units			
	Bedsit and 1 Bed	2 Bed	3+ Bed	Total
Former Aquila Youth Club	26	-	-	26
<b>Total number of units at planning stage</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>26</b>

The Housing Development Fund provides interest subsidy for those Housing Trust properties acquired under the former Housing Development Schemes Account and supports the development of social rented housing on rezoned sites by capping the interest liability of Housing Trusts to a maximum of 6%.

# Housing Development Fund

## Income and Expenditure Account for the Year ended 31st December 2005

	2005 Actual £	2004 Actual £
<b>Income</b>		
Rental from Sites	623,644	590,986
Sale of Stock	1,622,518	480,000
Other Provision for Loss on Sale	-	224,076
	2,246,162	1,295,062
<b>Expenditure</b>		
Development Subsidy Paid	(439,762)	(327,405)
Interest on Temporary Advances from the Capital Fund	(45,826)	-
Interest Subsidy Paid	(1,351,483)	(1,224,117)
Depreciation of Completed Works	(308,189)	(199,498)
Management Charge	(25,862)	(26,075)
Maintenance Charge	(77,586)	(78,224)
Administrative Charges	(1,647)	(1,900)
	(2,250,355)	(1,857,219)
<b>Deficit for the Year</b>	<b>(£4,193)</b>	<b>(£562,157)</b>

## Balance Sheet as at 31st December 2005

	2005 Actual £	2004 Actual £
<b>Current Assets</b>		
Debtors	59,582	421,181
Debtor - Temporary Advance (from)/to the Capital Fund	(11,043,674)	6,170,967
Work in Progress	34,269,362	14,387,645
Completed Works	8,786,621	8,986,120
<b>Current Liabilities</b>		
Creditors (amount due within one year)	(77,355)	(250,101)
<b>Net Current Assets</b>	31,994,536	29,715,812
<b>Net Assets</b>	<b>£ 31,994,536</b>	<b>£ 29,715,812</b>
<b>Funds Employed</b>		
Reserve balance brought forward	29,715,812	21,862,969
Deficit for the year	(4,193)	(562,157)
Funds transferred from the Capital Fund in year	2,282,917	8,415,000
<b>Reserve balance carried forward</b>	<b>£ 31,994,536</b>	<b>£ 29,715,812</b>

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